

PATENT ASSIGNMENT

Electronic Version v1.1
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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
CONVEYING PARTY DATA	
Name	Execution Date
TMCo, Inc.	04/27/2012
RECEIVING PARTY DATA	
Name:	Arvest Bank
Street Address:	P.O. Box 55500
City:	Oklahoma City
State/Country:	OKLAHOMA
Postal Code:	73155
PROPERTY NUMBERS Total: 1	
Property Type	Number
Patent Number:	5836356
CORRESPONDENCE DATA	
Fax Number:	(405)232-5553
Phone:	4052323001
Email:	mbrown@clgroup.org
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>	
Correspondent Name:	Commercial Law Group, P.C.
Address Line 1:	5520 North Francis Avenue
Address Line 4:	Oklahoma City, OKLAHOMA 73118
ATTORNEY DOCKET NUMBER:	1416.2067
NAME OF SUBMITTER:	Michael H. Brown
Total Attachments: 10 source=Security Agreement (00304423)#page1.tif source=Security Agreement (00304423)#page2.tif source=Security Agreement (00304423)#page3.tif source=Security Agreement (00304423)#page4.tif	

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Agreement") is executed effective the 27th day of April, 2012, between TMCO, INC., an Oklahoma corporation (the "Debtor"), having a notice address of Post Office Box 40, Simonton, Texas 77476, and ARVEST BANK, an Arkansas banking corporation (the "Secured Party"), having a notice address at Post Office Box 55500, Oklahoma City, Oklahoma 73155.

W I T N E S S E T H :

WHEREAS, the Debtor is liable to the Secured Party under (i) that certain promissory note of even date herewith in the principal amount of Three Million Dollars (\$3,000,000.00), (ii) that certain promissory note of even date herewith in the principal amount of One Million Eight Hundred Thousand Dollars (\$1,800,000.00) and (iii) that certain Purchasing Card Agreement of even date herewith with an aggregate credit limit of Fifty Thousand Dollars (\$50,000.00), in connection with that certain Loan Agreement of even date herewith among the Debtor, the Guarantor and the Secured Party (as amended from time to time, the "Loan Agreement"); and

WHEREAS, as a material condition precedent to the Secured Party entering into the Loan Agreement, the Debtor has agreed to secure payment of the Notes, the Purchasing Card Agreement and all other Obligations of the Debtor to the Secured Party by granting the Secured Party a lien, security interest and pledge covering certain assets of the Debtor.

NOW, THEREFORE, (i) in order to comply with the terms and conditions of the Loan Agreement, (ii) for and in consideration of the premises and the agreements herein contained, and (iii) for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the Debtor hereby agrees with the Secured Party as follows:

1. Definitions. Unless otherwise defined in this Agreement, all terms which are defined in the Loan Agreement will have the same meanings in this Agreement as in the Loan Agreement, and all terms used in this Agreement which are defined in the UCC will have the same meanings in this Agreement unless the context otherwise requires.

2. Security Interest. The Debtor hereby grants to the Secured Party a security interest in, an assignment of, a general lien upon and a right of set-off against the following described property (collectively, the "Property"):

- 2.1. all of the Debtor's accounts, accounts receivable, advances, contract rights, chattel paper, notes, negotiable and non-negotiable instruments, bank accounts, drafts, acceptances and all other forms of obligations and receivables in favor of the Debtor owed or owing by any party or entity to the Debtor whether now owned or hereafter acquired; all chattel papers, documents and instruments relating to any of the foregoing; and all rights now or hereafter existing in and to all security agreements, leases, and other contracts securing or otherwise relating to any of the foregoing or any such chattel papers, documents and instruments including, without implied limitation, any guaranties, loan agreements and other such

agreements or instruments (collectively, the "Accounts"). In addition, the term "Accounts" will have the same meaning (to the extent not inconsistent with the foregoing definition) as defined in the UCC.

