

01-22-1999



100950103

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID # _____
- Correction of PTO Error
Reel # _____ Frame # _____
- Corrective Document
Reel # _____ Frame # _____

Conveyance Type

- Assignment
 - License
 - Security Agreement
 - Nunc Pro Tunc Assignment
 - Merger
 - Change of Name
 - Other _____
- Effective Date: _____
Month Day Year

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name Pleasants Hardware Company

01-03-99

Formerly _____

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association

Other _____

Citizenship/State of Incorporation/Organization North Carolina

Receiving Party

Mark if additional names of receiving parties attached

Name Wachovia Bank, N.A., as Agent

DBA/AKA/TA _____

Composed of _____

Address (line 1) 230 North Elm Street

Address (line 2) 4th Floor

Address (line 3) Greensboro

North Carolina

27401

- Individual
- General Partnership
- Limited Partnership

Corporation Association

Other _____

Citizenship/State of Incorporation/Organization _____

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

FOR OFFICE USE ONLY

01/13/1999 DCOATES 00000159 75548743

01 FC:481
02 FC:482

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the documents and gathering the data needed to complete this Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK
REEL: 1842 FRAME: 0162

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages Enter the total number of pages of the attached conveyance document including any attachments. #

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)			Registration Number(s)		
<input type="text" value="75/548,743"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1,929,086"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="2,060,232"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1,769,022"/>	<input type="text"/>	<input type="text"/>

Number of Properties Enter the total number of properties involved. #

Fee Amount Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment: Enclosed Deposit Account

Deposit Account (Enter for payment by deposit account or if additional fees can be charged to the account.)
Deposit Account Number: #

Authorization to charge additional fees: Yes No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Kelly Goddard
Name of Person Signing

Kelly Goddard
Signature

1-12-99
Date Signed

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (this "Agreement") is made this 8th day of January, 1999, between **WACHOVIA BANK, N.A.**, a national banking association having an office at 230 North Elm Street, 4th Floor, Greensboro, North Carolina 27401, in its capacity as collateral and administrative agent (together with its successors in such capacity, "Agent") for the Lenders (as hereinafter defined) and **PLEASANTS HARDWARE COMPANY**, a North Carolina corporation having an office at 1010 Northwest Boulevard, Winston-Salem, North Carolina 27101 (the "Company").

Recitals:

The Company desires to obtain loans and other credit facilities from those financial institutions (collectively, "Lenders") that are parties from time to time to that certain Credit Agreement dated the date hereof among the Company, Agent and Lenders (as at any time amended, the "Credit Agreement");

Lenders are willing to make loans to and establish certain credit facilities in favor of the Company from time to time, pursuant to the terms of the Credit Agreement, provided that the Company executes and delivers this Agreement.

The Company has contemporaneously herewith, pursuant to the Credit Agreement, granted to Agent, for the ratable benefit of Lenders, a lien upon and security interest in the Company's now existing or hereafter acquired machinery, equipment, equipment formulations, manufacturing procedures, quality control procedures and product specifications relating to products sold under the Trademarks (as hereinafter defined);

NOW, THEREFORE, for Ten Dollars (\$10.00) in hand paid and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company hereby agrees with Agent as follows:

1. All capitalized terms used herein, including those used in the Recitals hereto, unless otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

2. To secure the prompt payment and performance of the Obligations the Company hereby pledges, assigns and grants to Agent, for the ratable benefit of Lenders, a continuing security interest in and Lien upon all of the following property of the Company, whether now owned or existing or hereafter acquired (the "Collateral"):

(a) all service marks, trademarks, service mark and trademark registrations, trade names and service mark and trademark applications, including, without limitation, each trademark and application listed on Exhibit A attached hereto and made a part hereof (as the same may be amended from time to time), and (i) all renewals thereof, (ii)

all income, royalties, damages and payments now or hereafter due or payable with respect thereto, including, without limitation, damages and payments for past or future infringements or dilution thereof or injury to the associated goodwill. (iii) the right to sue for past, present and future infringements or dilution thereof or injury to the associated goodwill, and (iv) all rights corresponding thereto throughout the world (all of the foregoing service marks, trademarks, service mark and trademark registrations, trade names and applications, together with the items described in clauses (i)-(iv), are hereinafter collectively referred to as the "Trademarks");

(b) the goodwill of the Company's business connected with and symbolized by each Trademark; and

(c) all proceeds and products of the foregoing.

