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

Total Attachments: 25

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IN THE 24th JUDICIAL DISTRICT 2004 JUDICIA 2: 52 DISTRICT COURT OF EDWARDS COUNTY, KANSAS

OFFERLE NATIONAL BANK, Branch of GNB,

Plaintiff.

Case No. 04 C V 19

Division Co.

-VS-

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

Defendants.

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:

- 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.
- 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.

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COUNT I SUIT ON PROMISSORY NOTE

- 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

In the District Court of Edwards County, Kansas Offerle National Bank v. Kritter Gitter, Inc., et.al. Petition

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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

- 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").
- 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

In the District Court of Edwards County, Kansas Offerle National Bank v. Kritter Gitter, Inc., et.al.

Petition

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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.

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.

In the District Court of Edwards County, Kansas Offerle National Bank v. Kritter Gitter, Inc., et.al. Petition

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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

quaranty of all present and future indebtedness owed to the Secured Party by KGI.

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

24-536406-60
DATE OF NOTE
1011710000

PROMISSORY NOTE - Fixed or Variable Rate - Commercial 12/17/2002 DEBTOR'S NAME(S) LENDER'S NAME AND ADDRESS Kritter Gitter, Inc. Offerte National Bank, Branch GNB P.O. Box 26 DBUTOR'S ADDRESS Offerle, KS 67563 206 Benton <u>Jetmore, K\$ 67854</u> SOCIAL SECURITY/TIN NUMBER: NOTE NUMBER MATURITY DATE RINCIPAL AMOUNT 360 DAY 48-1241273 8681 \$150,000.00 536406 X 365 DAY December 17, 2003 X FIXED INTEREST VARIABLE RATE
PRESENT INDEX RATE MAXIMUM PER ANNUM INTEREST RATE CHANGE VARIABLE RATE INDEX MARGIN OVER/UNDER INDEX MINIMUM INTEREST RATE 8.250 INITIAL PER ANNUM RATE MAXIMUM INTEREST RATE X NSW LOAN PURPOSE OF LOAN Business operating expenses and production costs. RENEWAL OF LOAN NUMBER(S) FULLY ADVANCED MULTIPLE ADVANCES
COLLAYERAL CATEGORIES X REVOLVING CREDIT Security Agreement dated 12/17/02 - Contract Rights, Accounts, Inventory, Equip. & General Intengibles.

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 logether with interest on the unpaid Principal Amount until marrily at the per sanum 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 500 ar 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 nade 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 endorsers, co-makers, guaranters and otherwise, and "Lender" includes all subsequent holders.

PAYMENT TERMS
Principal and interest are due and payable on December 17, 2003.

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 die Index Rate plus a Margin, if any, as indicated above. Each change will become effective on the same dote 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 fonds, 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 ninimium fee of \$5.000. 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 amount. 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 of more extensions or deferrals of the Maurity 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.

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 of for Debtor's account or benefit, if the Multiple Advances box is checked, then the Debtor of the Debtor understands that the Lender will disburse the proceeds of this Note in increments, up to the Principal Amount, but that the Bebtor prepays, the Debtor was under this Note is the aggregate of all such disbursements, less any payments of principal made on this Note. Interest will accuse 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 the Debtor understands and the Lender will disburse the proceeds of this Note in increments up to the Principal Amount and the naximum amount of principal made on this total. The Debtor understands that the naximum amount of all such disbursements, less any payments of principal and on this Note. The Debtor understands that 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 on its and the Principal amount devanced under this Note cover 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 note and noy collateral securing this Note remain valid and effective as to future advances under this Note. Any learn or advanced under makes to the Debtor of for the Debtor's account or benefit are presumed to be made under the terms of his Note. The Lender may the account or benefit are presumed to be made under the terms of his Note. The Lender may have advanced under the storing received by the Lender, provided that the Lender has the right, but is not obligated, to require written sutherezation from the Debtor prior to honoring any oral request. In

PREPAYMENT. Except as otherwise provided in this Note, Debtor shall have the right to propay 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 mongages 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 annaid 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 off the following events or conditions: (a) Any appendix required by this Note or by any other new or obligation of Debtor to Lender or to others is not made when due, or any event or condition occurs or exists which rebulls in acceleration of the naturity of any Debtor's obligation. To Lender or to others under any promissory sote, agreement or undersaking; (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; (e) any warranty, representation, financial information or statement made or furnished to Lender by or can 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; (c) 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 discretion, that the prospect of continuent of the debt evidenced by this Note becomes unsalisfactory or insufficient citiler 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 solen, substantially damaged or destroyed; (h) death, incompetatory, lesolvency, dissolution, changed or destroyed; (h) death, incompetatory, lesolvency, dissolution, changed or destroyed; (h) death, incompetatory, lesolvency, dissolution, change in any contraction of any Debtor's property, or any Debtor makes an assignment for the henefit of creditors, files for reli

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 lime white the whole or any part o such obligation(s) remain(s) unpaid, either before or after manurity of this Note, by set off, apprapriated, held or applied toward the payment of this Note or any othe obligation to Lender by any Debtor.

ADDITIONAL PROVISIONS. (1) Debtor agrees, if requested, to farmish it Lender copies of income tax returns as well as balance sheets and income statements for each fiscal year following Dato of Note and at more frequen intervels 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, release and failure to perfect as to collaterst 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, trassonable attorney's fees. (5) All parties signing below acknowledge receiving a complete copy of this Note and related documents, which contain the complete and entity agreement between Lender and any party liable for payment-under bis 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 lega relationship is created by the execution of this Note and related documents exception of debtor and creditor or as stated in writing.

