

02-01-2006



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To the Director of the U.S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies)

Urethane Soy Systems Co.
100 Caspian Ave.
Volga, South Dakota 57071

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

2. Name and address of receiving party(ies)

Name: South Dakota Soybean Processors, LLC

Internal Address: 100 Caspian Ave.

Street Address: 100 Caspian Ave.

City: Volga

State: South Dakota

Country: United States Zip: 57071

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

3. Nature of conveyance/Execution Date(s):

Execution Date(s) August 26, 2005

- Assignment Merger
- Security Agreement Change of Name
- Joint Research Agreement
- Government Interest Assignment
- Executive Order 9424, Confirmatory License
- Other _____

4. Application or patent number(s):

This document is being filed together with a new application.

A. Patent Application No.(s)
See attached Exhibit A

B. Patent No.(s)
See attached Exhibit A

Additional numbers attached? Yes No

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

Name: South Dakota Soybean Processors, LLC

Internal Address: c/o Rodney Christianson, CEO

Street Address: 100 Caspian Ave.

City: Volga

State: South Dakota Zip: 57071

Phone Number: 605-627-9240

Fax Number: 605-627-5869

Email Address: rchristi@sdsbp.com

6. Total number of applications and patents involved: 27

7. Total fee (37 CFR 1.21(h) & 3.41) \$ 1,080.00

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed
- None required (government interest not affecting title)

8. Payment Information

a. Credit Card Last 4 Numbers _____
Expiration Date _____

b. Deposit Account Number _____

Authorized User Name _____

9. Signature:

Signature

January 25, 2006

Date

01/31/2006 DBYRNE 00000053 6180686

Daniel J. Harmelink, attorney for receiving party
Name of Person Signing

Total number of pages including cover sheet, attachments, and documents: 12

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Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:
Mail Stop Assignment/Recordation Services, Director of the USPTO, P.O.Box 1450, Alexandria, V.A. 22313-1450

EXHIBIT A

UNITED STATES ISSUED PATENTS

<u>Title</u>	<u>Patent Number</u>	<u>Issue Date</u>
Cellular Plastic Material	US6180686	01-30-01
Plastic Material	US6465569	10-15-02
Plastic Material	US 6624244	09-23-03
Plastic Material	US6864296	03-08-05
Plastic Material	US6681763	04-19-05
Plastic Material	US6867239	03-15-05
Method of Producing a Biobased Carpet Material	US6962636	11-08-05
Vegetable Oil-Based Coating and Method for Application	US6979477	12-27-05

FOREIGN ISSUED PATENTS

<u>Title</u>	<u>Country</u>	<u>Patent Number</u>	<u>Issue Date</u>
Improved Plastic Material	EPC	EP1127086B1	07-04
Improved Plastic Material	AU	AU766760	09-04-03

PENDING PATENT APPLICATIONS

<u>Title</u>	<u>Serial Number</u>	<u>Filing Date</u>
Bio-Based Carpet Material	09/974,302	10-10-01
Plastic Material	11/108,368	04-18-05
Method of Producing a Biobased Carpet Material	11/181,419	7-14-05

Transesterified Polyol Having Selectable and Increased Functionality and Urethane Material Products Formed Using the Polyol	09/944,212	8-31-01
Vegetable Oil-Based Coating and Method for Application	11/042,972	1-25-05
Vegetable Oil-Based Coating and Method for Application	11/042,980	1-25-05
Oxylated Vegetable-Based Polyol Having Increased Functionality and Urethane Material Formed Using the Polyol	10/843,943	05-12-04
Pultrusion Product Derived at Least in Part From Renewable Resources	TBD	TBD

PENDING FOREIGN PATENT APPLICATIONS

<u>Title</u>	<u>Country</u>	<u>Serial Number</u>	<u>Filing Date</u>
Improved Plastic Material	Argentina	P000101173	3-16-00
Improved Plastic Material	Brazil	P199137844-4	9-17-99
Improved Plastic Material	Canada	2344378	9-17-99
Improved Plastic Material	China	99812274.2	9-17-99
Improved Plastic Material	Guatemala	1829/P1-2000.0029	3-16-00
Improved Plastic Material	Japan	570219/00	9-17-99
Improved Plastic Material	Mexico	10/002680	9-17-99
Improved Plastic Material	Taiwan	89104795	3-16-00
Improved Plastic Material	Venezuela	545/00	3-16-00

PATENT SECURITY AGREEMENT

This Patent Security Agreement is made this 26 day of August, 2005, by and between Urethane Soy Systems Co., an Illinois corporation ("Debtor"), and South Dakota Soybean Processors, LLC, a South Dakota limited liability company ("Secured Party").

RECITALS

A. Secured Party loaned money to Debtor as is evidenced by a Promissory Note dated even date herewith in the principal amount of \$776,241.00 (as the same may hereafter be amended, supplemented or restated from time to time, the "Note").

B. Secured Party has required the execution and delivery of this Agreement by Debtor in connection with the grant of the loan from Secured Party to Debtor.