- 2.2. all of the Debtor's equipment and all furniture, fixtures, machinery, tools, equipment, apparatus, utensils, appliances and supplies now owned or hereafter acquired by the Debtor and wherever located, all documents of title, insurance policies and proceeds relating thereto and all parts thereof and all accessions or additions thereto (collectively, the "Equipment"). In addition, the term "Equipment" will have the same meaning (to the extent not inconsistent with the foregoing definition) as defined in the UCC;
- 2.3. all of the Debtor's general intangibles of any kind whether now existing or hereafter arising (herein called the "General Intangibles"), including all stock, membership interests, units, partnership interests, equipment leases, leases, patents including US Patent #5,836,356 and Canadian Patent #2,583,951, trademarks, copyrights and other intangibles, chattel papers, deposit accounts, documents and instruments relating to the General Intangibles and all rights now or hereafter existing in and to all security agreements, leases, licenses, permits, patents, distribution agreements and contracts securing or otherwise relating to any General Intangibles or any such chattel papers, documents and instruments and all of the Debtor's lien rights against other persons whether statutory, contractual or by common law with respect to any of the Property. In addition, the term "General Intangibles" will have the same meaning (to the extent not inconsistent with the foregoing definition) as defined in the UCC;
- 2.4. all of the Debtor's inventory in all of its forms, whether now owned or hereafter acquired and wherever located (herein called the "Inventory"), and all accessions or additions thereto and products thereof, whether now owned or hereafter acquired including all personal property now owned or hereafter acquired by Debtor which are to be furnished under contracts of service, or which are raw materials, work in process, or materials used or consumed in Debtor's business. In addition, the term "Inventory" will have the same meaning (to the extent not inconsistent with the foregoing definition) as defined in the UCC;
- 2.5. without in any way limiting or modifying the foregoing in any respect, all of the Debtor's goods, chattels, business records, contracts, contract rights, advertising agreements, tax refunds, documents of title, fixtures, insurance policies and proceeds, patents, trademarks, service marks, logos, trade names, goodwill, copyrights and applications therefor, licenses, licensing fees, permits, approvals, consents, certificates, stock, surveys, engineering reports, tools, landscaping, machinery, furniture, furnishings, business machines, appliances, vehicles, trailers, rolling stock, deposits, security deposits, money, securities, claims, demands, causes of action, commercial tort claims, refunds, rebates, income and all other tangible and intangible real, personal or mixed property whether now owned or hereafter acquired;

- 2.6. any additional properties and assets from time to time delivered to or deposited with the Secured Party as security for the Obligations or otherwise pursuant to the terms of this Agreement; and
- 2.7. all proceeds, products, additions to, replacements of, substitutions for and accessions of any and all of the Properties described in subparagraphs 2.1 through 2.6 of this paragraph 2.

3. Secured Indebtedness. The security interest granted hereby in the Property is given to secure the Debtor's payment and performance of: (a) the Notes and Purchasing Card Agreement, together with interest thereon; (b) any and all other or additional Obligations of the Debtor to the Secured Party; (c) all extensions, renewals, amendments, modifications, substitutions and changes in form to the Notes and the Purchasing Card Agreement; (d) all costs and expenses incurred in connection with the collection of the Notes and any other Obligations and enforcement of the Loan Documents and the Secured Party's rights under this Agreement and all other Loan Documents, including attorneys' fees and expenses; (e) all advances made by the Secured Party to protect the security hereof, including advances made for or on account of levies, insurance, repairs, taxes and for maintenance or recovery of the Property, together with interest thereon at the rate specified in the Revolving Note; (f) any and all other indebtedness, liabilities and obligations of the Debtor to the Secured Party whether now owing or hereafter incurred; and (g) performance of the agreements herein set forth (the foregoing items (a) through (g) are collectively referred to herein as the "Secured Indebtedness").

4. Debtor's Representations and Covenants. The Debtor hereby warrants, represents and agrees as follows:

- 4.1. Organization. The Debtor is a corporation duly organized and validly existing under the laws of the State of Oklahoma.
- 4.2. Location of Property. The Property is now in the possession of the Debtor and is located in the States of Oklahoma or Texas, and the Debtor will not move the Property from its current location without the prior written consent of the Secured Party. None of the Property, except for existing fixtures, will be affixed to any real property.
- 4.3. Business Purpose. The Property is to be used by the Debtor primarily in or for business operations.
- 4.4. Title. The Debtor has absolute title to the Property free and clear of all liens, encumbrances and security interests and the security interest hereby granted to the Secured Party and such other rights, if any, of the Secured Party, and the Debtor warrants and will defend the same unto the Secured Party against the claims and demands of all persons and parties whomsoever.
- 4.5. Transfers. Without the prior written consent of the Secured Party, the Debtor agrees that the Debtor will not: (a) except for Inventory sold and Equipment sold, exchanged or replaced in the ordinary course of the Debtor's business, sell, exchange, lease or in any manner dispose of any of the Property or any interest

therein; or (b) permit any lien, charge, encumbrance or security interest to attach thereto.