	EXHIBIT	Undersign to Delvar(s) agrees so
Tabbles —		By: Terry L. Housm
		,

	DEBTOR'S SIGNATURE(S)	20. 30A
Undersigned Delacit(s) agrees so terms of this Note, belonowiedges receipt of a con	nplex copy, and affirms that the proceeds of this Note are not to be used primarily for a personal, family, or how Kritter Gitter, inc.	setiold purpose.
By: Terry L. Housman, Prosident	By: Merrill L. Cauble, Vice President	

COLLATERAL

DATE OF AGREEMENT

COMMERCIAL LIN	12/17/2002			
-	DEBTOR'S NAME(S)	LF.	NDER'S NAME AND ADDRESS	
Kritter Gitter, Inc.				
		Offerie Natio	nal Bank, Branch GNB	
	DEBTOR'S ADDRESS	P.O. Box 26	077.00	
206 Benton	330	Offerle, KS	6/563	
Jetmore, KS 67854				
AMOUNT OF CREDIT LINE	EXPIRATION DATE	COMMITMENT FEE	INTEREST RATE	
\$150,000,00	12/17/2003	\$.00	8.250%	

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.
- 2. 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.
- 3. 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.
- 4. 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,
- 5. NOTE FORM PROVISIONS. Loans made under this Agreement shall be on promissory note forms satisfactory to and provided by Lender.
- 6. 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.
- 7. 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.
- 8. 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, TOGITHER 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 N	LL A	EXHIBIT Second
A	DEBTORS' SIGNATURE(S)	, , , , , , , , , , , , , , , , , , , ,
Sely h Dusma	Kritter Gitter, Inc.	IC IL x
By: Terry L. Housman, President	By: Merrill L. Cauble, Vice	President
Form K\$705 FGARY12172002013227P		©Copyright 7/97 American Benk Systems

FRECKO129200		TENSION AG	REEMENT			<i>DATE</i> 01/29/20	004
COMME	KUIAL EA	DEBTOR'S NAM	ak pak digentak dikende digeran digeban digeban digeban digeran kenangan persaman persaman persaman digeban di		ĹĔ	NDER'S NAME AND	ADDRESS
Kritter Gitte	r, Inc.						
206 Benton		DEBEOK'S ADDRE	58		Offerle Natio P.O. Box 26 Offerle, KS	nal Bank, Branch C 67563	3NB
Jetmore, KS	NOTE NUMBER	ORIGINAL LOAN AMOUNT	ORIGINAL MATURITY DATE	ORIG	inal interest rate	NEW MATURITY DATE	NEW INTEREST RAT
12/17/2002	0453640660 8681	\$150,000.00	12/17/2003	8.2	50%	04/17/2004	8.250%
above, to ex interest imme Current Inter	tend the Currer ediately beginni est Rate payabl	nt Maturity Date of thing to accrue on the under the Note as of	ove described Promissory ne Note, as originally exec npaid principal amount due riginally executed or previ	cuted or p c under th ously exte	reviously extende e Note at the Nev ended.	d, to the New Maturit Interest Rate shown a	y Date shown above with bove, if different from the
This Agreem	ent is an amen	dment to and a restate	ment of the terms of the N	tote, and	all terms of the N	iote other than those an	nended by this Agreemen

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
_	· ·		

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: Joy In June Jours Gary M. Weadows, Sr. Loan Officer	Kritter Gi By: Terry Y. Housman, President	tter, Inc. Mult Call DP By: Merrill L. Cauble, Vice President
F8ECK0129200	4100624P	© Conviols 7/97 American Bank Systems

PATENT

REEL: 015503 FRAME: 0973

SECURITY AGREEMENT

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

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 or other documents evidencing the Indebtedness. For purposes of this Agreement, ony 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

DESCRIPTION OF COLLATERAL. The "Collateral" shall include:

All business machinery, equipment, fixtures, furnishings, furniture, inventory, supplies, general intengibles, 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;

- After Acquired Property. After acquired property; provided, however, the security Interest with not attach to (a) consumer goods, other than an accession when given as edificional security, unless the Debtor acquires rights in them within 10 days after the Secured Party gives value; or (b) a commercial tort claim.
- Proceeds. Proceeds, products, additions, substitutions and accessions of the Collected
- Opposity. Unless published by law, any property (exchalling Individual Restrement Accounts and other qualified retirement accounts), tangible or laungible, in postession 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 white the whole or any part of Da ladebedness temains unpold, whether before as after maturity thereof, be appropriated, held or applied toward payment of the Indebtedness or any obligation of Debter to Secured Perly.
- SECURED INDBOTEDNESS. The security interest granted under this Agreement secures the following (referred to as the "Indebtedness"): (1) the performance of all of the agreements, obligations, coverants and warranies of Debter as set forth in this Agreement or any other agreement showers Debter and Secured Party. (2) all habilities of Debter to Secured Party or every kind and description, hottaking (a) all promistory nones given from Debter to Secured Party (b) all future solvances from Secured Party to Debter, (b) Debter's overdysits, whether badances or pictored, (d) direct or indicent liabilities (o) liabilities due to become the end whether shedules or continged, and (f) liabilities awo exhibited or hereafter asting and however evidencies; (3) all extending, renewals and desirals of liabilities of Debter to Secured Party for any term in terms, o which the arderigated hereby occurred; (4) all histories and other liabous charges due to to become due on the liabilities of Debter to Secured Party; (5) All expenditures by Secured Party, and warranies under this Agreement or two other liabilities of Debter to Secured Party (1) all the expenditures to Secured Party in the collection and enforcement of any obligation or liability of Debter to Secured Party and in the collection and enforcement of any obligation or liability of Debter to Secured Party and in the collection and enforcement, sale or other liabilities of any of the Collateral.

IV. GENERAL PROVISIONS.

GENERAL PROUTSONS.

I. <u>WAIVERS.</u> No set, delay or omission, including Secured Party's written express waiver of a remedy after any default under this Agreement, shull constitute a writer of any of Secured Party's tights and remedies not expressly waived be writing under this Agreement or any other agreement between the parties. All of Secured Party's rights and remedies are committee and, roas, be exercised stagly or ecocurrently. The waiver or exercise of any one or more sights or remedies will not be a wiver or a har to the exercise of any one or more sights or remedies upon my subsequent default. No waiver, change, medification or dicharge of any of Secured Party's rights or remedies or Debtor's dustes as specified or allowed by this Agreement will be affective unless in writing and signed by a obly authorized officer of Secured Party. Acceptance of any partial of late payment shall not constitute a waiver of any requirement of this Agreement or impose any additional profitsation dulies upon Secured Party. Debor and all other Agner, to belasting guarantors, watve presentment, notice of disheases and protest, calce of default, notice of interferon as excitent and rocke of acceleration and consent as any and all externors of time for any term gozzanian, warre presentant, neutro or utoniano an guosar, autor or utrituri, neutro e interior utoniano to accelerate and nosde of acceleration and consent to any and all extensions of time for any term or terms regarding payment the, partial payments, of reasonals before or after maturity. Debtor and all other ingares, isoluding guarantors, inher concent to multiplication, impairment, related managerification with regard to the Collatoral, and the addition or release of or agreement not to sue

nonperfection with regard to the Collateral, and the addition or release of or agreement not to sue any party or guarantoe.

