

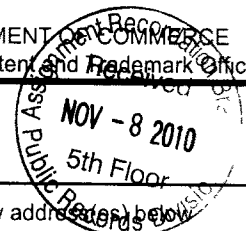
11-09-2010

U.S. DEPARTMENT OF COMMERCE
United States Patent and Trademark Office



ET

103610972



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)

Home Comfort Zones, Inc

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

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

Execution Date(s) October 8, 2010

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

2. Name and address of receiving party(ies)

Name: David E Bartlett

Internal Address: David E Bartlett, Esq.

Street Address: 61 Faith Lane

City: Tracy

State: CA

Country: USA Zip 95377

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

4. Application or patent number(s):

☐ This document is being filed together with a new application.

A. Patent Application No.(s)

10/249,604

11/366,789

11/520,408

11/829,865

B. Patent No.(s)

6,786,473

6,983,889

6,997,390

7,062,830

Additional numbers attached? ☒ Yes ☐ No

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

Name: Martin Barrack, Esq

Internal Address: Barrack Law Firm, P.C

Street Address: P.O. Box 4017

City: Portland

State: OR Zip 97208

Phone Number: (971) 238-0919

Fax Number: (971) 275-1023

Email Address: marty@barrack.net

6. Total number of applications and patents involved: 19

7. Total fee (37 CFR 1.21(h) & 3.41) \$ 760.00

- ☐ Authorized to be charged to deposit account
☒ Enclosed
☐ None required (government interest not affecting title)

8. Payment Information

Deposit Account Number 11/03/2010 H1U11 00000002 10249604
01 FC:8021 760.00 OP
Authorized User Name _____

9. Signature:

David E Bartlett
Signature

October 8, 2010
Date

David E. Bartlett

Name of Person Signing

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

15

CONTINUATION OF ITEM 4, FORM PTO-1595

CONVEYING PARTY: Home Comfort Zones, Inc.

October 8, 2010

Additional Patents (Patent Numbers):

7,207,496
7,162,884
7,188,779
7,392,661

Additional Patent Applications (Application Serial Numbers):

12/240,239
12/240,570
12/240,737
12/257,181
12/256,432
12/435,813
12/635,010

PATENT SECURITY AGREEMENT

This Patent Security Agreement (“**Agreement**”) is made as of October 8, 2010 (“**Effective Date**”) between David E. Bartlett as Collateral Agent (and any replacement Collateral Agent, the “**Secured Party**”) for the Lenders set forth in the Security Agreement (“**Security Agreement**”) entered into by Mr. Bartlett as Collateral Agent, such Lenders and Home Comfort Zones, Inc., an Oregon corporation (“**Debtor**”) on the Effective Date. This Agreement is supplemental to the Security Agreement and the rights granted to Secured Party hereunder are in addition to those granted in the Security Agreement and the other Loan Documents defined therein.

SECTION 1. DEFINITIONS

- 1.1 **Capitalized Terms.** Unless defined elsewhere in this Agreement, capitalized terms used in this Agreement will have the meanings ascribed to them in the attached Appendix A.
- 1.2 **UCC Terms.** Unless the context clearly indicates otherwise, terms used in this Agreement that are defined in the Uniform Commercial Code will have the meanings ascribed to them in the Uniform Commercial Code.

SECTION 2. SECURITY INTEREST

- 2.1 **Grant.** As security for the full and prompt payment and performance of the Obligations, Debtor grants Secured Party a first priority security interest in Debtor’s right, title and interest in the Collateral.

THE INTEREST IN THE PATENTS BEING ASSIGNED HEREUNDER SHALL NOT BE CONSTRUED AS A CURRENT ASSIGNMENT, BUT ONLY AS A SECURITY INTEREST TO SECURE SUCH ASSIGNOR’S OBLIGATIONS TO ASSIGNEE UNDER THE LOAN DOCUMENTS.

2.2 **Perfection.**

- (a) Debtor authorizes Secured Party to record this Agreement – and all other documents that Secured Party deems reasonably necessary to perfect and continue Secured Party’s security interest in the Collateral– in the United States Patent and Trademark Office.
- (b) Upon Secured Party’s request, Debtor will take any other actions that Secured Party deems reasonably necessary to perfect and continue Secured Party’s security interest in the Collateral.

