

# PATENT ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT											
NATURE OF CONVEYANCE:	Assignment of Security Interest											
CONVEYING PARTY DATA												
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%; text-align: center;">Name</td> <td style="width: 30%; text-align: center;">Execution Date</td> </tr> <tr> <td>U.S. Bank National Association</td> <td>06/30/2004</td> </tr> </table>		Name	Execution Date	U.S. Bank National Association	06/30/2004							
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<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Name:</td> <td>Pleasant T. Rowland Revocable Trust and W. Jerome Frautschi Living Trust</td> </tr> <tr> <td>Street Address:</td> <td>c/o Vogel Consulting Group 3415 Gateway Road</td> </tr> <tr> <td>City:</td> <td>Brookfield</td> </tr> <tr> <td>State/Country:</td> <td>WISCONSIN</td> </tr> <tr> <td>Postal Code:</td> <td>53045</td> </tr> </table>			Name:	Pleasant T. Rowland Revocable Trust and W. Jerome Frautschi Living Trust	Street Address:	c/o Vogel Consulting Group 3415 Gateway Road	City:	Brookfield	State/Country:	WISCONSIN	Postal Code:	53045
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PROPERTY NUMBERS Total: 2												
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; text-align: center;">Property Type</td> <td style="width: 70%; text-align: center;">Number</td> </tr> <tr> <td>Patent Number:</td> <td>5733454</td> </tr> <tr> <td>Patent Number:</td> <td>6555359</td> </tr> </table>			Property Type	Number	Patent Number:	5733454	Patent Number:	6555359				
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CORRESPONDENCE DATA												
Fax Number: (612)607-7100 <i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i> Phone: 612-607-7325 Email: cclassen@oppenheimer.com Correspondent Name: Barbara J. Grahn, Esq. Address Line 1: Suite 3300, 45 South Seventh St. Address Line 4: Minneapolis, MINNESOTA 55402												
ATTORNEY DOCKET NUMBER:	26/179 BG06 CC14											
NAME OF SUBMITTER:	Barbara J. Grahn											
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## ASSIGNMENT AND CONSENT

This Assignment and Consent is executed as of June 30, 2004, by and among **U.S. Bank National Association** (the "Bank"), **W. Jerome Frautschi** (the "Guarantor"), the **Pleasant T. Rowland Revocable Trust** and the **W. Jerome Frautschi Living Trust** (each, a "New Lender", and, collectively, the "New Lenders"), **Ecovation Wastewater Treatment Company, Inc.** (formerly known as **AnAerobic Wastewater Treatment Company, Inc.**), a New York corporation (the "Borrower"), and **Ecovation, Inc.** (formerly known as **AnAerobic, Inc.**), a Delaware corporation (the "Corporate Guarantor").

## BACKGROUND

The Bank established a Line of Credit (the "Bank Loan") for the Borrower in an amount up to \$4,000,000 pursuant to a Line of Credit Agreement (the "Bank Agreement") dated as of October 22, 2003. The Bank Loan is evidenced by a Line of Credit Note (the "Bank Note") from Borrower to Bank in the amount of \$4,000,000 dated October 22, 2003. The Bank Loan is guaranteed by the Corporate Guarantor pursuant to a Corporate Guaranty (the "Original Corporate Guaranty") dated October 22, 2003, and by the Individual Guarantor pursuant to a Personal Guaranty (the "Personal Guaranty") dated October 22, 2003. The Bank Loan is secured by a General Business Security Agreement from the Borrower to Bank dated October 22, 2003, and a Security Agreement regarding Patents and Trademarks from Borrower to Bank dated October 22, 2003, (collectively, the "Original Borrower Security Agreements"). The Corporate Guaranty is secured by a General Business Security Agreement from the Corporate Guarantor to Bank dated October 22, 2003, and a Security Agreement regarding Patents and Trademarks from the Corporate Guarantor to Bank dated October 22, 2003, (collectively, the "Original Corporate Guarantor Security Agreements"). The Original Borrower Security Agreements and the Original Corporate Guarantor Security Agreements were perfected by UCC Financing Statements and filings with the U.S. Patent and Trademark Office (the "Original Perfection Documents"). The Bank's position in respect to another lender, Agri-Financial Services, LLC, was established by a Security Interest Subordination and Standby Agreement from Agri-Financial Services, LLC to Bank dated as of October 22, 2003 (the "Original Security Interest Subordination and Standby Agreement"). The Original Corporate Guaranty, Personal Guaranty, Original Borrower Security Agreements, Original Corporate Guarantor Security Agreements, Original Perfection Documents, and Original Security Interest Subordination and Standby Agreement are referred to as the Original Loan Documents. As of the date hereof, the Bank Note has an outstanding principal balance of \$0 and accrued interest of \$0.