NOW, THEREFORE, in consideration of the mutual covenants contained in the Note and this Agreement, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Definitions; Interpretation.

a. Terms Defined in Note. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Note.

b. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Collateral" has the meaning set forth in Section 2 below.

"Event of Default" has the meaning set forth in Section 5 below.

"Note" means that certain Promissory Note, dated as of the date hereof, issued by Debtor in favor of Secured Party.

"Obligations" means each and every debt, liability and obligation of every type and description arising under or in connection with the Note, whether such debt, liability or obligation under the Note now exists or is hereafter created or incurred and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, independent, joint, several or joint and several.

"Patents" means all of Debtor's right, title and interest in and to all patents and patent applications (including the patents and patent applications listed in Exhibit A), all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, all rights to sue for past, present or future infringement

thereof, all rights arising therefrom and pertaining thereto and all reissues, divisions, continuations, renewals, extensions and continuations in-part thereof.

"PTO" means the United States Patent and Trademark Office.

"UCC" means the Uniform Commercial Code as in effect in the State of South Dakota.

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

c. Terms Defined in UCC. Where applicable in the context of this Agreement and except as otherwise defined herein, terms used in this Agreement shall have the meanings assigned to them in the UCC.

d. Construction. In this Agreement, the following rules of construction and interpretation shall be applicable: (i) no reference to "proceeds" in this Agreement authorizes any sale, transfer, or other disposition of any Collateral by Debtor; (ii) "includes" and "including" are not limiting; (iii) "or" is not exclusive; and (iv) "all" includes "any" and "any" includes "all."

2. Security Interest.

a. Grant of Security Interest. As security for the payment and performance of the Obligations, Debtor hereby assigns, transfers and conveys to Secured Party, and grants to Secured Party a security interest in and mortgage to, all of Debtor's right, title and interest in, to and under the following property, in each case whether now or hereafter existing or arising or in which Debtor now has or hereafter owns, acquires or develops an interest and wherever located (collectively, the "Collateral"):

i. All Patents (as defined in Section 1(b) above);

ii. All general intangibles and all intangible intellectual or other similar property of Debtor of any kind or nature, associated with or arising out of any of the aforementioned properties and assets and not otherwise described above; and

iii. All proceeds of any of the foregoing Collateral (including license royalties, rights to payment, accounts and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof) or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to the foregoing Collateral.

b. Continuing Security Interest. Debtor agrees that this Agreement shall create a continuing security interest in the Collateral which shall remain in effect until terminated in accordance with Section 8.

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

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

b. Patents. Exhibit A accurately lists all Patents owned or controlled by Debtor as of the date hereof, or to which Debtor has a right as of the date hereof to have assigned to it, and accurately reflects the existence and status of applications and letters patent pertaining to the Patents as of the date hereof. If after the date hereof, Debtor owns, controls or has a right to have assigned to it any Patents not listed on Exhibit A, or if Exhibit A ceases to accurately reflect the existence and status of applications and letters patent pertaining to the Patents, then Debtor shall within 60 days provide written notice to Secured Party with a replacement Exhibit A, which upon acceptance by Secured Party shall become part of this Agreement.

c. Title. Debtor has absolute title to each Patent listed in Exhibit A, free and clear of all liens or encumbrances except that which is granted under this Agreement. Debtor (i) will have, at the time Debtor acquires any rights in Patents hereafter arising, absolute title to each such Patent free and clear of all liens and encumbrances except that which is created hereunder, and (ii) will keep all Patents free and clear of all liens and encumbrances except that which is created hereunder.

d. No Sale. Debtor will not assign, transfer, encumber or otherwise dispose of the Patents, or any interest therein, without Secured Party's prior written consent.

e. Defense. Debtor will at its own expense and using commercially reasonable efforts, protect and defend the Patents against all claims or demands of all persons.

f. Maintenance. Debtor will at its own expense maintain the Patents to the extent reasonably advisable in its business including, but not limited to, filing all applications to obtain letters patent and all affidavits, maintenance fees, annuities, and renewals possible with respect to letters patent and applications therefor. Debtor covenants that it will not abandon nor fail to pay any maintenance fee or annuity due and payable on any Patent, nor fail to file any required affidavit or renewal in support thereof, without first providing Secured Party: (i) sufficient written notice, of at least 30 days, to allow Secured Party to timely pay any such maintenance fees or annuities which may become due on any Patents, or to file any affidavit or renewal with respect thereto, and (ii) a separate written power of attorney or other authorization to pay such maintenance fees or annuities, or to file such affidavit or renewal, should such be necessary or desirable.

g. Secured Party's Right to Take Action. If Debtor fails to perform or observe any of its covenants or agreements set forth in this Section 3, and if such failure continues for a period of 10 calendar days after Secured Party gives Debtor written notice thereof (or,

in the case of the agreements contained in subsection 3(f), immediately upon the occurrence of such failure, without notice or lapse of time), or if Debtor notifies Secured Party that it intends to abandon a Patent, Secured Party may (but need not) perform or observe such covenant or agreement or take steps to prevent such intended abandonment on behalf and in the name and stead of Debtor (or, at Secured Party's option, in Secured Party's own name) and may (but need not) take any and all other actions which Secured Party may reasonably deem necessary to cure or correct such failure or prevent such intended abandonment.

h. Costs and Expenses. Except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, Debtor shall pay Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees and disbursements) incurred by Secured Party in connection with or as a result of Secured Party's taking action under subsection 3(g) or exercising its rights under Section 6, together with interest thereon from the date expended or incurred by Secured Party at the Default Rate.