- 2.3 **Termination.** Promptly upon Debtor’s request after the full payment and performance of the Obligations, Secured Party will take all actions that Debtor deems reasonably necessary to terminate Secured Party’s security interest in the Collateral and confirm Debtor’s ownership of and/or right, title and interest in the Collateral (as between Debtor and Secured Party) (and the period from the Effective Date until such actions are completed is the “**Term**”).

SECTION 3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants to Secured Party as follows:

- 3.1 **Organization.** Debtor is a corporation duly organized and validly existing under the laws of the State of Oregon.

- 3.2 Authority.** Debtor has full power and authority to sign and deliver this Agreement and to perform all of Debtor's obligations under this Agreement.
- 3.3 Binding Obligation.** This Agreement is the legal, valid, and binding obligation of Debtor, enforceable against Debtor in accordance with its terms, except as enforceability may be limited by (a) bankruptcy, insolvency, or other similar laws of general application or by general principles of equity (b) applicable federal or state securities laws limits on indemnification; and (c) the effect of rules of law governing the availability of equitable remedies.
- 3.4 No Conflicts.** The signing and delivery of this Agreement by Debtor and the performance by Debtor of all of Debtor's obligations under this Agreement will not:
- (a) conflict with Debtor's articles of incorporation or bylaws;
 - (b) breach any agreement to which Debtor is a party, or give any person the right to accelerate any obligation of Debtor;
 - (c) violate any law, judgment, or order to which Debtor is subject; or
 - (d) require the consent, authorization, or approval of any person, including but not limited to any governmental body.
- 3.5 Patents.**
- (a) Schedule 3.5 contains a complete list of the current Patents.
 - (b) Debtor's ownership and use of the Patents does not infringe, and has not and is not alleged to have infringed the patent, trademark, copyright, or tradename rights of any person.
- 3.6 Ownership.** Debtor is the owner of or has the right to use and possess all right, title and interest in and to the Collateral, free from all Encumbrances except Permitted Encumbrances Debtor has the right and power to transfer and assign the Collateral to Secured Party, free from any restriction or condition.

SECTION 4. COVENANTS OF DEBTOR

Debtor covenants to Secured Party that Debtor will perform the following obligations and observe the following conditions until the Obligations are fully paid and performed:

- 4.1 Ownership.** Debtor will keep the Collateral free from all Encumbrances except Permitted Encumbrances. Debtor will not permit any person to restrict or condition Debtor's right and power to transfer and assign the Collateral to Secured Party, other than with respect to licenses to use the Collateral entered into by Debtor in the ordinary course.
- 4.2 No Disposition of Collateral.** Debtor will not sell, lease, license, distribute, or otherwise dispose of any Collateral except that Debtor may grant nonexclusive licenses in the ordinary course of its business to its customers as approved by its board of directors.