3. The Company represents and warrants to Agent and Lenders that, except as described in Exhibit A hereto:

(a) Each of the Trademarks is subsisting and has not been adjudged invalid or unenforceable;

(b) Upon filing of this Agreement in the United States Patent and Trade mark Office, this Agreement will create a legal and valid perfected lien upon and security interest in the Collateral (other than foreign trademarks), enforceable against Borrower and all third Persons in accordance with its terms;

(c) No claim has been made that the use of any of the Trademarks does or may violate the rights of any third Person; and

(d) The Company has the unqualified right to enter into this Agreement and perform its terms.

4. The Company covenants and agrees with Agent and Lenders that, except as described in Exhibit A hereto:

(a) Each of the Trademarks is valid and enforceable;

(b) The Company is the sole and exclusive owner of the entire right, title and interest in and to all of the Collateral, free and clear of any Liens, charges and encumbrances,

including, without limitation, pledges, assignments, licenses, registered user agreements and covenants by the Company not to sue third Persons; and

(c) The Company has used, and will continue to use for the duration of this Agreement, proper statutory notice in connection with its use of the Trademarks and has made, and will continue to make, all appropriate filings with the United States Patent and Trademark Office to maintain the Trademark registrations in existence, including, without limitation, filing an affidavit of use with the United States Patent and Trademark Office for each Trademark as required by Applicable Law to maintain the registration thereof without loss of protection therefor.

5. The Company hereby grants to Agent and its employees and agents the right upon prior notice to the Company to visit the Company's plants and facilities which manufacture, inspect or store products sold under any of the Trademarks and to inspect the products and quality control records relating thereto at reasonable times during regular business hours. The Company shall do any and all acts required by Agent to ensure the Company's compliance with paragraph 4(c) of this Agreement.

6. The Company agrees that, until all of the Obligations have been satisfied in full, it will not enter into any agreement (including, without limitation, any license agreement) which is inconsistent with the Company's duties under this Agreement.

7. If, before the Obligations have been satisfied in full, the Company shall obtain rights to any new trademarks, or becomes entitled to the benefit of any trademark application or trademark or any renewal of any Trademark, the provisions of paragraph 2 hereof shall automatically apply thereto, and the Company shall give to Agent prompt notice thereof in writing.

8. The Company authorizes Agent to modify this Agreement by amending Exhibit A to include any future trademarks and trademark applications within the definition of Trademarks under paragraph 2 or paragraph 7 hereof.

9. If an Event of Default exists, Agent shall have, in addition to all other rights and remedies given it by this Agreement, all rights and remedies under Applicable Law and all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, if an Event of Default exists, Agent may immediately, for its benefit and for the ratable benefit of Lenders, without demand of performance and without notice (except as described in the next sentence, if required by Applicable Law), or demand, each of which the Company hereby expressly waives, and without advertisement (except as otherwise provided by Applicable Law) collect directly any payments due the Company in respect of the Collateral, or sell at public or private sale or otherwise realize upon all or from time to time, any of the Collateral. The Company hereby agrees that ten (10) days notice to the Company of any public or private sale or other disposition of any of the Collateral shall be reasonable notice; provided, however, that no notice shall be required hereunder if not otherwise required by Applicable Law. At any such sale or disposition, Agent may, to the extent permitted by Applicable Law, purchase the whole or any

part of the Collateral sold, free from any right of redemption on the part of the Company which right the Company hereby waives and releases. After deducting from the proceeds of such sale or other disposition of the Collateral all costs and expenses incurred by Agent in enforcing its rights hereunder (including, without limitation, all reasonable attorneys' fees), Agent shall apply the remainder of such proceeds to the payment of the Obligations for the ratable benefit of Lenders in accordance with the terms of the Credit Agreement. Any remainder of the proceeds after payment in full of the Obligations shall be paid over to the Company. If any deficiency shall arise, the Company and each guarantor of the Obligations shall remain jointly and severally liable to Lenders therefor.