A ACREPATION BINDING ON ASSIGNS. This Agreement incres to the benefit of Secured Party's Successors and selfats, and its binding upon Debter's heirs, executors, administrators, representatives, accessors and permitted usatign (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 advances under any introment or document secured by this Agreement.

3. CHANGES IN TEPMS. Secured Party reserves the right to charge any of the terms of this Agreement, and the acceptance 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 is force until all of the indebtedues is paid in full, unless the security interest or while,

Agreement, well remain to force until all of the Indebtedness is paid in tust, valuess are occurred function created by this Agreement is earlier released by Secured Party in writing.

RIGHTSOP SECURED PARTY ASSIGNABLE. Secured Party, any time and at its option, may pledge, transfer or actign its rights under this Agreement in whole or in part, and any transferred or assignce shall have all Secured Party a rights or the part of them are pledged transferred or assignce shall have all Secured Party a rights or the part of them.

- 6. IOINT AND SEVERAL RESPONSIBILITY OF DEBTOR AND SURETIES. The esponsibilities of Debtor and key co-debtor, guaranter, surety or accommodation party under this Agreement are join and several, and the references to Debtor in this Agreement shall be deemed to refer to each such person, localidgs my person who pleets collisional even if such pleets or localidgs my person who pleets collisional even if such pleets or localidge my person who pleets collisional even if such pleets or the otherwise table under any promissory note, guaranty or other trustment secured by this Agreement.

 7. SEPARABILITY OF PROVINGINS. If any provision of this Agreement shall for any teason to held invalid or transfereable, each tivulidity or uncaforceable system of the secure and this Agreement shall be constructed at if such invalid or unenforceable provision has sever action.

- Rever called.

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

 9. ENTIRE AGREEMBENT. This Agreement, loggler with any mortgage of real sease which may be Collateral, contributes the entire agreement between the parties with respect to the subjects addressed herein. This Agreement may be amended or modified only as waiting signed by Secured Party specifying dut it is a modification, structured or addition to this Agreement upon the happening of any
- specifying that it is a modification, amendment or addition to this Agreement.

 EVENTS OF DEFAULT, Debtor shall be in default under this Agreement upon the happening of any one or more of the following evens or conditions, celled "Byonu of Default" in this Agreement.

 It says warranty, coverant, agreement, representation, financial information or statement made or furnished to Schued Party by Debtor, any guaranter or entrely, or otherwise on Debtor's behalf to Induce Secured Party to enter into this Agreement, or in conjunction with it, is violated or provet to have been false in my 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.
- On the Control of Section 1 of the performance of any covenant, obligation, warrancy, or provision contained in this Agreement or any other agreement, mortgage or obligation of Debter to Secured Party or to others, including without including Debter's fulfure to instruce the Collaboration under the Collaboration of the Collaboration.

- or to others, heritoling without liedistein Debtor's librar to inture the Collisteral or unfawful use of the Collisteral.

 4. If any event or condition exists or occurs which results in societation of the materity of any obligation of Debtor to Secured Party or to others under any note, mergage, indentance, agreement, or undertaking.

 5. If onyone makes any lovy against or settes, geneintes or attaches any of the Collisteral; if Debtor contensually encumbers any of the Collisteral; or if Debtor setts, leastes, or otherwise disposal of any of the Collisteral widous Secured Party's prior written consent as required by this Agreement or any morages executed in convention with this Agreement.

 6. If the Collisteral is list, sobes, satisfacially damaged or destroyed.

 7. If, in Secured Party's logotismel, the Collisteral becomes unsatisfactory or issufficient in character or varies, and upon request Debtor falls to provide additional Collisteral as required by Secured Party.

 8. If of any thine Secured Party, in its sole discretion, believes the prospect of payment or performance of any duty, covenars, warrang or obligation secured by this Agreement is impliced.

 9. If Debtor or any generator or surrey that, discordes, committee existence, or becomes involved; if a secured Party without or any part of Debtor is any generator or surrey than benefit of crediters or if any proceeding its commonate under any tankingtey or intohercey law by or against Debtor any generator or surely for Debtor.

 10. If the Collisteral is removed from the location specified in this Agreement or in a sequence make on Secured Party without Secured Party's prior written concent, except for temporary periods in the normal and customary use of the Collisteral.

 11. Secured Party stall receive at any time following the Closing a filling office report indicating this Secured Party security Interest is not prior to ell other security interests or other interests reflected in the approaches.

- ed specifically agree to all of the "Additional

EXHIBIT	may pledge, transfer or assign its rights under this Agreement in whole or in part, and any Secured Party's security interest is not prior to oil off transferred or assigned that have all Secured Party's rights or the part of them see pledged, the report. the transferred or assigned, Deboye's rights under this Agreement or to the Collators may not be VI. ADDITIONAL PROVISIONS. The undersigned
4	assigned without Secured Pury's prior withen consens. Provisions on the reverse side of this Agreement.
	SECURED PARTY'S SIGNATURE DEBTORS' SIGNATURE(S
	Kritter Gitter, Inc.
	Offerle National Bank, Branch GNB
	By: TerreT. Housman, President By: Merrill L.

- DEBTOR EXPRISELY REPRISENTS, WARRANT OVENATS AND AGREES.