- 4.3 Prosecution and Defense.** Debtor will diligently prosecute and defend Debtor's right, title and interest in and to the Patents and to execute all oaths, declarations and other documents necessary or desirable for prosecuting said Patents, for use in interference proceedings involving the Patents, for use in opposition proceedings involving the Patents, for refilling said applications, for filing of divisional, substitution, continuation or continuation-in-part applications deemed reasonably necessary or desirable by Secured Party for reissuance or re-examination of the Patents, or for the filing in foreign countries of applications for Patents counterpart to or based on said application or to an application which is a division, substitution, continuation or continuation-in-part of said application or which application relates to said invention and improvements.
- 4.4 Blank Assignment.** Debtor will execute and deliver to Secured Party to secure the Obligations, three (3) Assignments of Patents duly executed in blank in the form attached hereto as Schedule 4.4 ("**Blank Assignment**"). Promptly upon Debtor's satisfaction of all of the Obligations in full, Secured Party agrees to destroy or return to Debtor the Blank Assignments.
- 4.5 Attorney in Fact.** Until the full payment and performance of the Obligations, Debtor hereby irrevocably appoints Secured Party as its attorney in fact, which appointment is coupled with an interest, as Debtor's true and lawful proxy and attorney-in-fact (and agent-in-fact) in Debtor's name, place and stead, with full power of substitution, to (a) take such actions as are permitted in this Agreement with respect to the establishment, confirmation and/or perfection of Debtor security interest in the Collateral, including the filing of such assignments with the United States Patent and Trademark Office as necessary to cause the perfection of the security interest in the Patents granted to Secured Party herein, (b) execute such financing statements and other documents and to do such other acts as Secured Party may require to perfect and preserve Secured Party's security interest in, and following an Event of Default, to enforce such interests in the Patents, and (c) following an Event of Default carry out any remedy provided for in this Agreement. Debtor hereby acknowledges that the constitution and appointment of such proxy and attorney-in-fact are coupled with an interest and are irrevocable; provided that upon the full payment and performance of the Obligations this provision shall terminate. Debtor hereby ratifies and confirms all that such attorney-in-fact may do or cause to be done by virtue of any provision of this Agreement.
- 4.6 Notification.** Debtor will promptly notify Secured Party upon becoming aware of any of the following:
- (a) any written allegation that Debtor's ownership or use of any Patent infringes the patent, trademark, copyright, or tradename rights of any person;
 - (b) any material change in the business of Debtor;
 - (c) any material loss or damage with respect to any Collateral, whether or not the loss or damage is covered by insurance;
 - (d) any material adverse change in the financial condition of Debtor; or
 - (e) an Event of Default.

4.7 Future Patents.

- (a) Debtor will promptly notify Secured Party in writing if:
 - (1) Debtor acquires ownership rights in any Patent not listed in Schedule 3.5.
 - (2) Debtor makes an application for, or is granted, any Letters Patent by the United States Patent and Trademark Office or any foreign patent authority.
- (b) Debtor will ensure that the notice includes:
 - (1) in the case of ownership rights in any Patents not listed in Schedule 3.5, the title of the Patent, the serial number, the rights owned, and the abstract for the patent.
 - (2) in the case of a patent application, a copy of the application.

SECTION 5. RIGHTS AND OBLIGATIONS CONCERNING COLLATERAL

5.1 Inspection. Upon Secured Party's reasonable advance written request, Debtor will:

- (a) permit Secured Party to inspect any Collateral in the possession of Debtor;
- (b) assist Secured Party in inspecting any Collateral in the possession of a person other than Debtor or Secured Party; and
- (c) permit Secured Party to inspect and copy Debtor's books of account and records related to the Collateral.

5.2 Verification. Upon five (5) days' notice by Secured Party to Debtor, Secured Party may contact appropriate third parties, including account debtors of Debtor, to verify the completeness and accuracy of any information provided by Debtor to Secured Party regarding the Collateral.

SECTION 6. DEFAULTS AND REMEDIES

6.1 Events of Default. Each of the following events is an Event of Default:

- (a) Debtor defaults under any Loan Document;
- (b) Debtor fails to perform any non-payment Obligation within ten (10) days after Secured Party notifies Debtor of the failure to perform the Obligation when due;
- (c) any representation or warranty made by Debtor in this Agreement is found to have been untrue or misleading in any material respect at any time during the Term;
- (d) an Encumbrance other than a Permitted Encumbrance attaches to any Collateral; or
- (e) any arbitrator or court makes a final determination that Debtor's ownership or use of any Patent infringes the patent, trademark, copyright, or tradename rights of any person.

6.2 Remedies. On and after an Event of Default, Secured Party may exercise the following remedies, which are cumulative, in addition to any remedies under any other Loan Document, at law, or otherwise, and which may be exercised singularly or concurrently:

- (a) any remedy relating to the Collateral available to Secured Party under the Uniform Commercial Code, state trade secret law or any other state law;
- (b) any remedy available to Secured Party under federal Patent law;
- (c) the right to license and sell any or all of the Patents in the name of Debtor or in the name of Secured Party on terms determined by Debtor in good faith but without other limitation and apply any amounts received therefor to expenses incurred by Secured Party under this Agreement, and thereafter to any amounts due under the other Loan Documents;
- (d) the right to transfer title to the Collateral to Secured Party, and for that purpose Secured Party is hereby named the attorney-in-fact of Debtor to take such action in the name of Debtor as is required to complete such transfer, and such appointment is combined with an interest and irrevocable during the Term.
- (e) any other remedy available to Secured Party at law or in equity.