New Lenders and Borrower have requested that Bank transfer the Bank Loan, including the Bank Agreement, the Bank Note, and the Original Loan Documents, to New Lenders, and Bank has agreed to transfer all of its right, title, and interest in and to the Bank Loan and all collateral securing the same, including, without limitation, the Corporate Guaranty, upon the terms and conditions as set forth below. Corporate Guarantor consents to

the assignment and assumption of the Corporate Guaranty as required for such assignment and assumption to become effective.

## AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and the terms, covenants, and conditions contained herein, the parties agree as follows:

1. Assignment by Bank. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Bank hereby assigns, without recourse, representation or warranty of any kind, to New Lenders, jointly, all of its right, title, and interest in and to the Bank Agreement and Bank Note, including the underlying indebtedness, together with any and all of the Original Loan Documents and collateral securing the same.
2. Assumption of New Lenders. The New Lenders hereby jointly assume the obligations of and agree to be bound by and to comply with all covenants, agreements, and conditions contained in the Bank Agreement, the same as if they had been executed by the New Lenders as of the dates thereof; provided, that New Lenders' obligations in such respect to Borrower and Corporate Guarantor shall be subject to their execution of a replacement Line of Credit Agreement to be dated as of the date hereof, providing for two separate lines of credit, one from each of the New Lenders, and each in the amount of \$15,000,000, and the Notes and other Loan Documents described in that Line of Credit Agreement (collectively, the "Replacement Loan Documents"), which Replacement Loan Documents shall amend and restate, and as so amended and restated, replace, the Bank Note, Bank Agreement, and Original Loan Documents.
3. Consent of Corporate Guarantor. Corporate Guarantor hereby consents to the transfer and assumption as described herein.
4. Representations and Warranties of New Lenders. New Lenders acknowledge that they have, independently and without reliance upon Bank, made their own credit analysis and decision to accept the assignments hereunder. New Lenders further acknowledge that they have had full and complete disclosure of any and all documents in Bank's possession relating to the Bank Loan and have made their own determination on the basis of those documents and the information contained therein without any other representations by Bank, that they are satisfied with the documentation and its legal efficacy, and accept those documents based upon their own analysis and review. New Lenders further acknowledge that they have had access to and have inspected the collateral securing the Bank Loan to the extent that the New Lenders and their advisors have deemed necessary or desirable. New Lenders have been advised to undertake, have been given the opportunity to undertake, have undertaken and are relying solely on, their own investigation of the Bank Loan, the Bank Agreement, the Bank Note, the Original Loan Documents and the collateral securing the same, and their own investigation and determination of the ownership, existence, value, condition and overall status of the collateral securing the Bank Loan and the creditworthiness of the Borrower, the Corporate Guarantor and any other parties that may be obligated with

