

03-12-1999

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RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

3-8-99

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

Name Execution Date
Month Day Year

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City State/Country Zip Code

Individual General Partnership Limited Partnership 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.)

Corporation Association

Other

Citizenship/State of Incorporation/Organization

03/10/1999 DCOATES 00000019 75391435

FOR OFFICE USE ONLY

01 FC:481 40.00 OP
02 FC:482 25.00 OP

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 document and gathering the data needed to complete the 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: 1866 FRAME: 0644

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"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

<input type="text" value="75-391435"/>	<input type="text"/>	<input type="text"/>
<input type="text" value="75-102996"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<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.

Meredith A. Parsons

03/05/99

Name of Person Signing

Signature

Date Signed

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (the "Agreement") is made and entered into as of June 2, 1998 by Piedmont Hardwood Flooring, L.L.C., a Georgia limited liability company having an office at 7702 Industrial Highway, Macon, Georgia 31206 ("Debtor"), in favor of FINOVA CAPITAL CORPORATION, having an office at 355 South Grand Avenue, Suite 2400, Los Angeles, California 90071 ("Lender").

WITNESSETH:

WHEREAS, Debtor and Lender have entered into that certain Loan and Security Agreement dated as of June 9, 1998 (as amended or otherwise modified from time to time, the "Loan Agreement"), providing for the extension of credit by Lender to Debtor; and

WHEREAS, Lender has required, as a condition to the extension of credit under the Loan Agreement, that Debtor grant to Lender a security interest in and to the Collateral (as defined herein). Capitalized terms used herein and not otherwise defined are used as they are defined in the Loan Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the premises and in order to induce Lender to extend credit under the Loan Agreement, Debtor hereby agrees with Lender as follows:

1. Creation of Security Interest. Debtor hereby grants to Lender a security interest in all of Debtor's right, title and interest in and to the collateral described in Section 2 herein (the "Collateral") in order to secure the payment of all Obligations, (as defined in the Loan Agreement), which include, without limitation, the amount of all loans, indebtedness, liabilities and obligations of any kind owing by Debtor to Lender arising under the Loan Agreement or any other Loan Document.

2. Collateral. The Collateral is:

(a) all of Debtor's trademarks, trademark registrations, tradenames and trademark applications, which, in each case, are owned by Debtor and are now or hereafter filed with the United States Patent and Trademark Office, or, to the extent applicable, any similar office or agency of any state, territory or possession of the United States or any similar office or agency of any other countries or used in the United States, any state, territory or possession thereof or any other country, including, without limitation, the trademarks, tradenames, trademark registrations and trademark applications listed on Schedule A attached hereto and made a part hereof, and (i) renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due or

payable with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world (all of the foregoing trademarks, trademark registrations, tradenames and trademark applications, together with the items described in clauses (i)-(iv) in this subparagraph (a), are sometimes hereinafter referred to, either individually or collectively, as the "Trademarks"); and

(b) the goodwill of Debtor's business connected with and symbolized by the Trademarks.

3. License.

(a) Grant of License to Lender. Debtor hereby grants to Lender a non-exclusive, assignable right and license (i) under the Trademarks to use such Trademarks and (ii) under any license agreements held by the Debtor with respect to trademarks owned by Persons other than the Debtor to the extent permitted under such agreements, and to sell Collateral bearing any such Trademarks to the extent that such license is reasonably necessary to permit or to facilitate the collection, after an Event of Default, of any Accounts or the disposition, after an Event of Default, of any Collateral (the "License"). The License shall be without royalty or any other payments or fees by Lender and the permitted use by Lender thereunder (i) shall be worldwide and (ii) shall be limited only by those restrictions to which the Debtor is subject under the Trademarks.

(b) Term of License. The term of the License (the "License Term") shall continue until the earlier of: (i) the expiration of all of the Trademarks; (ii) full and final payment and performance of all the Obligations and termination of the Loan Agreement and the Loan Documents; or (iii) disposition of all Collateral and any proceeds thereof in connection with the enforcement of Lender's remedies under the Loan Documents and application of the proceeds of such disposition to the satisfaction of the Obligations.