 RE SENTATIONS; WARRANTIES AND COVEN TS

 1. FINANCIAL INFORMATION. All applications, deboor sheets, carrieg statements, and other financial into the conditions of the data and other financial into the conditions of the data and other financial into the conditions of the data and other financial conditions as districted by the product of the conditions of the data and the productions of the data and the production of the production of
- 2. INFORMATION ON COLLATERAL. Debier will family to Secured Party Information adequate to identify #1 Collateral, in a form and as such times as Secured Party may sequest. Debier also will deliver to Secured Party, upon request, one copies of purchase orders, simplify, dollvery and waterbase, receipe, and involves evidencing and describing the Collateral, as will as true copies of all identifies to horish good or services of October 3 automates. Debier 3 automates and decument as Secured Party may require to evidence, perfect and record Secured Party 3 recently accurate particular size of Secured Party and Party 10 control particular size of Secured Party to receive proceeds and distributions from of interest in the Collateral.
- 3. OWNERSHIP PREP OF ENCUMBRANCES. Except for the security lateral granted by this Agreement or by a metigage executed in connection with this Agreement, and except for any security fastest previously disclosed in writing to Secured Party, Debtor now owns, or will use the proceed of the advances secured by this Agreement to become the owner of this Collectual, feet from any price lateral security laterates or encountenages. Debtor warrants little to and fill defend the Collectual age from any price lateral security laterates or encountenages. Debtor warrants little to and fill defend the Collectual age in part to the collectual advance to Secured Party. Debtor will not permit any least process of the collectual age will not permit the Collectual security in the collectual advances on security for the collectual and will not permit the Collectual security of security interest to state the success, or permit any other thing to be done that may impair the years of the Collectual of the Locustry increase granted to Secured Party by Debtor.
- 4. PINANCING STATEMENTS. No Phrencing Statement or Litra Brity Form covering the Cotateeral is on the feating spollic office energy in despection with this Agreement. Debtor agrees to John with Science Party in executing one of mote Litera Early Personal Principal Statements, or Rifferine Piratines Statements in mit authorizety to Science Party and provide such other documents as may be recolled from these to fine in order to evidence, parfect or continue periodom, or record the according intensest granted in this Agreement. Debtor hereby subholics and granted to Secretar Party a power of stormer to execute such documents on Debtor in balant. A debtor, photographic or other statements of one provided in the provided provided in the debtor of the provided in the provided provided in the provided provided provided provided in the provided provid
- 5. LOCATION OF COLLATERAL RECORDS. INVENTORY AND EQUIPMENT. Debtor will give Secrete Party written resise of each office or location at which the Collateral and Debtor a accords pertaining to the Collateral are text. Debtor shall not be expired to give such nodes if all Collateral and act of Debtor's records pertaining to the Collateral are and shall be kept to Debtor's defects shown on his face of this Agreement, and it such address to Debtor's Colleteral share in face of this Agreement, and it such address to Debtor's chief executive office. Debtor will notify Secords Party in writing of any proposed change in any of the offices or locations of the Collateral from the Operation Section of the Colleteral from the Operation specified in this Agreement, without Secured Party's price within consent, except as orderwise provided in this Agreement, and such removal shall be considered an Event of Default under this Agreement.
- 6. SALE, LEASE OR DISPOSITION OF COLLATGRAL PROBIBITED. Dates shall not sell, margage, transfer, exchange, lease, hypothesiale, saving, license, giant pay other security learner or otherwise dispase of 18 or appraint of the Celluteria to Public's light in the videou first obtaining Secretal Party's written content. Secured Party is concern say be conditioned upon any requirement (lockeding, but not limited to, the application of proceeds to obtaining secretary by this Agreement which Secured Party does not be for the protection of a participal river. Secured furly tendent will not be decreted to be effective outers and until toth requirements and conditions have believe furnity as Successia processing than produces, if applicable, shall be constructed to press that Secured Party concent to sale or any other disposation of the Collecter).
- 7. MAINTENANCE, AND INSPECTION. Debtot, at the own expense, shall (a) keep the Collectural in good condition and impair to that the value and operating efficiency shall be maintained and preserved; (b) not permit the Collectural to be misured, abused, wasted or allowed to deterborate, except for the ordinary wear and tear of its intended principly use; (c) producingly protects the Collectural from the cliencests and (d) use the Collectural lawfully and not permit its flingal use or its use in a manner not permitted on content by the insurance on the Collectural required by the Agreement. Debtor shall comply promptly with £0 requirements of any governmental specify grey effecting the Collectural and, spon Secured Party's request, deliver to Secured Party effecting the Collectural and Collectural required by the Insurance on the Collectural and Debtor granted to Secured Party the right and privilege of making such inspections of the Collectural and Debtor's books and months facilities to its Secured Party the right and privilege of making such inspections of the Collectural and Debtor's books and months facilities to its Secured Party destinance could be considered and instruction of the Collectural and Debtor's books and months facilities to its Secured Party destinance and inspections, and important and inspections, Debtor agrees to authorize Party in facilitating such audies, verifications and inspections.
- 8. TAXES AND FEES. Debot shall pay promptly any and all taxes, assessments and illerton fees with respect to the Collected are to the Collected when they are that become doe. If the Collected is on or affired to testly owned by Debote, Debtor shall make all such payments with respect to the testly when Dey are due.
- 9. AFFIXING TO RUAL OR PRINCIPAL PROPRIETY PROBERTIES. Unless Debter has also granted Secured Party a life; prisarily morgage in the Collistent, Dahlor shill not perfett any of the Collistent which is present property to become as execution or affiliate to eath percent property in Secure as consistent or affiliate to eath percent property in Secure as considered in the property without first obtaining Secured Party's written comers. Secured Party's recovers may be conditioned upon or real property to Secured Party's in the subsogation of other interest owner is and to such other personal or real property to Secured Party's indicate the subsogation of other interest owner is and to such other personal or real property to Secured Party's indicate and interest in the Collistent's Wikh Secured Party deems to be for the procession of its assertly interest. Secured Party's consent will not be deemed to be affective unless and usual such regularances and conditions have been fulfilled.
- 10. INSURANCE ON THE COLLATERAL. While any of the Indebtodoes remains outstanding and birroghoul the full term of his Agreement, Debtor shall malerain and pay for insurance on all Collineral, wherever located, including a men insulated to accept the Religion or in create in while the indebtog goods evidenced by control including and the control including and including and including and including a control including and the control including and including
- 11. EXPENDITIONES BY SECURED PARTY. At its codes, and after any written notice to Debtor required by two, Secured Party may, but it not obligated to, discharge likes, item, security interest or other encountering on the Celebrati, or pay for 10 the region for any damage to the Celebrati, or pay for 10 the region for any damage to the Celebrati. Debtor shall be likely and agree to reintering Secured Party proposity for all such expenditures, and for all celebrations better from the Celebrati. Debtor shall be likely and agrees to reintering Secured Party proceeding or all such expenditures, and for all celebrations that the state of the Celebration of the Celebratic Party proceeding the shall be likely and allowed by Secured Party and allowed by the or provided for the likely and the Celebratic Party and allowed by the or provided for the likely and the Celebratic Party by the Celebratic Secured Party between the Celebratic Secured Party based as tearlier intering. Until Debtor is maked Secured Party based as tearlier intering. Until Debtor cellulary as Celebratic Party for the amounts promised in the paragraph, such amounts shall be considered part of Debtor's intellibility to Secured Party Series.