10. The Company hereby makes, constitutes and appoints Agent and any officer or agent of Agent, as Agent may select, as the Company's true and lawful attorney-in-fact, with full power to do any or all of the following if an Event of Default shall occur and be continuing: to endorse the Company's name on all applications, documents, papers and instruments necessary for Agent to continue the registration of or to use the Trademarks, or to grant or issue any exclusive or nonexclusive license under the Trademarks to any other Person, or to assign, pledge, convey or otherwise transfer title in or dispose of the Collateral to any other Person. The Company hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney, being coupled with an interest, shall be irrevocable until all of the Obligations shall have been satisfied in full and the Credit Agreement shall have been terminated.

11. At such time as all of the Obligations shall have been satisfied finally and in full and the Commitments under the Credit Agreement shall have been terminated, Agent shall execute and deliver to the Company, without representation, warranty or recourse and at the Company's expense, all releases and other instruments necessary to terminate Agent's security interest in the Collateral, subject to any disposition thereof which may have been made by Agent pursuant to the terms of this Agreement, the Credit Agreement or any other Credit Document.

12. Any and all fees, costs and expenses, of whatever kind or nature (including, without limitation, reasonable attorneys' fees and legal expenses), incurred by Agent or any Lender 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, without limitation, 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 Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to the Collateral, shall be borne and paid by the Company (it being the intent of the Company and Agent that the Company shall be responsible for the payment of all sums, fees, costs and expenses, including, without limitation, all renewal fees with respect to the Trademarks) or, if paid by Agent, shall be paid by the Company **on demand** to Agent and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the rate per annum in effect from time to time under the Credit Agreement.

13. The Company shall use its best efforts to detect any infringers of the Trademarks and shall notify Agent in writing of any infringements detected. The Company shall have the

duty, through counsel reasonably acceptable to Agent and Lenders, to prosecute diligently any trademark application of the Trademarks pending as of the date of this Agreement or thereafter until the Obligations shall have been paid in full, to file and prosecute opposition and cancellation proceedings, to file and prosecute lawsuits to enforce the Trademarks and to do any and all acts which are deemed necessary or desirable by Agent to preserve and maintain all rights in the Trademarks. Any expenses incurred in connection with such applications or proceedings shall be borne by the Company. The Company shall not abandon any right to file a trademark application, or any pending trademark application or Trademark without the consent of Agent

14. (a) If an Event of Default exists, Agent shall have the right, but shall in no way be obligated, to bring suit in its own name, to enforce the Trademarks and any license thereunder or to protect the rights of the parties thereunder, in which event the Company shall at the request of Agent do any and all lawful acts (including bringing suit) and execute any and all proper documents required by Agent to aid such enforcement, and the Company shall promptly, **upon demand**, reimburse and indemnify Agent for all costs and expenses incurred in the exercise of Agent's rights under this paragraph 13(a).

(b) Agent shall have the right, but in no way shall be obligated, to defend any suit or counterclaim in its own name in order to defend the Trademarks and any licenses thereunder, in which event the Company shall, at the request of Agent, do any and all lawful acts and execute any and all proper documents required by Agent in aid of such defense and the Company shall promptly, **upon demand**, reimburse and indemnify Agent for all costs and expenses incurred by Agent in the exercise of its rights under this paragraph 13(b). Notwithstanding the foregoing, so long as no Event of Default exists, Company may defend any suit or counterclaim in its own name in order to defend the Trademarks and any licenses thereunder, but Agent shall not be prohibited from defending any suits or counterclaims if Company fails to diligently do so.

15. No course of dealing between the Company and Agent or any Lender, nor any failure to exercise, nor any delay in exercising, on the part of Agent, any right, power or privilege hereunder or under the Credit Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

16. All of Agent's rights and remedies with respect to the Collateral, whether established by this Agreement, by the Credit Agreement, by any other agreements or by Applicable Law, shall be cumulative and may be exercised singularly or concurrently.

17. 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 provision of this Agreement in any jurisdiction.