6.3 Additional Rights and Obligations. After an Event of Default:

- (a) upon Secured Party's request, Debtor will assemble the Collateral and make it available to Secured Party electronically and/or in tangible form as requested by Secured Party at a place designated by Secured Party which is reasonably convenient to both parties;
- (b) upon Secured Party's request, Debtor will otherwise assist Secured Party in exercising any remedy available to Secured Party under this Agreement;
- (c) Secured Party may use Debtor's copyrights, patents, tradenames, trademarks, trade secrets, and other similar property to prepare, process, and advertise the Patents and any items or services using the Patents for sale, lease, license, or other disposition and consummate such transactions relating thereto as Secured Party determines; and
- (d) Secured Party will have no obligation to resort to any Collateral in any particular order.

6.4 Application of Cash Proceeds. After an Event of Default, Secured Party will apply or pay over for application the cash proceeds of collection, enforcement, or disposition of Collateral in the following order:

- (a) the reasonable expenses of collection, enforcement, retaking, holding, preparing for disposition, processing, disposing, and reasonable attorney's fees and legal expenses incurred by Secured Party;
- (b) the satisfaction of the Obligations, in such order as Secured Party may determine, to the extent such order is not inconsistent with any agreement evidencing the payment or performance of the Obligations; and

- (c) other persons, including but not limited to Debtor, in accordance with the Uniform Commercial Code.

SECTION 7. GENERAL

- 7.1 **No Assignment.** Debtor may not assign or delegate any of Debtor's rights or obligations under this Agreement to any person without the prior written consent of Secured Party, which Secured Party may withhold in Secured Party's sole discretion. Upon appointment of a new Collateral Agent under the Security Agreement, such new Collateral Agent shall be the Collateral Agent hereunder and replace the prior Collateral Agent, who will have no further rights or authority, and the new Collateral Agent will be the Secured Party hereunder, acting on behalf of the Lenders as set forth herein and in the Security Agreement.
- 7.2 **Binding Effect; No third party rights.** This Agreement will be binding on the parties and their respective heirs, personal representatives, successors, and permitted assigns, and will inure to their benefit. This Agreement is for the protection of Secured Party's interests and does not create any obligations on Secured Party in favor of any party other than its obligations owed directly to Debtor hereunder.
- 7.3 **Amendment.**
 - (a) Except as otherwise provided in Section 7.3(b), this Agreement may be amended only by a written document signed by the party against whom enforcement is sought.
 - (b) Secured Party may amend and restate Schedule 3.5 without the consent of Debtor to account for any Patents for which notice is or should have been given under Section 4.7. Upon an amendment, Secured Party will promptly deliver to Debtor a copy of the amended and restated Schedule 3.5.
- 7.4 **Notices.** All notices or other communications required or permitted by this Agreement:
 - (a) must be in writing;
 - (b) must be delivered to the parties at the addresses set forth below, or any other address that a party may designate by notice to the other parties; and
 - (c) are considered delivered:
 - (1) upon actual receipt if delivered personally or by fax or an overnight delivery service; and
 - (2) at the end of the third business day after the date of deposit in the United States mail, postage pre-paid, certified, return receipt requested.

To Secured Party:

David E. Bartlett, Esq.
61 Faith Lane
Tracy, CA 95377-1140

With a copy to:

Marty Barrack, Esq.
Barrack Law Firm P.C.
2345 NE 42nd Ave.
Portland, OR 97213

To Debtor:

Home Comfort Zones, Inc.
8239 Cirrus Drive
Beaverton, OR 97008
Attn: David J. Alles, *CEO*

With a copy to:

Brenda Meltebeke, *Partner*
Ater Wynne LLP
1331 NW Lovejoy St, Suite 900
Portland, OR 97209