- which is secured by any security agreement executed by Debter in Secured Party's (year, including the Agreement, unless such security would cause Secured Party to be in violation of a right of resolution on security interests, in which cause, to the counts, such amount will not be secured. The amount of Debter's Hubblig mode this presgraph shall be solvied to secured of letters at a rate not exceeding the armsal percentage rate ("APP") or individual to the provided in the interment secured by this Agreement, Any molecules created in connection with this paragraph shall be sufficient if given at Debter's address set (with in this Agreement by ()) milling the mode on the specified in the notice.
- 12. POSSESSION. Debte shall kee pottession of the Collateral, except where expressly observing provided in this Agreement of where Secured Party cheers to perfect its secreity interest by postession in addition to the filling of a fitnering automate. Where Collateral is in the postession of a third party. Debte will join with Secured Party in softlying the hind party of Secured Party a teachly interest and obtaining an extendidgment from the third party that it is holding the Collateral for the benefit of Secured Party.
- 13. CONTROL. Debter will concerne with Societé Parry in chaining control with respect to Collistered control of Colors accounts, investment property, lettered colors rights; cleaning a chainel paper.

 ""CHATTRIE PARSES. It has Colleged the colors of chairly paper, Debter will not event any channel paper without principal aligned to the chainel paper acceptable to Secured Parry Industry indicating that Secured Parry has a security interest in the Chainel paper.
- 15. PURCHASE MONEY SECURITY INTEREST. To the extent Debter user the Indebtedness to purchase Collateral, Debter user the Indebtedness to purchase Collateral, Debter a repayment of the Indebtedness tred to purchase a particular from of Collateral shall be paid to the chronological order the Debter purchased the Collateral.
- 16. DEBYOR'S NAME AND LOCATION. Debter's cruci legit mass is so set fortht on the reverse side of dist Agreement. If Debter is an individual, Debter's principal residence is as Debter's address as ast furth herein. If Debter is an entity other than an individual, Debter's feature (no. pitce of beninges, other orecastle officer or such of organization, as the case may be) it in the scate self-resid for Debter's address or as otherwise set fourth on the revertee side of this Agreement, Until the Indebtereless is paid in foll, Debter agrees that it will not change its formion (for example, its state of incorporation) or to legal name without providing Secured Party 30 days "xelor written notice.
- 17. DESTOR'S COOPERATION. In addition to Debrar's other obligations and agreements in this Agreement, and Secured Party is remediate, Debrar agrees and promises to the all acts which Secured Party deems classicable or necessary to preserve or protect the Collegeal, Including, without firefaction, the following:
- secessary to preserve or posted the Collected, including, without furdation, the following:

 (a) FARM PRODUCTS, It the Collected The products, "Debtor agrees to extend and deliver to Second Party and "Effective Flaureing Statement" containing all information required by faw. Debtor also serves to furnish to the Secured Party as list of the numers and addressers of the bayers, commission in merchants, and selling agents to or through whom Debtor may still the farm products and agrees to keep such list carried. Second Party may inform parsons on such list and others of Second Party serving interest to the farm products. If any of the farm products are sold to or through any person or easily not on the list, Debtor may be tabled to a fire entire Second Party was reliefuled in writing at least 7 days prior to such said, or unless all subsprotects are remitted to Second Party was included in writing at least 7 days prior to such said, or unless all subsprotects are remitted to Second Party within 10 days after sock said. Debtor agrees that before recolving an interment in integration-required by law, the party of Second Party and a statement that Secund Party holds a according in the farm products that do a the confidence.
- 6) LIVESTOCK. In addition to the problems of this Agreement relating to form products, if the Collateral factories livetteck, to the eatent Secured Patry deems it necessary to preserve the Collateral, and upon Secured Patry and Reck, but have a properly all reck but have a properly at the collateral and upon Secured Patry and Reck, but have an agration, and all configurations of by February and used in the feeding and implifing of the illustration. Outset will configure with Secured Patry and are Februar's best affects to allow Secured Patry use of all Debtor's light, this and interest in few coll water privileges, all other egylment such So the feeding and handling of the liverance, and all configuration are covering trads for patrice and graving.
- continuat and leasts convering timbs for parties and gisating.

 (a) CHATTEL PAPER, ACCOUNTS, INSTRUMENTS, DOCUMENTS, SECURITIES and NOTES. If the Collateral becomes evidenced by chatte paper, accounts, instruments, documents, thires of stock or other securities, promistory asces, trade sectionable, the other instruments in writing, or II Delton receives stock rights, rights to activative, dividend of any land or contract relateding liquidating (withdraw), now seconder, each rights to activative, dividenced and the contract relateding liquidating (withdraw), now seconder, each rights to activative, or contract the contract relateding liquidating (withdraw), now seconder, each rights to act the contract of the
- (c) PROCEEDS. Whenever the sile, exchange, or other disposition of investory or other Collisteral gives rise to an account, Child paper, instrument, or general intengible for the payment of mossy ("proceeds" for suppose of this praged). Better in the proceed and the praged in the praged in the disposition of seid develops or other Collisteral and a by Sourced Party, show frontly Secured Party promotely of the disposition of seid develops or other Collisteral and a by Sourced Party, show frontly Secured Party proceeds and the praged of the control of the develops of the control of the control of the praged in the proceed of the proceeds and the proceeds and the proceeds and the proceeds are shown or shall be made for any material modification, decadion or discours, and (iii) no partial payments have been or shall be made factor, as revealed to Secured Party by Debter in welling. All proceeds where he had to proceed the secure of the proceeds and the proceeds and the proceeds and the proceeds are also as the control of all proceeds, which high Secured Party in Secured Party and Secured Party and the collect and control Party and party and the collect and enforce such proceeds. The coast of section of the proceeds. The coast of section of any of control party of the proceeds. The coast of section of any of control party of the proceeds. The coast of section of any of proceeds. The coast of section of any of perturbations, including sustencys! See and other expenses, third to be tree by the box, whether formed by Section Party on the proceeds. The coast of section of the control of sections and colored any of Debter.
- (f) <u>REDIRAL ASSIGNMENT OF CLAIMS ACT</u>. If the Collectral includes accounts on other receivables with a face value over \$1,000, and which after our of a context with the United States of America or toy of its department, agencies, seedifications or impropriatiles. Debtor shell need for yellow promptly in writing of that face. Debtor shell needed party frequency or promptly in writing to that face. Debtor shell needed any frequencies and take any other scales shell needed Party feedings to reposite to perfect Secured Party? Security interest in such accounts under the provisions of the Pederal Assignment of Claims Act.