18. This Agreement constitutes and expresses the entire understanding of the parties hereto with respect to the subject matter hereof, and supercedes all prior agreements and

understandings, inducements or conditions, whether express or implied, oral or written. This Agreement is subject to modification only by a writing signed by the parties, except as provided in paragraph 8 hereof.

19. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the successors and assigns of Agent and upon the successors and permitted assigns of the Company. The Company shall not assign its rights or delegate its duties hereunder without the prior written consent of Agent.

20. The Company hereby waives notice of Agent's acceptance hereof.

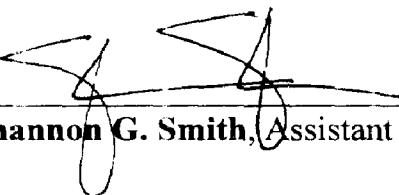
21. THIS AGREEMENT HAS BEEN NEGOTIATED, EXECUTED AND DELIVERED AT AND SHALL BE DEEMED TO HAVE BEEN MADE IN NORTH CAROLINA. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NORTH CAROLINA.

22. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE COMPANY AND AGENT EACH WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE COLLATERAL.


IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal in Charlotte, North Carolina on the day and year first written above.

ATTEST:

PLEASANTS HARDWARE COMPANY
("Assignor")



Shannon G. Smith, Assistant Secretary

By: 

W. Sam Smoak, President

[CORPORATE SEAL]



Witness

[Signatures continued on following page]

Accepted in Charlotte, North Carolina:

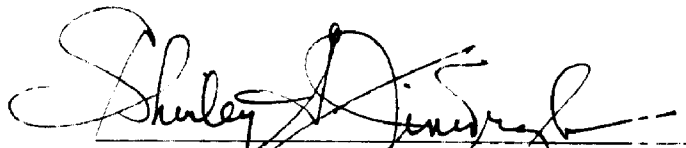
WACHOVIA BANK, N.A.,
as Agent ("Agent")

By: Michael Reger
Title: AVP

STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG)

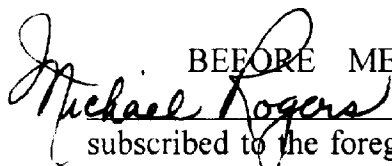
BEFORE ME, the undersigned authority, on this day personally appeared W. Sam Smoak, President of **Pleasants Hardware Company**, to me known to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 7th day of January, 1999

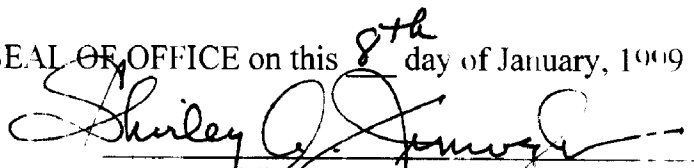

Notary Public
My Commission Expires: 10/31/99

[NOTARIAL SEAL]

STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG)

 BEFORE ME, the undersigned authority, on this day personally appeared **Michael Rogers** of **Wachovia Bank, N.A.**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said bank.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 8th day of January, 1999


Notary Public
My Commission Expires: 10/31/99

[NOTARIAL SEAL]

EXHIBIT A

<u>Trademark</u>	<u>Country</u>	<u>Application or Registration Number</u>	<u>Registration Date</u>
Service Mark, "hei/craftsmen"	USA	1,929,086	October 24, 1995
Service Mark, "Pleasants Contract Hardware"	USA	2,060,232	May 13, 1997
Service Mark, "hsi" logo	USA	1,769,022	May 4, 1993
Service Mark, "open door" logo	USA	Application Serial No.: 75/548,743	Application Filed: September 4, 1998

The right to use the name, Pleasants, in the States of Virginia and West Virginia is limited pursuant to Settlement, Release and Consent to Use Agreement dated April 26, 1996 between Pleasants Hardware, Inc. of Richmond, Virginia, and Pleasants Hardware Company. Pleasants Hardware Company does business in the State of Virginia under the name of HCI/Craftsmen Corp.

Intellectual Property Rights
(Cont.)

Service Mark, "hci/craftsmen" (Reg. No. 1,929,086)

hci/craftsmen

Service Mark, "hsi" logo (Reg. No. 1,769,022)



Service Mark, "open door" logo (Application Serial No. 75/548,743)