respect to the Bank Loan. New Lenders are sophisticated investors and are sufficiently knowledgeable and experienced in financial and business matters, including the purchase and ownership of promissory notes and chattel paper, to be able to evaluate the risks and merits of this transaction. New Lenders are acquiring the Bank Loan for their own account and not with a view to, and New Lenders will not engage in, any syndication, distribution, transfer, sale or offer to sell the Bank Loan or any portion thereof or interest therein, directly or indirectly, to the public or in any manner regulated by state or federal securities laws. New Lenders understand that the Bank Loan, the Bank Agreement, the Bank Note and the Original Loan Documents (a) are not being nor are they required to be registered or otherwise qualified for sale under any federal or state securities laws and regulations; (b) will not be listed on any stock or other securities exchange; (c) will carry no rating for any rating service; and (d) are not likely to be readily marketable. New Lenders acknowledge that the Bank Loan will have limited liquidity and that New Lenders have the financial ability to hold the Bank Loan for an indefinite period of time and to bear the economic risks inherent in this transaction. The execution and delivery of this Assignment and Consent by the New Lenders and the performance by the New Lenders of the obligations to be performed by them hereunder do not and will not violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award applicable to either New Lender. The execution and delivery of this Assignment and Consent by the New Lender and the performance by the New Lenders of the obligations to be performed by them hereunder do not and will not result in a breach or constitute a default under any indenture or loan or credit agreement, lease or instrument to which either New Lender is a party or by which such New Lender may be bound or affected. When duly executed and delivered by the New Lenders, this Assignment and Consent will constitute a legal, valid and binding obligation of each New Lender, enforceable against such New Lender in accordance with its terms. It is understood and agreed that the representations, warranties and acknowledgments of the New Lenders set forth in this paragraph 4 shall survive the closing of this transaction.

5. Indemnification of Bank by Borrower and Corporate Guarantor. Borrower and Corporate Guarantor agree to indemnify Bank and its officers, directors, agents and affiliates (collectively, the "Indemnified Parties") from any and all liabilities, losses, damages, obligations, penalties, suits, actions, judgments, costs, disbursements and expenses (including reasonable attorneys' fees) imposed upon, incurred by, or asserted against such Indemnified Party or in any way related to or arising out of transactions that occurred between Bank and Borrower or Corporate Guarantor that are in any way related to the Bank Loan or the transactions contemplated hereunder except harm arising from the willful misconduct or wanton or malicious disregard of the Borrower's or Corporate Guarantor's rights by the Indemnified Party.

6. Representations and Warranties of Bank; Disclaimer. Bank represents and warrants to New Lenders that it is the owner of the Bank Note assigned hereunder, and that it has full power and authority to assign the Bank Note, the Bank Agreement and the Original Loan Documents. **EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THE IMMEDIATELY PRECEDING SENTENCE, THE BANK MAKES NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO (A) THE BANK LOAN, THE BANK AGREEMENT, THE BANK NOTE, THE**

ORIGINAL LOAN DOCUMENTS AND ANY OF THE OTHER INFORMATION RELATED TO THE BANK LOAN, (B) THE ENFORCEABILITY OF THE BANK AGREEMENT, THE BANK NOTE OR ANY OF THE ORIGINAL LOAN DOCUMENTS, (C) THE VALUE, CONDITION, SUFFICIENCY, OWNERSHIP OR STATUS OF TITLE OF THE PROPERTY OR OTHER COLLATERAL SECURING PAYMENT, IN WHOLE OR IN PART, OF THE BANK LOAN, (D) THE CREDITWORTHINESS OF THE BORROWER, THE CORPORATE GUARANTOR OR ANY OTHER PARTY THAT MAY BE OBLIGATED ON THE BANK LOAN, OR (E) THE PERFECTION OR APPROPRIATENESS OF ANY FILING WITH RESPECT TO ANY LIEN OR SECURITY INTEREST SECURING, IN WHOLE OR IN PART, THE BANK LOAN.

7. Indemnification of New Lenders by Borrower and Corporate Guarantor. Borrower and Corporate Guarantor hereby acknowledge that the outstanding principal and accrued interest on the Bank Note is as stated in the recitals, above, that they have no defense, offset counterclaim, or other adverse claim against either Bank or New Lenders, and, to Borrowers' and Corporate Guarantor's respective knowledge, that there exists no adverse claims of any nature which would affect the enforceability of this Assignment and Consent, the Bank Note, or the Original Loan Documents. Borrower and Corporate Guarantor further agree to release and indemnify New Lenders from any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, disbursements and expenses (including reasonable attorneys' fees) imposed on, incurred by, or asserted against New Lenders in any way related to or arising out of the transactions that occurred between Borrower or Corporate Guarantor and Bank prior to the date hereof, which transactions are in any way related to the Bank Note, Bank Agreement, or Original Loan Documents.