- Upon the occurrence of an Event of Deficill, and at any later date, Secured Party may, except an other rules provided by law, at its option and without notice or occurred to Delice, exercise any art all rights and practical provided by the Utility of the Control of the Delice of the Control of the Control
- econduces with law.

 2. Require Debias to assemble the Collisteral or evidence of the Collisteral and make it available to Sectured Party designates which is reasonably convenient to both parties. Debias this he responsible for any expenses and damages II Debias wrongfully damages the Collisteral cell; after desiral demand is accordance with law and this Agreemen, Debor wrongfully first to make the Collisteral cell; after desiral damages are recursed by Secreted Party's assembly transact to the Collisteral applies to Secreted Party. All such expenses and damages are recursed by Secreted Party's assembly agreed and the Collisteral applies to Secreted Party. All such expenses and damages are recursed by Secreted Party or secrete and semiges on which are part of the Collisteral may be situated and remove its. Debors wished any claim inoccinection which ce thicking forms nearly presentably made in consecution with a response solve. Deport authorizes Secreted Party or its independent contractors to take possession of and hold may property located in or temporarily student to the Collisteral. If Debor has not retailened such property which is distay after rouses of its taking and location is seen to Debor, such property in the days after rouses of its taking and location is seen to Debor, such property may be suited and the proceeds applied to expenses and other amounts accured by this Agreement shall be paid to Debor a second applied and property and the second and property and the second and the Collisions.
- representation of pain to Deptor.

 4. Posses at 16 bods and records evidencing or printingly to the Collected and any personal property in or associated with the Collected, and for this persons deprote featly is greated sub-ority to their five table upon any perceited at 40-billion and printing and perceited at 40-billion and printing and perceited at 40-billion and printing and perceited at 40-billion and 40-billion
- compension octors.

 5. Trianfect any of the Collateral or evidence of the Collateral Inio Scoured Party's own name or that of a nominate, and receive the proceeds and holds the same as security for Debter's lithbillitus to Secured Party or apply the proceeds on or engine two sech lithbillity. Secured Party may nowly account debters and obligate to make payment of security in Secured Party, and may determed, collect, tockpi for, settle, occuprenties, adjust, see for, Secende, and collect tockpi for, settle, occuprenties, adjust, see for, Secende Party may
- 6. Sell or otherwise dispose of the Colisteral. Unless the Colisteral in whole or past is prishable of threaters to decline speedicy is audiot of a of e-type customaticy told on a recognised market. Several Barty will give Decipe reasonable notice of the time and place of any guille said, or of the time after which any privers said or other disposition is to be made. Such notes that lies deep said is given at Debtor's address set forth in the Agreement by mailing the notice at least 10 days before any said or desposition or sellow. Second Party shall be entitled to and Debtor shall be inhible for, reindustrances of all reasonable costs and expenditures of resultaging and selectivity interests, including without simulation cours cests, less for repletit boors, strongs; repossession costs, repair, and preparation cours for said, saiding costs and sucreptified the costs are neverted by the security lessers of the costs and expenditures by Secured Party;

 Collisest ignated by this Agreement, except to provided above mote: "Expenditures by Secured Party," and the contraction of the co
- 7. Secured Party shall not be liable for fulling to reflect any account; enforce any contract right, or any other act or contribution on the part of Secured Party, its officers, agains or employees, except as the stans constitutes and fallow for fullours to act in a continued light reatenable manner. Secured Party is find have setted in a commerciality reasonable manner if its action or function is consistent which general commercial mage of parties similarly shared in the area of Secured Party's feetile which the otherwise may be reasonable under the officernumeness not require Secured Party to take stops to preserve right against prior parties in an interpretation or charles again.

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OFFERLE NATIONAL BANK

EXHIBIT "A"

o(U).	MEHRAPOMO AND RIGHTS AND A STATE OF THE STAT			
AR	DESCRIPTION	SERIAL NUMBER	MARKET VALUE	TOTA VALU
	Testing Stand - located at Martin Machiner & Welding, Inc., Helstead, K	S	9,800	9,00
	Mark to the second seco		•	
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	;		•	
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	ASSIGNMENT OF ALL RIGHTS, TITLE AND INTEREST IN AND TO 1	THE FOLLOWING:		
	Manfacturing Agreement dated February 12, 2002 between Martin Mac Halstead, KS and Kritter Citter, Inc., Jatmore, KS (Cost - \$200,000 & In		200,000	200,00
	Patent Application pending dated June 18, 2002 and filed July 12, 2003 Truck Gnile Guard in the name of Terry Lane Housman, Merrill Lea Ca and Michael Lee McCoy, and assigned to Kritter Gitter, Inc. on July 12,	uble, Lonale Ray Martin, II	1,000,000	1,000,00
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		•		1,-221
		LE	S\$ Prior Liens	1

I certify I have the above colleteral on hand including but not limited to and it is pladged for all presently existing eadlor future written evidences of indebtedness, obligations, agreements, instruments, guerrenties or otherwise of Borrower or Owner to Offerie National Bank, a branch of GNS, Offerie, Kansas, Thy Exhibit "A" updates and attended to Security Agreement dated December 17, 2002.

Mily Louism T

LOAN OFFICER OF LN OF

1,209,000

PATENT REEL: 015503 FRAME: 0976

NET VALUE OF EQUIPMENT ON HAND

MANUFACTURING AGREEMENT

This Agreement is made by and between Martin Machine & Welding, Inc. (hereinafter referred to as MM&W) and Kritter 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.

PATENT REEL: 015503 FRAME: 0978

2.5

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.

MARTIN MACHINE & WELDING, Inc.

