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PTO-1594 (9-93)
No. 0651-0011 (exp. 4/94)

RECC



HEET U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

Tab settings

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To the Honorable Commissioner of Patents

Send original documents or copy thereof.

1. Name of conveying party(ies):
Thermal Engineering Corporation

Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State
 Other _____

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

2. Name and address of receiving party(ies)

Name: Wachovia Bank, N.A.
Internal Address: _____
Street Address: P.O. Box 2703
City: Winston-Salem State: NC ZIP: 27102-2702

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State _____
 Other National Bank

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

Assignment Merger
 Security Agreement Change of Name
 Other Trademark Royalties Security Agreement

Execution Date: May 13, 1998

4. Application number(s) or patent number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

1,991,222; 1,991,220; 1,982,378

Additional numbers attached? Yes No

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

Name: Sinkler & Boyd, P.A.
Internal Address: 1426 Main Street, Suite 1200

Street Address: P.O. Box 11889

City: Columbia State: SC ZIP: 29211

6. Total number of applications and registrations involved: _____

7. Total fee (37 CFR 3.41).....\$ 90.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
N/A

(Attach duplicate copy of this page by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.
To the best of my knowledge and belief, the foregoing information is true and correct and an attached copy is a true copy of the original document.

Joseph D. Clark
Name of Person Signing

[Signature]
Signature

May 14 1998
Date

Total number of pages including cover sheet, attachments, and documents: 6

SCHEDULE A

<u>Reg. No.</u>	<u>Mark</u>	<u>Reg. Date</u>
1,991,222	PATIO I	August 6, 1996
1,991,220	STERLING	August 6, 1996
1,982,378	SEARMASTER	June 25, 1996

TRADEMARK ROYALTIES SECURITY AGREEMENT

THIS TRADEMARK ROYALTIES SECURITY AGREEMENT dated as of May 13, 1998 made by THERMAL ENGINEERING CORPORATION, a South Carolina corporation, having a mailing address at P.O. Box 868, Columbia, South Carolina 29292-0868 ("Debtor") to WACHOVIA BANK, N.A., having an address at 1401 Main Street, Columbia, South Carolina 29226, Attention: Corporate Banking ("Bank").

Debtor has executed and delivered its promissory notes (the "Notes") to the Bank in the aggregate principal amount of Six million four hundred (\$6,400,000) Dollars pursuant to a certain Loan Agreement of even date herewith between Debtor and the Bank (the "Loan Agreement"). In order to induce the Bank to execute and deliver the Loan Agreement, Debtor has agreed to grant a security interest in all proceeds and royalties related to the Trademarks (as hereinafter defined), whereby Bank shall have the rights to the Proceeds in the event of the occurrence of an Event of Default under the Notes or Loan Agreement.

Unless otherwise defined herein, capitalized terms shall have the meaning set forth in the Loan Agreement.

NOW, THEREFORE, in consideration of the foregoing, Debtor hereby agrees with Bank as follows:

1. To secure the complete and timely payment of all Obligations, Debtor hereby pledges and grants to Bank a continuing first priority security interest in, all of the Debtor's right, title, and interest in and to all general intangibles, royalties, products and proceeds (including, without limitation, all rights of Debtor pursuant to any license in connection therewith) ("Proceeds"), arising out of or related to all trademarks and trademark applications, whether of the United States or any other country, including the trademark applications and trademarks listed in Schedule A hereto (as the same may be amended pursuant hereto from time to time), including, without limitation, any renewal, extension, any trademarks issuing thereon, along with all future trademark applications and future trademarks for which Debtor is owner or assignee of the entire right, title and interest, except to the extent that existing or future trademark applications and trademarks are subject to the duly exercised rights of Haden Schweitzer Corporation ("Haden") pursuant to that certain Assignment and License Agreement dated as of September 12, 1990, as amended, by and among Debtor, W.H. Best and Haden (all of the foregoing are collectively called the "Trademarks").
2. Debtor hereby covenants, agrees, and warrants that:
 - a. To the best of his knowledge, the Trademarks are subsisting and have not been adjudged invalid or unenforceable;
 - b. To the best of his knowledge, each of the Trademarks is valid and enforceable;
 - c. No claim has been made that the use of any of the Trademarks does or may violate the rights of any person or entity;
 - d. Debtor is the sole and exclusive owner of the entire and unencumbered right, title, and interest in and to each of the Trademarks, free and clear of any liens, charges, and encumbrances, including, without limitations, pledges, assignments,

licenses, registered user agreements, and covenants by Debtor not to sue third persons;