- 4.6. Maintenance of Property. The Debtor will maintain the Property in good condition and repair. The Debtor will not use or permit the Property to be used in violation of any law, statute or ordinance. The Debtor will not, in any event, permit anything to be done that may impair the value of the Property or the security intended to be afforded by this Agreement.
- 4.7. Insurance. The Debtor will insure the Property with companies acceptable to the Secured Party against such casualties and in such amounts as the Secured Party will require. All insurance policies will be written for the benefit of the Debtor and the Secured Party as their interests may appear, and such policies or certificates evidencing the same will be furnished to the Secured Party. If the Debtor fails to pay the premiums for any such insurance, the Secured Party may do so for the Debtor's account, adding the amount thereof to the other amounts secured hereby; however, the Secured Party is under no obligation and has no duty to pay such premiums. The Debtor hereby assigns to the Secured Party any returned or unearned premiums which may be due on cancellation of any such insurance policies for any reason whatsoever and directs the insurers to pay the Secured Party any amount so due. The Secured Party is hereby appointed the Debtor's attorney-in-fact to endorse any draft or check which may be payable to the Debtor in order to collect such returned or unearned premiums or the proceeds of such insurance. Any balance of insurance proceeds remaining after payment in full of the Secured Indebtedness will be paid to the Debtor. The Secured Party may cancel any insurance on the Property, or any part thereof after repossession.
- 4.8. Secured Party's Security Interest. This Agreement creates a valid and binding security interest in the Property securing the Secured Indebtedness. All filings and other actions necessary or appropriate (other than notation on any certificate of title or title registration) to perfect or protect such security interest will be or have been duly taken. No further or subsequent filing, recording, registration or other public notice of such security interest (other than notation on any certificate of title or title registration) is necessary in any office or jurisdiction in order to perfect such security interest or to continue, preserve or protect such security interest except for continuation statements. Immediately on receipt of any item of Property for which perfection or priority of the security interest granted hereby is affected or improved by possession, the Debtor will so advise the Secured Party and deliver immediate possession to the Secured Party or the Secured Party's designee.
- 4.9. Inspection of Property. The Secured Party may from time to time, upon request, inspect the Property and all of the Debtor's records concerning the Property.
- 4.10. Further Assurances. The Debtor will from time to time sign, execute, deliver and file, alone or with the Secured Party, any financing statements, security agreements or other documents; procure any instruments or documents as may be

reasonably requested by the Secured Party; and take all further action that may be necessary or desirable, or that the Secured Party may request, to confirm, perfect, preserve and protect the security interests intended to be granted hereby, and in addition, the Debtor hereby authorizes the Secured Party to execute and deliver on behalf of the Debtor and file such financing statements, security agreements and other documents without the signature of the Debtor either in the Secured Party's name or in the name of the Debtor and as agent and attorney-in-fact for the Debtor. The Debtor will do all such additional and further acts or things, give such assurances and execute such documents or instruments as the Secured Party requires to vest more completely in and assure to the Secured Party its rights under this Agreement including, without limiting the generality of the foregoing, (a) marking conspicuously each chattel paper included in the Property with a legend and, at the request of the Secured Party, each of their records pertaining to the Property with a legend, in form and substance satisfactory to the Secured Party, indicating that such chattel paper or Property is subject to the security interest granted by this Agreement and (b) if any Account, General Intangible or related right is evidenced by a note, chattel paper or other instrument, transferring, delivering, and assigning to Secured Party such note, chattel paper or other instrument duly endorsed and accompanied by duly executed instruments of transfer and assignment, all in form and substance satisfactory to the Secured Party, to be held by the Secured Party as collateral under this Agreement.