Form PTO-1595 (Rev. 10/02)			U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office		
OMB No. 0651-0027 (exp. 6/30/2005)	102335	5142			
Tab settings ➡ ➡ ➡	Patents and Trademarks:	Please record the attach	ed orlginal documents or copy thereof,		
Name of conveying party(ies):	2-31-02	2. Name and addr Name: Offerte	ess of receiving party(les) National Bank, Branch GNB		
Additional name(s) of conveying party(les) at	tached? Yes V	***************************************			
3. Nature of conveyance:					
Assignment	Merger				
	Change of Name	Street Address:	104 Sante Fe		
l	•	P.O. Box 26			
Other	Poor Workshop byte data and, field and, black-owned account and account				
		City: Offerle	State: KS_Zip:_67563		
12/17/2002 Execution Date:	7/2002 		& address(es) attached? Yes V		
4. Application number(s) or patent n	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		1)		
	Additional numbers a	 tached? Yes ✔ N			
5. Name and address of party to wh			applications and patents involved:		
concerning document should be n	nailed:				
Name: Offerle National Bank,	Branch GNB	7. Total fee (37 CF	R 3.41)\$40.00		
c/o Gary M. Mo Internal Address:	eadows, Sr Ln Off	✓ Enclosed			
Meturi Addiess		Authorized	to be charged to deposit account		
		8. Deposit accoun	it number:		
Street Address: 104 Sante Fe					
(P.O. Box 26		•			
City: Offerle State: KS	n. 67563				
03 DAYRHE 00000193 10194492	P **** *** *** *** *** *** *** *** ***				
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8021 9 Signature.			. "		
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Gary M. Meadows, Sr. Ln. Officer		toy on he	adous 12/18/2002		
Name of Person Signing		signature	Date		
Total num	ber of pages including co	er sheet, attachments, a	nd documents: 🗘 📕		

Mall 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

EXHIBIT

Lo

Dr.

https://www.accesskansas.org/apps/uccfiling?submit=viewreceipt&id=73317420995077313041/15/2003

GUARANTY

AGREEN	
Ď	EBTOR'S NAME(S)

LENDER'S NAME AND ADDRESS

Kritter Gitter, Inc.

Offerle National Bank, Branch GNB P.O. Box 26 Offerle, KS 67563

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 otay later, from time to time, become obligated to Lender as principal, guarantee, enforser, or is any other expectiv, 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 set off is walved, 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 quality ask (including a sheriff's sale) of the security held by Lender without notice to the undersigned; (4) agrees that liability under this Agreement will not be affected or impaired by on a security interval, which is a continued to the undersigned of the security given, and regardless of whether the Londer falls or mains to seek or is precluded from seeking a judgment against Debtor; and (5) furder agrees that the bability 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 like Agreement or of the security of the indebted

DEBTOR'S ADDRESS

- Lender may at any time and from time to sime 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) recess, increase or after any indebtedness of Debtor, clander; (3) resists or lower the interest rate or rates charged Debtor; (4) sell, exchange, release, surtender, realize upon or otherwise deal or not deal with in any manner and in any order any property at any time piedged to accure or securing the indebtedness of Debtor or others, or otherwise act or refring from exercising any rights against Debtor or others, or otherwise act or refring from exercising any rights of the payment of any liabilities shorted directly or indirectly under this Agreement, or any offsets against end such indebtedness or babilities; (3) exercise or refetsh from exercising any rights of 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 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 to the payment of institute 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 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 or other obligation guaranteed, and such reflects will include 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, gustaniors or other parties; and/or (11) obtain additional col
- 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 whatepever whether required or permitted by this Guaranty Agreement, any other agreement, course of dealing, usage of teads, course of performance and, to the extent allowed, the law; (4) any exercise of any termedy which the Lendor now has or later exquires against the Debtor or any other party; (5) any impalment of collateral, including, but not limited to, the faither to perfect, or maintain perfection of, a security interest in collateral; and (6) any event, or any other party; (5) any impalment of collateral includings but not limited to, the faither the perfect or any other party; (5) any impalment of collateral includings but not limited to, the faither the perfect or any other party; (5) any impalment of collateral includings but not limited to, the faither than the faith 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
- 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 understigned, and the estate or catates of the undersigned; (1) regardless of the death or cassation of existence of any of the undersigned or of any guarantee or any other party liable upon any indebtedness or other obligation hereby guaranteed; (2) irrespective of any defenses, cialm or discharge available to the Debtor under law or under any agreement with the Lender; and (3) irrespective of any failute or delay by the Lender to perfect or keep perfected any lien or security interest in any collaterst. This Guaranty Agreement is an independent obligation which is separately enforceable from the obligation of the Debtor.
- E. All rights of the Leader 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 alliers of the undersigned. The Lender may settle with any one of the undersigned or any other party for such som or sums as it may see it 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.
- 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 the assignment, the assignment, the assignment, the assignment, the assignment, the assignment is 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 Kniked, it is understood the limit means a fixed amount of 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 fall, 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.
- Any deposits or other sums credited by or due from the Lender to the undersigned may be set off against any and all Habitates of the undersigned to the Lender erising 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 backer's lien or common law right of offset.
-). Until the obligations of the Debtor have been paid in full, the undersigned specifically waives all rights of subregation to the rights of the Lender, any claim to any security or its value to which the Lender has recourse, and all rights of combusement or committation often other parties, whether principals or surelies, 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 four commitments, existing at the time of the receipt of such notice, and remarks or extensions of indebtedness to which the undersigned consents, is fully paid. After any such revocation, Lender may exercise any rights greated 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 hisble for interest charges in excess of the maximum amount permitted under the law applicable to this Guaranty Agreement.
- The undersigned specifically waives any right to stroff under Common Law, or any statutes, and agree that the Lender may apply the actual proceeds from the disposition of any accounty first to any angustanteed parties 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.
- The undersigned waive, as of the date of this Guaranty Agreement, any claim, as that term is defined in the U.S. Banktupiey Code, which the undersigned might have or sequire 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 pair to the filing of any banktupitey, energapeanism 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 Banktuptcy Code, in that extent, if demanded by the Lender, this Guaranty Agreement is deemed to be reinstanted 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 counset, and receiving a copy of it and also receiving an explanation of any questions. The undersigned also have teed any ossigner notice provided by Londer. 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 Gearanty Agreement is outstanding and that they are not relying on the Lendor to provide information on the Debtor's financial condition, now or in the future.
- 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 Leader shown above.
- This Guaranty Agreement constitutes the entire agreement between the parties with respect to the obligations of the undersigned and the nights of the Lender under this Guaranty Agreement cannot be unrended except by an agreement in writing signed by both the undersigned and the Lender. No condition as to the effectiveness of enforcement of this Guaranty Agreement exists except as stated in this Guaranty Agreement, Agreement of this Guaranty Agreement of this Guaranty Agreement of this Guaranty Agreement of this Guaranty agreement of the contract of the Guaranty Agreement, as otherwise specifically released or modified by this Guaranty Agreement, all other obligations of the undersigned to Lender evidenced by a note, loss agreement, guaranty or say other written agreement remain in force and effect.