- e. Debtor has the unqualified right to enter into this Agreement and perform its terms;
 - f. Debtor will use proper statutory notice in connection with its use of the Trademarks; and
 - g. Debtor has used, and will continue to use, consistent standards of quality in connection with its use of the Trademarks.
3. Debtor shall not enter into any agreement which is inconsistent with Debtor's obligations under this Agreement, without Bank's prior written consent.
 4. Debtor shall give Bank prompt written notice should it obtain the rights to any new trademarks or trademark applications; regardless of such notice, the terms and conditions of this Agreement shall automatically apply to any and all new trademarks and trademark applications.
 5. Debtor authorizes Bank to modify this Agreement by amending Schedule A to include any future trademarks and trademark applications, and shall cooperate in all requests of Bank for the assignment to Bank of such future trademarks.
 6. Debtor shall not sell, transfer, assign or otherwise convey the Trademarks, without prior written notice of at least ten (10) days to the Bank in which the transferee or assignee and any royalty payments shall be identified.
 7. Upon any Event of Default, the Bank shall have, in addition to all other rights and remedies given to it by this Agreement and the Loan Agreement, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Proceeds may be located and any applicable federal laws.
 8. Any and all fees, costs, and expenses, of whatever kind or nature, including the reasonable attorney fees (both outside counsel and allocated costs of in-house counsel) and legal expenses incurred by Bank in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving the Proceeds, or in defending or prosecuting any actions or proceedings arising out of or related to the Proceeds, shall be borne and paid by Debtor on demand by Bank and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the rate prescribed in the Loan Agreement.
 9. Upon an Event of Default, Debtor shall promptly, upon demand, reimburse, and indemnify Bank for all damages, costs, and expenses, including attorney fees, incurred by Bank in connection with this Agreement.

10. Debtor hereby agrees, upon the written request of Bank, to execute such further mortgages, papers, instruments and other documents for the better assuring, preserving and perfecting of the Bank's security interest in the Proceeds.
11. Upon the occurrence of an Event of Default, Debtor hereby irrevocably authorizes and empowers Bank, in order to carry out the terms of this Agreement, to make, constitute, and appoint any officer or agent of Bank as Bank may select, in its exclusive discretion, as Debtor's true and lawful attorney-in-fact, with the power to endorse Debtor's name on all applications, documents, papers and instruments necessary for Bank to obtain the Proceeds, or necessary for Bank to assign, pledge, convey or otherwise transfer or dispose of the Proceeds to Bank or anyone else. Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof.
12. If Debtor fails to comply with any of its obligations hereunder, Bank may do so in Debtor's name or in Bank's name, but at Debtor's expense.
13. This Agreement is irrevocable and shall not terminate unless and until: (a) the Obligations shall have been fully paid, and (b) no person who shall have made payment on the Obligations, directly or indirectly, shall commence or have commenced against it as debtor any bankruptcy or insolvency proceeding for a period of 140 days following such payment, or, if longer, any preference period under any applicable state insolvency law plus ten days.
14. No course of dealing between Debtor and Bank, nor any failure to exercise, nor any delay in exercising, on the part of Bank, any right, power, or privilege hereunder, under this Agreement, under any other agreement, document, or instrument between Bank and Debtor, or applicable law, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power, or privilege.
15. The security interest and all rights granted hereby are intended as security only and shall not subject Bank to, or in any way alter or modify, any obligation or liability of Debtor with respect to or arising out of the Proceeds.
16. Notwithstanding anything to the contrary provided herein, the Bank assumes no liabilities with respect to any claims regarding Debtor's ownership (or purported ownership) of, or rights or obligations (or purported rights or obligations) arising from, the Proceeds or any use (or actual or alleged misuse), license or sublicense thereof by Debtor or any licensee of Debtor, whether arising out of any past, current or future event, circumstance, act or omission or otherwise, or any claim, suit, loss, damage, expense or liability of any kind or nature arising out of or in connection with the Proceeds or the production, marketing, delivery, sale or provision of goods or services under or in connection with any of the Proceeds. As between the Bank and the Debtor, all of such liabilities shall be borne exclusively by the Debtor.
17. Upon any Event of Default and thereafter, Debtor hereby agrees to pay all expenses of the Bank and to indemnify the Bank and save it harmless with respect to any and all losses, claims, damages, liabilities and related expenses in respect of this Agreement or the Proceeds. Any amounts payable as provided hereunder shall be additional Obligations secured hereby and by the other security documents. Without prejudice to the survival of any other agreements contained herein, all indemnification and reimbursement

obligations contained herein shall survive the payment in full of the principal and interest under the Obligations and the termination of this Agreement.

- 18. All of Bank's rights and remedies with respect to the Proceeds, whether established hereby or by the Loan Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently.
- 19. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provisions of this Agreement in any jurisdiction.
- 20. This Agreement is subject to alteration, modification or amendment only by a writing signed by the parties, except as provided in paragraphs 5.
- 21. All rights of Bank under this Agreement shall inure to the benefit of its successors and assigns, and all obligations of Debtor shall bind its successors or assigns.
- 22. The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by the laws of the State of South Carolina.

WITNESS the execution hereof under seal of the day and year first above written.

THERMAL ENGINEERING CORPORATION

(Corporate Seal)

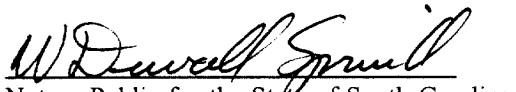


W.H. Best
Its Chief Executive Officer

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

Before me appeared W.H. Best, the person who signed this Agreement on behalf of Thermal Engineering Corporation, who acknowledged that he signed it as a free act and with full authority to do so.

This 13th day of May, 1998.



Notary Public for the State of South Carolina
My Commission Expires: 9-9-1998