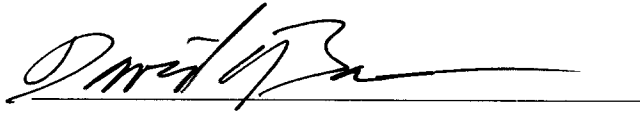
- 7.5 Severability.** If a provision of this Agreement is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Agreement will not be impaired.
- 7.6 Further Assurances.** The parties will sign other documents and take other actions reasonably necessary to further effect and evidence this Agreement and to perfect any or all of the rights of Secured Party.
- 7.7 Attachments.** Any exhibits, schedules, and other attachments referenced in this Agreement are part of this Agreement.
- 7.8 Remedies.** The parties will have all remedies available to them at law or in equity. All available remedies are cumulative and may be exercised singularly or concurrently.
- 7.9 Severability.** If any provision of this Agreement is determined to be invalid or unenforceable, it will be deemed to be modified to the minimum extent necessary to be valid and enforceable. If it cannot be so modified, it will be deleted and the deletion will not affect the validity or enforceability of any other provision unless, as a result, the rights of either party are materially diminished or the obligations and burdens of either party are materially increased so as to be unjust or inequitable.
- 7.10 Entire Agreement.** The Loan Documents represent the entire agreement between the parties regarding a loan by Secured Party to Debtor, and supersede and terminate any prior communications, representations, understandings, or agreements between the parties relating to such subject matter. No amendment to, or change, or discharge of, any provision of this Agreement will be valid unless in writing and signed by an authorized representative of the party against which such amendment, change, or discharge is sought to be enforced. No delay or omission by either party to exercise any right or power it has under this Agreement will impair or be construed as a waiver of such right or power. A waiver by any party of any breach or covenant will not be construed to be a waiver of any succeeding breach or any other covenant. All waivers must be in writing and signed by the party waiving its rights. The term "including" means by way of example and not limitation.
- 7.11 Attorneys Fees.** The prevailing party in any legal action relating to or arising from this Agreement will be entitled, in addition to any other remedy or relief, to recover its reasonable

attorneys fees and actual expenses relating thereto, whether or not incurred in connection with litigation, on appeal, discretionary review or otherwise.

- 7.12 Disputes.** This Agreement (including any claim or controversy arising out of or relating to this Agreement) shall be governed by the law of the state of Oregon, without regard to conflict of law principles that would result in the application of any law other than the law of the state of Oregon. Any dispute arising under or relating in any way to this Agreement shall be resolved exclusively in the courts located in Portland, Oregon without a jury, and each party consents to the exclusive personal and subject matter jurisdiction and venue for all of such disputes, and waives its right to a trial by jury.

Secured Party:

DAVID E. BARTLETT, *Collateral Agent*
On behalf of the Lenders



Debtor:

HOME COMFORT ZONES, INC.

By: 

David J. Alles
Chief Executive Officer

APPENDIX A

Definitions

“Collateral” means the following property, whether presently owned or subsequently acquired or created:

- (a) the Patents;
- (b) all of Debtor’s rights under all patent applications, including but not limited to the registrations and applications listed on Schedule 3.5;
- (c) all of Debtor’s rights to payment of all monetary obligations resulting from or arising out of any Patents;
- (d) all of Debtor’s rights under all license, royalty, and other agreements with respect to any Patents;
- (e) all tangible and electronic property embodying or incorporating any Patent owned or controlled by Debtor;
- (f) all claims, actions, proceedings, damages, liabilities, and expenses of every kind that Debtor has against or is able to recover from any person, whether known or unknown, resulting from or arising out of the person’s infringement of any copyright, patent, or trademark, misappropriation of any trade secret, or violation of any other intellectual or proprietary right of Debtor with respect to any Patent;
- (g) all proceeds of any of the above property; and
- (h) books of account and records related to any of the above property.

“Encumbrance” means any lien, mortgage, pledge, security interest, or other encumbrance.

“Event of Default” means any event specified in Section 6.1.

“Loan Documents” means the Loan Agreement and Security Agreement entered into by the parties on the Effective Date and any documents described therein (other than the Warrant), including this Agreement.