GUARANTORS' SIGNATURE(S)

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GUARANTY AGREEMENT

12/17/2002

DEBTOR'S NAME(S)	LENDER'S NAME AND ADDRESS:
Kritter Gitter, Inc.	
,	Offerie National Bank, Branch GNB P.O. Box 26
DEPTOR'S ADDRESS 206 Benton	Offerle, KS 67563
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 whocher done obligations. ('indebtedness') upon which Debtor now is or may later, from time to time, become obligated to Lender as principal, guarantee, 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) sgress, without the Lender first abwing to proceed against Dabtor or any other party liable or to liquidate any security, to pay on demand all soms due and to become due to Lender from Debtor, and all losses, costs, according fees or expenses which may be suffered or incurted by Lender by teason 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 difficiency or difference between all indebtedness of the Debtor and the proceeds of any principle or public table, findeding a heartiff sailed 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 contiston, including a foliare or delay to perfect or maintain perfection of a security indexts, cidors in relation to the collection of the indebtedness or the protection of the security place, and segardless of whether the Lender fails or ornits 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 v
- B. Lender may all any time and from time to time without the further consent of or notice to the undersigned, without incurring responsibility to 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) reases, increase or alter any indebtedness of Debtor to Lender; (3) raise or lower the interest rate or rates charged Debtor; (4) soil, anchange, telease, 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; (5) soil, eachange, telease, 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; (6) soil, eachange, telease, surrender, realize upon or otherwise deal or rate flats. Agreement, or any offsets against any such indebtedness or liabilities; (5) exercise or refrain from excepting any rights against Debtor or others, or otherwise set or refrain from excepting any rights against Debtor or others, or otherwise set or refrain from excepting any rights against Debtor to Lender to the payment of any idabilities which may be due Lender or others; (3) 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 the which indebtedness such sums were intended to be applied; (6) release any other party liability under this Agreement of any of the undersigned, any other party has be undersigned or any other party has been or for any indebtedness or cher obligation guaranteed, and such reflex the liability under this Agreement of any of the undersigned or any other party has been reflex to the payment of any of the undersigned or any other party has been reflex to the payment of any of the undersigned or any other party has bee
- C. The undersigned waives: (1) any and all acceptance of this Guzzanty 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 requisted or permitted by this Guzcanty 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 remody which the Lenders own has or later requires against the Debtor or any other party; (5) my impositant or lateral, includeral, including, but not limited to, the failure to perfect, or maintain perfection of a security interest in collateral; and (6) any event, of any set or omission of the Lender (except sets or patissions in bad faith) which exterially 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, helts or successors of the undersigned, and the estate or estates of the undersigned; (1) regardless of the death or cessation of estatement of any of the undersigned or of any guarantee or any other party liable upon any indebtodness or other obligation hereby guaranteed; (2) irrespective of any defenses, chim or discharge available to the Debtor under two or under any agreement with the Leader; and (2) irrespective of any failure or delay by the Leader to perfect or keep perfected any lieu or security interest in any collateral. This Guaranty Agreement is an independent obligation which is acquarately 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 flable, jointly and severally, and against one 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 sould with any one of the undersigned or any other party for such summer summer set et and ender cleases 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 on 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 assignment any of the security for the Indebtedness. In the event of such assignment, the assignment 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 antount. 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 (ax returns, and other information as to the undersigned as the Lender may reasonably require.
- I. Any deposits or other sems 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 shell be in addition to the rights of the Lender under any statetory 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 chains to any security or its value to which the Lender has recourse, and all rights of reimbursoment or contribution from other parties, whether principals or succides, 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 tenewalls or extensions for debtedness to which the undersigned consents, is fully poid. 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 Quaranty Agreement applies, it is the intention of the parties, and it is here provided, then a Guarantor shall not be liable for interest charges in excess of the maximum amount pottnixed under the law applicable to this Guaranty Agreement.
- M. The undersigned specifically waives any right to seloff under Common Law, or say statutes, and agree that the Lender may apply the actual proceeds from the disposition of any security first to any unguaranteed portion of the indebtedates. 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.
- M. The undersigned waive, as of the date of this Guaranty Agreement, any claim, as that term is defined in the U.S. Bankruptey Code, which the undersigned might have or acquire against the Debtor arising from the existence or performence 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 sistus of creditor, it is agreed that the indebtedness guaranteed under this Guaranty Agreement excludes all portions of the indebtedness pald by the Debtor during the period of time which one year prior to the filling of any barkrupter, excentagion or insolveney 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 Bankruptey Code, to that extent, if demanded by the Lender, this Guaranty Agreement is deemed to be reinstanced to include the amount within the indebtedness under this Guaranty Agreement.
- O. The undersigned, by signing below, acknowledge having teed this Guaranty Agreement, having reviewed it to the extent desired with their legal counted, 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 of refuses to do so. The undersigned also represent that they are aware of the financial condition of Debtor and acknowledge having the provide a responsibility to maintain a classe 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 Londer under this Guaranty Agreement. This Guaranty Agreement cannot be amended except by an agreement in writing signed by both the undersigned and the Londer. No condition as to the effectiveness or enforcement of this Guaranty Agreement exists except as stoted 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 Londer evidenced by a note, loan agreement, guaranty or any other written agreement remain in force and effect.

GUARANTORS' SIGNATURE(S)

8___

EXHIBIT

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



OFFERLE NATIONAL BANK GNB,	(, Branch of	
•	Plaintiff,	Case No. 04 CV 19
-VS-		
KRITTER GITTER, INC., TE HOUSMAN and MERRILL L		
	Defendante	

JOURNAL ENTRY OF DEFAULT JUDGMENT

NOW on this <u>//6</u> day of <u>_______</u>, 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

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



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REEL: 015503 FRAME: 0984

In the District Court of Edwards County, Kansas Offerle National Bank v. Kritter Gitter, Inc., et.al. Case No. 04 CV 19
Journal Entry of Default Judgment Page 2

"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.

In the District Court of Edwards County, Kansas Offerle National Bank v. Kritter Gitter, Inc., et.al. Case No. 04 CV 19
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- 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 Kritter 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.

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Page 4

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

In the District Court of Edwards County, Kansas Offerle National Bank v. Kritter Gitter, Inc., et.al. Case No. 04 CV 19 Journal Entry of Default Judgment 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

Charles D. Lee, S.C. No. 10277

FAX (620) 662,9978

Attorneys for Offerle National Bank, Branch GNB

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RECORDED: 01/03/2005