- 4.11. Filing Reproductions. At the option of the Secured Party, a carbon, photographic or other reproduction of this Agreement or of a financing statement covering the Property will be sufficient as a financing statement and may be filed as a financing statement.
- 4.12. Financing Statement Filings; Notifications. The Debtor will immediately notify the Secured Party of any condition or event that may change the proper location for the filing of any financing statements or other public notice or recordings for the purpose of perfecting a security interest in the Property. Without limiting the generality of the foregoing, the Debtor will: (a) immediately notify the Secured Party of any change in the jurisdiction of organization for the Debtor; (b) prior to any of the Property becoming so related to any particular real estate so as to become a fixture on such real estate, notify the Secured Party of the description of such real estate and the name of the record owner thereof; and (c) immediately notify the Secured Party of any change in the Debtor's name, identity or structure. In any notice furnished pursuant to this paragraph 4.12, the Debtor will expressly state that the notice is required by this Agreement and contains facts that will or may require additional filings of financing statements or other notices for the purpose of continuing perfection of the Secured Party's security interest in the Property.
- 4.13. Leases. The Debtor will promptly perform and observe or cause to be performed and observed all of the terms, covenants and conditions required to be performed and observed by the Debtor under the terms of all leases included in the Property (collectively, the "Leases") and to do or cause to be done all things necessary to

preserve and keep unimpaired the Debtor's rights under the Leases. The Debtor will (a) promptly (in any event within ten (10) days after the occurrence thereof) notify the Secured Party of the receipt of any notice from the lessor under any of the Leases claiming that the Debtor is in default in the performance or observance of any of the terms, covenants or conditions thereof to be performed or observed by the Debtor, (b) cause a copy of each such notice from such lessor to be promptly delivered to the Secured Party and (c) correct or cause to be corrected any such default within one-half (1/2) of the time provided in the Lease for correction thereof by the Debtor. Upon receipt by the Secured Party from the Debtor or the lessor under any of the Leases of any written notice of default by the Debtor thereunder, the Secured Party may rely thereon and take any such action as the Secured Party deems necessary or desirable to cure such default, even though the existence of such default or the nature thereof be questioned or denied by the Debtor or by any party on behalf of the Debtor. The Debtor will not surrender the leasehold estate created by any of the Leases, nor terminate nor cancel any of the Leases, and the Debtor will not, without the express written consent of the Secured Party, modify, change, supplement, alter or amend any of the Leases, either orally or in writing, and as for the repayment of the Secured Indebtedness and for the performance of the covenants herein and in the Leases contained, the Debtor hereby assigns to the Secured Party all of the Debtor's rights and privileges as lessee under the Leases to terminate, cancel, modify, change, supplement, alter, amend or extend the Leases. Any such termination, cancellation, modification, change, supplement, alteration, amendment or extension of the Leases without the prior written consent thereto by the Secured Party will be void and of no force and effect.

5. Secured Party's Expenditures. If the Debtor fail to make any expenditure or pay any sum necessary to (a) keep and maintain the Property in good repair, (b) discharge any lien, encumbrance, levy, security interest or other charge on the Property or (c) maintain insurance upon the Property as required hereby, the Secured Party may but will not be required to make any expenditure for such purpose or purposes and all sums so expended will be payable on demand, will bear interest at the rate specified in the Revolving Note and all such sums and interest will additionally be secured hereby. The Debtor will pay all costs of filing any financing, continuation or termination statements with respect to the security interest granted hereby in the Property.

6. Power of Attorney. The Secured Party is hereby fully authorized and empowered (without the necessity of any further consent or authorization from the Debtor) and the right is expressly granted to the Secured Party, and the Debtor hereby constitutes, appoints and makes the Secured Party as such Debtor's true and lawful attorney-in-fact and agent for the Debtor and in the Debtor's name, place and stead with full power of substitution, in the Secured Party's name or the Debtor's name or otherwise, for the Secured Party's sole use and benefit, but at the Debtor's cost and expense, to exercise, without notice, all or any of the following powers at any time with respect to all or any of the Property after the occurrence of any Default under this Agreement or any of the other Loan Documents which has not been timely cured: (a) to notify account debtors or the obligors on the Accounts, the General Intangibles and the related rights to make and deliver payments to the Secured Party; (b) to demand, sue for, collect, receive and give

acquittance for any and all monies due or to become due by virtue thereof and otherwise deal with proceeds; (c) to receive, take, endorse, assign and deliver any and all checks, notes, drafts, documents and other negotiable and non-negotiable instruments and chattel paper taken or received by the Secured Party in connection therewith; (d) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto; (e) to sell, transfer, assign or otherwise deal in or with the same or the proceeds or avails thereof or the relative goods, as fully and effectively as if the Secured Party were the absolute owner thereof; and (f) to extend the time of payment of any or all thereof and to grant waivers and make any allowance or other adjustment with reference thereto; provided, however, the Secured Party will be under no obligation or duty to exercise any of the powers hereby conferred upon it and will be without liability for any act or failure to act in connection with the collection of, or the preservation of any rights under, any Property.