8. Indemnification of Bank by New Lenders. To induce the Bank to enter into this Assignment and Consent, the New Lenders hereby agree, jointly and severally, to indemnify and hold harmless the Bank and the other Indemnified Parties, from and against any and all losses, claims, damages or liabilities which the Bank or such other Indemnified Party may become subject to, to the extent that such losses, claims, damages or liabilities arise out of or are based upon:

(a) Any misrepresentations contained in this Assignment and Consent or in any document, schedule, instrument or other document delivered hereunder or in connection with the transactions contemplated hereunder.

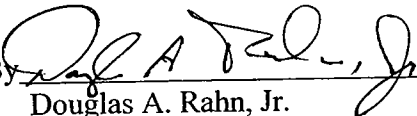
(b) Any dispute arising out of the transactions contemplated hereunder or any dispute or controversy between the New Lenders (or either of them) and (i) the Borrower, (ii) the Corporate Guarantor, (iii) any subsidiary or affiliate of the Borrower or the Corporate Guarantor, (iv) any former, existing or future shareholder of the Borrower, the Corporate Guarantor or any of their respective subsidiaries and affiliates, (v) any guarantor, pledgor or other individual or entity obligated with respect to the Bank Loan, or (vi) any other party and any future holder of the Bank Note, the Bank Agreement, the Original Loan Documents or the Replacement Loan Documents.

(c) Any proceeding commenced by the Borrower, the Corporate Guarantor or the New Lenders (or either of them), any trustee in bankruptcy, any committee of creditors or any individual creditor of Borrower the Corporate Guarantor or the New Lenders (or either of them) seeking to avoid or set aside the transactions contemplated hereunder.

The parties have executed this Assignment and Consent to be effective as of the date first-written above. This Assignment and Consent represents the full and complete agreement and understanding of the parties and any oral and/or prior agreements and negotiations are contained in or merged into this Assignment and Consent. This Assignment and Consent may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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US BANK NATIONAL ASSOCIATION

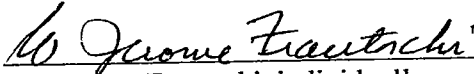
By   
Douglas A. Rahn, Jr.  
Senior Vice President

ECOVATION WASTEWATER TREATMENT  
COMPANY, INC.

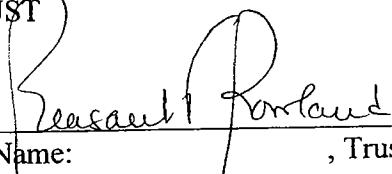
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Name:  
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ECOVATION, INC.

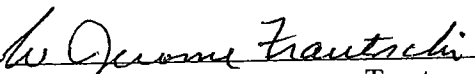
By \_\_\_\_\_  
Name:  
Title:

  
W. Jerome Frautschi, individually

PLEASANT T. ROWLAND REVOCABLE  
TRUST

By   
Name: \_\_\_\_\_, Trustee


W. JEROME FRAUTSCHI REVOCABLE  
TRUST

By   
Name: \_\_\_\_\_, Trustee

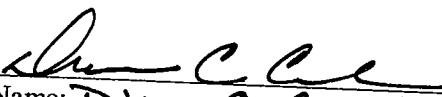
US BANK NATIONAL ASSOCIATION

By \_\_\_\_\_  
Douglas A. Rahn, Jr.  
Senior Vice President

ECOVATION WASTEWATER TREATMENT  
COMPANY, INC.

By   
Name: Diane C. Creel  
Title: CEO

ECOVATION, INC.

By   
Name: Diane C. Creel  
Title: CEO

\_\_\_\_\_  
W. Jerome Frautschi, individually

PLEASANT T. ROWLAND REVOCABLE  
TRUST

By \_\_\_\_\_  
Name: \_\_\_\_\_, Trustee

W. JEROME FRAUTSCHI REVOCABLE  
TRUST

By \_\_\_\_\_  
Name: \_\_\_\_\_, Trustee