

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
CONVEYING PARTY DATA	
Name	Execution Date
Sanijet Corporation	06/26/2009
RECEIVING PARTY DATA	
Name:	Christopher T. Jones
Street Address:	6200 Maple Avenue
City:	Dallas
State/Country:	TEXAS
Postal Code:	75235
PROPERTY NUMBERS Total: 1	
Property Type	Number
Patent Number:	4853987
CORRESPONDENCE DATA	
Fax Number:	(214)242-3816
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	(214) 696-8800
Email:	DavidGilesdallas@aol.com
Correspondent Name:	David B. Giles
Address Line 1:	10440 N. Central Expressway, Suite 1030
Address Line 4:	Dallas, TEXAS 75231
NAME OF SUBMITTER:	David B. Giles
Total Attachments: 5 source=Signed-SecurityAgreement-09-06-26-letter-format#page1.tif source=Signed-SecurityAgreement-09-06-26-letter-format#page2.tif source=Signed-SecurityAgreement-09-06-26-letter-format#page3.tif source=Signed-SecurityAgreement-09-06-26-letter-format#page4.tif source=Signed-SecurityAgreement-09-06-26-letter-format#page5.tif	

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SECURITY AGREEMENT

Date: June 26, 2009
Debtor: Sanijet Corporation, 1461 South Beltline Road, Suite 100, Coppell, Texas 75019
Secured Party: Christopher T. Jones, 6200 Maple Avenue, Dallas, Texas 75235
Principal: Two Hundred Thousand and no/100 Dollars (\$200,000)
Interest: Seven per cent (7%) per annum before maturity; Nine (9%) per annum thereafter
Maturity: April 1, 2010
Terms of Payment: Principal and interest are payable on or before maturity.
Collateral: All of the following described collateral, whether now owned or hereafter acquired:

- a) United States Patent #4,853,987 for a unitized hydrotherapy jet and pump assembly (This patent has expired);
- b) United States Patent #5,414,878 for a sanitary whirlpool jet apparatus;
- c) United States Patent #5,587,023 for a method of removing a whirlpool jet apparatus from a whirlpool bathtub for inspection, cleaning or repair;
- d) drawings and designs, whether on paper or in electronic form, relating to the inventions covered by said patents;
- e) tools and molds, and the drawings and designs thereof, relating to the design and/or production of inventions covered by said patents or of whirlpool bathtub shells and any other products or components;
- f) furniture, fixtures, equipment, supplies, raw materials and inventory;
- g) accounts receivable, contract rights, deposit accounts, and general intangibles;
- h) shares of stock in Hydravac Corporation;
- i) other patent rights, rights in patent applications, including U.S. Patent Application #10/837,719, trademark rights, copyrights and other intellectual property and rights; and
- j) all other property, property rights and assets of Sanijet, and all supporting obligations, products and proceeds of any of the collateral.

If Debtor at any time holds or acquires a commercial tort claim, Debtor shall notify Secured Party in writing within FIVE (5) Business Days of such occurrence with the details thereof and grant to Secured Party a security interest therein or lien thereon and in the proceeds thereof, in form and substance reasonably satisfactory to Secured Party.

Obligation

Promissory Note:

Date: Even date
Amount: \$200,000
Maker: Sanijet Corporation
Payee/Lender: Secured Party
Final Maturity Date: April 1, 2009
Terms of Payment: As stated therein

Future Advances: The obligation also includes future advances made by Secured Party to Debtor under the above promissory note, as it might be amended, or under a separate note, if the note amendment or new note, or if another written instrument signed by the parties, expressly states that the future advance is secured by this security agreement.

Prior Interests and Liens:

1. Royalty interest in favor of John William Booth III, aka John William Booth, more particularly described in a Corrected Royalty Agreement dated April 15, 2002;
2. An option in favor of SpaFinity, Inc., a Wisconsin corporation, to purchase the exclusive, perpetual right to make and sell two pedicure spas called the "Mirai" and "Organic Mirai" that Sanijet designed and now makes and sells, and related rights, all as more particularly described in a Distribution and Purchase Agreement dated October 16, 2008.
3. Liens against purchase orders and accounts receivable, and proceeds therefrom, now or hereafter pledged to secure existing loans. See ¶14 under "General Provisions" below.