7. Default; Remedies. On the occurrence of any Default which has not been cured as provided in the Loan Agreement or if the Debtor fails to keep, observe, comply with and perform all of the obligations and undertakings under this Agreement or any of the other Loan Documents or fails to pay any of the Secured Indebtedness when due, then, and in any such event, the Secured Party may, at its option and without notice to any party, declare all or any portion of the Secured Indebtedness to be immediately due and payable and may proceed to enforce payment of the same, to exercise any or all rights and remedies provided herein, in the other Loan Documents, by the UCC or otherwise available at law or in equity. Whenever the Debtor is in Default, the Debtor on demand by the Secured Party, will assemble the Property and make it available to the Secured Party at a place reasonably convenient to the parties hereto and will provide the Secured Party with a list of the Inventory and the exact location and identity of the lessees thereof. All remedies hereunder are cumulative, and any indulgence or waiver by the Secured Party will not be construed as an abandonment of any other right hereunder or of the power to enforce the same or another right at a later time. Whether the Secured Party elects to exercise any other rights or remedies under this Agreement or applicable law, the Secured Party will be entitled to have a receiver appointed to take possession of the Property without notice, which notice the Debtor hereby waives, notwithstanding anything contained in this Agreement or any law heretofore or hereafter enacted.

8. Secured Party's Duties. The powers conferred upon the Secured Party by this Agreement are solely to protect its interest in the Property and will not impose any duty upon the Secured Party to exercise any such powers. Except as provided in the Loan Agreement, the Secured Party will be under no duty whatsoever to make or give any presentment, demand for performance, notice of nonperformance, protest, notice of protest, notice of dishonor, or other notice or demand in connection with any of the Property or the Secured Indebtedness, or to take any steps necessary to preserve any rights against prior parties. The Secured Party will not be liable for failure to collect or realize upon any or all of the Secured Indebtedness or Property, or for any delay in so doing, nor will the Secured Party be under any duty to take any action whatsoever with regard thereto.

9. Continuing Agreement. This is a continuing agreement and the grant of a security interest hereunder will remain in full force and effect and all the rights, powers and remedies of the Secured Party hereunder will continue to exist until all of the Secured Indebtedness is paid in full as the same becomes due and payable and until the Secured Party, upon request of the

Debtor, has executed a written termination statement, reassigned to the Debtor, without recourse, the Property and all rights conveyed hereby and returned possession of any Property in the Secured Party's possession to the Debtor.

10. Preservation of Liability. Neither this Agreement nor the exercise by the Secured Party of (or the failure to so exercise) any right, power or remedy conferred herein or by law will be construed as relieving any person liable on the Secured Indebtedness from liability on the Secured Indebtedness and for any deficiency thereon.

11. Notices. Any notice or demand under this Agreement or in connection with this Agreement may be given at the addresses set forth in the initial paragraph of this Agreement or by telefacsimile, but actual notice, however given or received, will always be effective.

12. Successors and Assigns. The covenants and agreements herein contained by or on behalf of the Debtor will bind the Debtor, and the Debtor's legal representatives, successors and assigns and will inure to the benefit of the Secured Party and the Secured Party's successors and assigns.

13. Invalidity. If any provision hereof will for any reason be held to be invalid or unenforceable, such invalidity or unenforceability will not affect any other provision hereof.

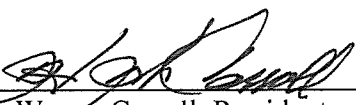
14. Construction. This Agreement will be construed and interpreted in accordance with the laws of the State of Oklahoma.

(SIGNATURE PAGES TO FOLLOW)

SIGNATURE PAGE TO SECURITY AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Agreement effective the date first above written.

TMCO, INC., an Oklahoma corporation

By: 

H. Wayne Carroll, President

(the "Debtor")

SIGNATURE PAGE TO SECURITY AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Agreement effective the date first above written.

ARVEST BANK, an Arkansas banking corporation

By: 

Cindy Nunley, Senior Vice President

(the "Secured Party")