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

j. Survival. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations.

4. Debtor's Use of the Patents. Debtor shall be permitted to control and manage the Patents, including the right to exclude others from making, using or selling items covered by the Patents and any licenses thereunder, in the same manner and with the same effect as if this Agreement had not been entered into, so long as no Event of Default occurs and remains uncured.

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

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

(a) Secured Party may exercise any or all remedies available under the Note.

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

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

7. **Further Acts.** Debtor shall make, execute, and deliver, and file and record in the proper places, all such instruments and documents, and take all such action as may be necessary or advisable or may be requested by Secured Party to carry out the intent and purposes of this Agreement, or for assuring, confirming or protecting the grant or perfection of the security interest granted or purported to be granted hereby, to ensure Debtor's compliance with this Agreement, or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to the Collateral, including any documents for filing with the PTO or any applicable state office. Secured Party may record this Agreement, an abstract thereof, or any other document describing Secured Party's interest in the Collateral with the PTO, at the expense of Debtor. In addition, Debtor authorizes Secured Party to file financing statements describing the Collateral in any UCC filing office deemed appropriate by Secured Party. If Debtor shall at any time hold or acquire a commercial tort claim with respect to the Collateral, Debtor shall promptly notify Secured Party in a writing signed by Debtor of the brief details thereof and grant to Secured Party in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to Secured Party.

8. **Termination.** Upon payment and performance in full of all Obligations, the Security Interest shall terminate and Secured Party (at Debtor's expense) shall promptly execute and deliver to Debtor such documents and instruments reasonably requested by Debtor as shall be necessary to evidence termination of all such security interests given by Debtor to Secured Party hereunder, including cancellation of this Agreement by written notice from Secured Party to the PTO.

9. **Remedies Cumulative.** All rights and remedies of Secured Party under this Agreement and the Note shall be cumulative and may be exercised singularly or concurrently, at Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other.

10. **Remedies Not Waived.** No delay or failure to act shall preclude the exercise or enforcement of any of Secured Party's rights or remedies under this Agreement.

11. **Waiver of Jury Trial.** The parties waive any right to trial by jury in any action or proceeding based on or pertaining to this Agreement.

12. Entire Agreement; Amendment. This Agreement and the Note contain the entire agreement of the parties with respect to the subject matter hereof and supersede all prior drafts and communications relating to such subject matter. Neither this Agreement nor any provision hereof may be modified, amended or waived except by the written agreement of the parties, except as provided in Section 3(b) above. To the extent any provision of this Agreement conflicts with any provision of the Note, the provision giving Secured Party greater rights or remedies shall govern, it being understood that the purpose of this Agreement is to add to, and not detract from, the rights granted to Secured Party under the Note.

13. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Any party hereto delivering a counterpart of this Agreement by facsimile shall also deliver a manually executed counterpart, but the failure to so deliver a manually executed counterpart shall not affect the validity, enforceability, or binding effect hereof.

14. Notices. All notices to be given to under this Agreement shall be delivered to the addresses set forth on page 7 of this Agreement.

15. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective participants, successors and assigns and shall take effect when signed by Debtor and delivered to Secured Party.

16. Governing Law. This Agreement shall be governed by the internal law of South Dakota without regard to conflicts of law provisions.

17. Severability. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties executed this Agreement as of the date written above.

Urethane Soy Systems Co.
100 Caspian Ave.
Volga, South Dakota 57071

URETHANE SOY SYSTEMS CO.

By Raymond Christensen
Its President

By Delbert Tschakert
Its Secretary

South Dakota Soybean Processors, LLC
100 Caspian Ave.
Volga, South Dakota 57071

SOUTH DAKOTA SOYBEAN
PROCESSORS, LLC

By Raymond Christensen
Its CEO

By Raymond Loomis
Its president

PENDING PATENT APPLICATIONS, cont.

EXHIBIT A

UNITED STATES ISSUED PATENTS

<u>Title</u>	<u>Patent Number</u>	<u>Issue Date</u>
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Plastic Material	US 6624244	09-23-03
Plastic Material	US6864296	03-08-05
Plastic Material	US6681763	04-19-05
Plastic Material	US6867239	03-15-05
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Vegetable Oil-Based Coating and Method for Application	US6979477	12-27-05

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Plastic Material	11/108,368	04-18-05
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Vegetable Oil-Based Coating and Method for Application	11/042,980	1-25-05
Oxylated Vegetable-Based Polyol Having Increased Functionality and Urethane Material Formed Using the Polyol	10/843,943	05-12-04
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