Grant of Security Interest:

Debtor grants to Secured Party a security interest in the collateral to secure payment and performance of Debtor's obligation in this security agreement and all amendments, renewals and extensions of any of the obligation, *Subject To* the Prior Interests and Liens described in 1 thru 3 above ("Prior Interests and Liens") and to any other liens and encumbrances to the extent, if any, they have priority by operation of law over this security interest.

Debtor's Warranties:

Debtor owns the collateral free from any setoff, claim, restriction, lien, security interest, or encumbrance except the Prior Interests and Liens and existing inferior liens.

Debtor's Covenants:

1. Protection of Collateral. Debtor will defend the Collateral against all claims and demands adverse to Secured Party's interest in it, save and except the Prior Interests and Liens, and will keep it free from all liens, save and except the Prior Interests and Liens and to existing and future inferior liens. The Collateral will remain in Debtor's possession or control except as otherwise provided in this agreement. Debtor may place Collateral in the possession or control of third parties under agreement providing for the third party's possession and/or use of such Collateral for the benefit of Debtor, for example, where a third party contractor has custody of Debtor's injection mold tooling for the purpose of producing injection molded plastic parts that Debtor incorporates into products it makes and sells. Debtor will maintain the Collateral in good condition and protect it against misuse, abuse, waste, and deterioration except for ordinary wear and tear resulting from its intended use.

2. Insurance. Debtor will insure the Collateral in accordance with Secured Party's reasonable requirements. Regarding choice of carrier, casualties insured against, and amount of coverage, policies will be written in favor of Debtor and Secured Party according to their respective interests or according to Secured Party's other requirements. All policies will provide that Secured Party will receive at least ten days' notice before cancellation, and the policies or certificates evidencing them will be provided to Secured Party when issued. Debtor assumes all risk of loss and damage to the Collateral to the extent of any deficiency in insurance coverage. Debtor irrevocably appoints Secured Party as attorney-in-fact to collect any return, unearned premiums, and proceeds of any insurance on the Collateral and to endorse any draft or check deriving from the policies and made payable to Debtor.

3. Secured Party's Costs. Debtor will pay all expenses incurred by Secured Party in obtaining, preserving, perfecting, defending, and enforcing this security interest or the Collateral and in collecting or enforcing the note. Expenses for which Debtor is liable include, but are not limited to taxes, assessments, reasonable attorney's fees, and other legal expenses. These expenses will bear interest from the dates of payments at the highest rate stated in notes that are part of the obligation, and Debtor will pay Secured Party this interest on demand at a time and place reasonably specified by Secured Party. These expenses and interest will be part of the obligation and will be recoverable as such in all respects.

4. Additional Documents. Debtor will sign any papers that Secured Party reasonably considers necessary to obtain, maintain, and perfect this security interest or to comply with any relevant law.

5. Notice of Changes. Debtor will immediately notify Secured Party of any material change in the Collateral; change in Debtor's name, address, or location; change in any matter warranted or represented in this agreement; change that may affect this security interest; and any event of default.

6. Use and Removal of Collateral. Debtor will use the Collateral primarily according to the stated classification unless Secured Party consents otherwise in writing. Debtor will not permit the Collateral to be affixed to any real estate, to become an accession to any goods, to be commingled with other goods, or to become a fixture, accession, or part of a product or mass with other goods except in the ordinary course of business or as expressly provided in this agreement.

7. Sale. Debtor will not sell, transfer, or encumber any of the Collateral without the prior written consent of Secured Party, subject to ¶14 and 15 under General Provisions below.

Rights and Remedies of Secured Party:

1. Generally. Secured Party may exercise the following rights and remedies after default:
 - a. take control of any proceeds of the Collateral;
 - b. release any Collateral in Secured Party's possession to any debtor, temporarily or otherwise;
 - c. take control of any funds generated by the Collateral, such as refunds from and proceeds of insurance, and reduce any part of the obligation accordingly or permit Debtor to use such funds to repair or replace damaged or destroyed Collateral covered by insurance; and

- d. demand, collect, convert, redeem, settle, compromise, receipt for, realize on, adjust, sue for, and foreclose on the Collateral either in Secured Party's or Debtor's name, as Secured Party desires.
2. Insurance. If Debtor fails to maintain insurance as required by this agreement or otherwise by Secured Party, then Secured Party may purchase single-interest insurance coverage that will protect only Secured Party. If Secured Party purchases this insurance, its premiums will become part of the obligation.