“Obligations” means all present and future obligations of any kind owed by Debtor to Secured Party under the Loan Documents or under this Agreement.

“Patents” means the inventions or improvements disclosed in the applications for Letters Patent of the United States and other countries presently filed, as more particularly described in Schedule 3.5 attached hereto and made a part hereof, and all other applications, both United States and foreign, on said inventions or improvements, and on any subsequent inventions and improvements disclosed in any applications for Letters Patent of the United States and other countries hereinafter, in all cases including divisional, continuation, continuation-in-part and substitute applications, regardless of whether said other applications are based upon the applications described on Schedule 3.5 in whole or in part, and (ii) in any and all Letters Patent of the United States and foreign countries which may be obtained on any of such applications, and in any reissue or extension of such patents.

“Permitted Encumbrances” means: Encumbrances in favor of Secured Party and any Encumbrance which Secured Party has agreed in writing is a Permitted Encumbrance.

SCHEDULE 3.5**Patents (Including all Applications)**

HCZ Docket No.	Application Serial No.	Patent No.	Description
HCZ001	10/249,196	6,786,473	String to tube or cable connector for pulling tubes or cables through ducts
HCZ002	10/249,198	6,983,889	Forced-air zone climate control system for existing residential houses
HCZ002D1	11/028,845	6,997,390	Retrofit HVAC zone climate control system
HCZ004	10/249,604	Abandoned	Remote access, control, and support of home automation system
HCZ005	10/717,053	7,062,830	Installation of a retrofit HVAC zone control system
HCZ006	10/750,467	7,207,496	Vent-blocking inflatable bladder for a retrofit HVAC zone control system
HCZ007	10/750,709	7,162,884	Valve manifold for HVAC zone control
HCZ008	10/873,921	7,188,779	Zone Climate Control
HCZ010	11/029,932	7,392,661	Energy usage estimation for climate control system
7679P011	11/366,789	Abandoned	Valve manifold for HVAC zone control
HCZ012	11/520,408	Allowed	Control interface for environment control system
HCZ013	11/829,865	Pending	Priority conditioning in a multi-zone climate control system
HCZ020	12/240,239	Pending	Vent-blocking inflatable bladder assembly for a HVAC zone control system
HCZ021	12/240,570	Pending	Method for threading a string through HVAC ducts
HCZ022	12/240,737	Pending	Remote controlled vehicle for threading a string through HVAC ducts
HCZ023	12/257,181	Pending	Improved method for controlling a multi-zone forced air HVAC system to reduce energy use
HCZ024	12/256,432	Pending	Electronic control of the pressure and flow of linear pumps and compressors
EMME001	12/435,813	Pending	Power Monitoring and Analysis System for Identifying Individual Electrical Devices
EMME002	12/635,010	Pending	Improved Power Monitoring and Analysis System for Identifying and Tracking Individual Electrical Devices

SCHEDULE 4.4

Blank Assignment (of Inventions and Patents and Patent Applications)

See attached.

ASSIGNMENT OF INVENTIONS AND PATENTS AND PATENT APPLICATIONS

WHEREAS, Home Comfort Zones, Inc., an Oregon corporation ("Assignor") owns all right title and interest in and to the Patents defined below (subject to licenses granted by Assignor in the ordinary course), and has granted a security interest therein to David Bartlett as Collateral Agent ("Assignee") to secure a loan made by a number of Lenders ("Lenders") under a Loan Agreement ("Loan Agreement") entered into by Assignor and such Lenders dated as of October 8, 2010, and Assignor has defaulted on that loan. Pursuant to the Loan Agreement, Assignor and Assignee have entered into a Patent Security Agreement, dated as of October 8, 2010 ("Patent Security Agreement"), and this Assignment is provided in accordance with the provisions of the Patent Security Agreement.

WHEREAS, Assignee now desires to acquire the entire right, title and interest in of Assignor and to the Patents by reason of such default therein as the Collateral Agent under the Loan Agreement for the benefit of the Lenders.