Events of Default:

Each of the following conditions is an Event of Default:

1. if Debtor defaults in timely payment or performance of any obligation or covenant secured by this agreement, or any obligation or covenant secured by any other agreement the subject of that certain Intercreditor Agreement dated June 26, 2009 between Christopher T. Jones and Richard N. Brown, and the default is not cured within the time provided in the instrument(s) governing the transaction;
2. if any warranty, covenant, or representation made to Secured Party by or on behalf of Debtor proves to have been false in any material respect when made;
3. if a receiver is appointed for Debtor or any of the Collateral;
4. if the Collateral is assigned for the benefit of creditors except as security with respect to existing or future inferior liens or, to the extent permitted by law, if bankruptcy or insolvency proceedings commence against or initiated by Debtor or any maker, drawer, acceptor, endorser, guarantor, surety, accommodation party, or other person liable on or for any part of the obligation;
5. if any financing statement is filed regarding the Collateral but not related to this security interest, to the Prior Interests and Liens, to inferior liens now existing or hereafter created, or to any other liens Secured Party has consented or might hereafter consent for Debtor to incur;
6. if any lien not mentioned above attaches to any of the Collateral;
7. if any of the Collateral is lost, stolen, damaged, or destroyed, unless it is promptly replaced with Collateral of like quality or restored to its former condition;
8. if any third party who holds a lien against the above described collateral institutes foreclosure or other proceedings to enforce its rights or remedies; or
9. Any event shall have occurred that is continuing which has a "*Material Adverse Effect*", which means an effect that poses an imminent threat to Debtor's ability to sustain day-to-day business operations without more than temporary interruption. An interruption is temporary if it does not exceed thirty (30) days in length and may be longer in cases where such interruption is caused by fire or other casualties of a similar nature, caused by act of God, accident, criminal act, terrorism, or similar events beyond Debtor's control.
10. If Debtor defaults (after the expiration of any applicable cure periods) on any other indebtedness from Debtor to Secured Party or under any security agreement evidencing or securing the same.

Remedies of Secured Party on Default:

During the existence of any event of default and after Debtor has failed to timely cure, Secured Party may declare the unpaid principal and earned interest of the obligation immediately due in whole or in part, enforce the obligation and exercise any rights and remedies granted by the Texas Uniform Commercial Code or by this agreement, including the following:

1. require Debtor to deliver to Secured Party all books and records relating to the Collateral;
2. require Debtor to assemble the Collateral and make it available to Secured Party at a place reasonably convenient to both parties;
3. take possession of any of the Collateral and for this purpose enter any premises where it is located if this can be done without breach of the peace;
4. sell, lease, or otherwise dispose of any of the Collateral in accord with the rights, remedies, and duties of a secured party under chapters 2 and 9 of the Texas Uniform Commercial Code. Secured Party shall give Debtor at least twenty-one (21) days written notice of any public or private sale of the Collateral in the manner provided for notices in ¶16 of General Provisions below. Notice will be timely and reasonable if (a) actually received by Debtor on a Business Day that is at least twenty-one (21) days before the sale, or (b) deposited in a depository receptacle under the care and custody of the United States Postal Service, postage prepaid, to Debtor's address for notice as listed herein at least twenty-four (24) days before the sale. Lender may adjourn any public or private sale

from time to time by announcement at the time and place fixed therefor, and reconvene such sale without further notice, to be made at the time and place to which it was so adjourned.

5. surrender any insurance policies covering the Collateral and receive the unearned premium;

6. apply any proceeds from disposition of the Collateral after default in the manner specified in chapter 9 of the Texas Uniform Commercial Code including payment of Secured Party's reasonable attorney's fees and Court expenses; and

7. if disposition of the Collateral leaves the Obligation unsatisfied, collect the deficiency from Debtor.

General Provisions:

1. Parties Bound. Secured Party's rights under this agreement shall inure to the benefit of its successors and assigns. Assignment of any part of the obligation and delivery by Secured Party of any part of the Collateral will fully discharge Secured Party from responsibility for that part of the Collateral. If Debtor is more than one, all their representations, warranties, and agreements are joint and several. Debtor's obligations under this agreement shall bind Debtor's personal representatives, successors, and assigns.

2. Waiver. Neither delay in exercise nor partial exercise of any of Secured Party's remedies or rights shall waive further exercise of those remedies or rights. Secured Party's failure to exercise remedies or rights does not waive subsequent exercise of those remedies or rights. Secured Party's waiver of any default does not waive further default. Secured Party's waiver of any right in this agreement or of any default is binding only if it is in writing. Secured Party may remedy any default without waiving it.