NOW, THEREFORE, in consideration of the sum of One Dollar (\$1.00), the receipt of which is hereby acknowledged, and for all other good and valuable consideration:

Conditioned upon an the Effective Date (as defined below), Assignor hereby irrevocably sells, assigns, transfers and conveys unto Assignee, Assignor's entire right, title and interest (including the right to sue for past, present and future infringement thereof) in and to the inventions described in the patent applications and patents set forth in Exhibit A herein, all improvements thereto, and all U.S. and foreign patents and patent applications issuing therefrom or claiming such inventions or improvements, including each and every re-issue, reexamination, substitution, divisional, continuation, continuation-in-part or extension thereof as set forth in the attached Exhibit A (all of the assigned rights shall collectively be referred to as "Patents").

Following the Effective Date, Assignor hereby authorizes and requests the Director of the United States Patent and Trademark Office and corresponding foreign patent authorities to issue and assign said United States Patents and corresponding foreign counterparts to Assignee, and the entire right, title and interest in and to the same, for Assignee's (and its designees') sole use, to the full end of the term for which said Patents may be granted, as fully and entirely as the same would have been held by Assignor had this assignment and sale not been made.

Conditioned on the Effective Date, Assignor covenants and agrees that at the request and expense of Assignee it will promptly execute all documents necessary or desirable to perfect or record Assignee's ownership of the Patents, and execute all oaths, declarations and other documents necessary or desirable for prosecuting the Patents, for use in interference proceedings involving the Patents, for use in opposition proceedings involving the Patents, for refilling said applications, for filing of divisional, substitution, continuation or continuation-in-part applications deemed necessary or desirable by Assignee, for reissuance or re-examination of the Patents, or for the filing in foreign countries of applications for Patents counterpart to or based on said application or to an application which is a division, substitution, continuation or continuation-in-part of said application or which application relates to said invention and improvements. Assignor further covenants and agrees that at the expense and request of Assignee, it will promptly assist Assignee in interference and opposition proceedings involving the Patents, and in litigation involving the Patents, and will assist in the ascertainment of facts and the production of evidence relating to the Patents.

If Assignee or its designees cannot obtain the signatures of Assignor on any document necessary to exercise the rights granted under this instrument, Assignor hereby irrevocably designates and appoints Assignee, its designees and each of its duly authorized officers and agents as Assignor's agent and attorney-in-fact, to act for, and on behalf of Assignee or its designees, to execute and file any such document and to do all other lawfully permitted acts to further exercise Assignee's and its designees' rights or protections with the same force and effect as if executed and delivered by Assignor.

To the extent any provision of this Assignment of Inventions and Patents and Patent Applications, or any portion thereof, is found to be illegal or unenforceable for any reason, it will be modified, revised or deleted to the minimum extent necessary and in such a manner to effect the intended purpose to make this Assignment of Inventions and Patents and Patent Applications, as modified, legal and enforceable under applicable laws.

The terms, covenants and provisions of this Assignment of Inventions and Patents and Patent Applications shall inure to the benefit of Assignee, its successors, assigns and other legal representatives, and shall be binding upon Assignor, its heirs, legal representatives and assigns.

The parties acknowledge and agree that the purpose of this ASSIGNMENT OF INVENTIONS AND PATENTS AND PATENT APPLICATIONS to transfer and assign all of Assignor's right, title and interest in and to the Patents to Assignee without requiring the signature of Assignor, only upon the occurrence and continuance of an Event of Default under that certain Patent Security Agreement dated as of October 8, 2010 and/or the Loan Documents (as defined therein).

"Effective Date" means for purposes of this the date the occurrence of and continuance of an Event of Default under the Patent Security Agreement, the Loan Agreement or any of the other Loan Documents (as defined therein).

HOME COMFORT ZONES, INC.

By: _____

David J. Alles

Chief Executive Officer

STATE OF OREGON)

COUNTY OF Washington) ss

On this 8 day of October, 2010, before me, the undersigned authority, personally appeared to me Robert A. Cain, the _____ of Home Comfort Zones, Inc., known to me to be the individual who is described in and who executed the foregoing Assignment on behalf of said company, and who duly acknowledged to me that he executed the same as his own voluntary act and deed as such officer on behalf of said corporation for the uses and purposed therein specified.

Robert A. Cain
Notary Public

S E A L