3. Reimbursement. If Debtor fails to perform any of Debtor's obligations, Secured Party may perform those obligations and be reimbursed by Debtor on demand at the place where the note is payable for any sums so paid, including attorney's fees and other legal expenses, plus interest on those sums from the dates of payment at the rate stated in the note. The sum to be reimbursed shall be secured by this security agreement.

4. Interest Rate. Interest included in the obligation shall not exceed the maximum amount of interest that may be contracted for, charged or received under law; any interest in excess of that maximum amount shall be credited to the principal of the obligation or, if that has been paid, refunded.

5. Modifications. No provisions of this agreement shall be modified except by written agreement.

6. Severability. The unenforceability of any provision of this agreement will not affect the enforceability or validity of any other provision.

7. Applicable Law. This agreement shall be construed under Texas law.

8. Place of Performance. This agreement shall be performed in Dallas County, Texas.

9. Financing Statement. A carbon, photographic, or other reproduction of this agreement or any financing statement covering the Collateral is sufficient as a financing statement.

10. Presumption of Truth and Validity. If the Collateral is sold after default, recitals in the bill of sale or transfer will be prima facie evidence of their truth, and all prerequisites to the sale specified by this agreement and by the Texas Uniform Commercial Code will be presumed satisfied.

11. Singular and Plural. When the context requires, singular nouns and pronouns include the plural.

12. Priority of Security Interest. Neither extension of any of the obligation nor releases of any of the Collateral will affect the priority or validity of this security interest with reference to any third person.

13. Cumulative Remedies. Foreclosure of this security interest by suit does not limit Secured Party's remedies, including the right to sell the Collateral under the terms of this agreement. All remedies of Secured Party may be exercised at the same or different times, and no remedy shall be a defense to any other. Secured Party's rights and remedies include all those granted by law or otherwise, in addition to those specified in this agreement.

14. Purchase Order & Receivable Financing. Secured Party understands that Debtor has pledged purchase orders and accounts receivable in the ordinary course of business and consents for Debtor to continue doing until Secured Party revokes his consent in writing to Debtor, but no such revocation shall apply to purchase orders or receivables pledged before Debtor receives written notice of revocation.

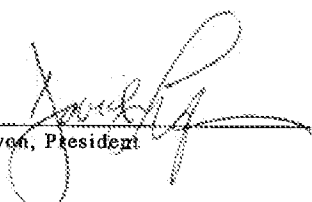
15. Use of Proceeds. Secured Party understands that Debtor will/may hereafter receive payment a) for sales of products in the ordinary course of business; b) for distribution rights, manufacturing rights, licensing fees & royalties; franchise fees and royalties and perhaps other fees and royalties c) for legal claims and recoveries; d) of notes, accounts receivable and other obligations; and/or e) of other sums of money in connection with the Collateral, pursuant to business transactions, contracts and/or lawsuits or other legal actions to which Debtor is now and/or might hereafter become a party. As long as Debtor is not in default, Debtor may use such payments in the ordinary course of its business.

16. Notices. All notices, requests, demands, or other communications required or permitted to be given pursuant to this Agreement shall be in writing and given by (a) personal delivery; (b) expedited delivery service with proof of delivery, or (c) United States mail, postage prepaid, registered or certified mail, return receipt requested, sent to the intended addressee at his/its address set forth on page one (1) hereof and shall be deemed to have been received either, in the case of personal delivery, as of the time of personal delivery, in the case of expedited delivery service, as of the time of the expedited delivery and in the manner provided herein, or in the case of mail, upon the THIRD (3rd) day after deposit in a depository receptacle under the care and custody of the United States Postal Service. Any party shall have the right to change its address for notice hereunder to any other location within the continental United States by notice to the other party of such new address. If notice is given by mail, additional notice by fax or Email addressed to the President of Debtor shall be promptly given.

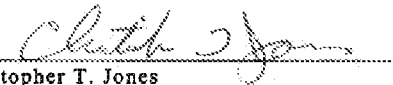
17. Financing Statement. Debtor authorizes Secured Party to file a financing statement describing the Collateral.

18. Other Security Agreements. Nothing herein shall limit, reduce, alter, modify, amend, or otherwise affect Secured Party's rights and remedies under any other Security Agreement, Loan and Security Agreement, or any other instrument or document evidencing or securing any indebtedness from Debtor to Secured Party.

Sanijet Corporation

By: 
David Lyon, President

SECURED PARTY:


Christopher T. Jones