4. Restrictions on Future Agreements. Until the Obligations shall have been satisfied in full and the Loan Agreement and the Loan Documents shall have been terminated, Debtor will not without Lender's prior written consent, (a) enter into any agreement, including, without limitation, any license agreement that is inconsistent with Debtor's obligations under this Agreement, the Loan Agreement or any other Loan Document to which Debtor is a party, (b) take any action, or permit any action to be taken by others subject to its control, including licensees, or fail to take any action (including, without limitation, the abandonment of any Trademark), that would affect the validity or enforceability of the rights transferred to Lender under this Agreement or (c) enter into any other contractual obligations which may restrict or inhibit Lender's rights to sell or otherwise dispose of the Collateral or any part thereof after the occurrence of an Event of Default.

5. New Trademarks. Debtor represents and warrants that the Trademarks listed on Schedule A constitute all of the registered trademarks, tradenames and applications which are as of the date hereof owned by or are pending on behalf of Debtor in the United States or any state of the United States (as set forth on Schedule A). If, before the Obligations shall have been satisfied in full, Debtor shall (i) (a) obtain any registration or apply for any registration after the date hereof in the United States Patent and Trademark Office or in any similar office or agency of a state, territory or possession of the United States or (b) obtain rights to any trademarks or tradenames used in the United States or any state, territory or possession thereof, or (ii) (a) become entitled to the benefit of any trademark application, trademark, tradename or trademark registration in the United States or any state, territory or possession thereof or (b) become entitled to the benefit of any trademark or tradenames used in the United States or any state, territory or possession thereof, the provisions of Section 1 shall automatically apply thereto and Debtor shall give to Lender prompt written notice thereof. Debtor hereby authorizes Lender to modify this Agreement by amending Schedule A to include any future trademarks, trademark registrations, trademark applications and tradenames that are Trademarks, as applicable, under Section 2 or under this Section 5.

6. Additional Representations and Warranties. Debtor hereby represents, warrants, covenants and agrees that except as otherwise provided herein or in the Loan Agreement:

(a) It is and will continue to be the owner of all its right, title and interest in the Collateral so long as the Trademarks shall continue in force, free from any lien or encumbrance in favor of any Person.

(b) It has the full right and power to grant the security interest in the Collateral made hereby.

(c) It has made no previous assignment, transfer or agreements in conflict herewith or constituting a present or future assignment, transfer, or encumbrance on any of the Collateral.

(d) So long as any Obligations remain outstanding or any of the Loan Agreement or the Loan Documents has not terminated, it will not execute, and there will not be on file in any public office, any financing statement or other document or instruments evidencing or giving notice of liens affecting the Collateral.

(e) No material infringement or unauthorized use presently is being made of any of the Trademarks which would adversely affect the fair market value of the Collateral or the benefits of this Agreement granted to Lender, including, without limitation, the validity, priority or perfection of the security interest granted herein or the remedies of Lender hereunder and Debtor will continue to maintain monitoring and enforcement practices which fully and adequately protect the Collateral. Debtor has

advised Lender of its trademark monitoring and enforcement practices, and will not materially modify such practices without the prior written consent of Lender.

7. Royalties; Terms. Debtor hereby agrees that the permitted use by Lender of all Trademarks shall be worldwide without any liability for royalties or other related charges from Lender to Debtor. The term of the security interest granted herein shall extend until the earlier of (i) the expiration of each of the respective Trademarks, or (ii) the Obligations have been paid in full and the Loan Agreement and the Loan Documents have been terminated.

8. Lender's Right to Maintain Quality. Debtor agrees that from and after the occurrence of an Event of Default, Lender shall have the right to establish such additional product quality controls as Lender, in its sole judgment, may deem necessary to assure maintenance of the quality of products sold or services rendered, as applicable, by Debtor under the Trademarks. Debtor agrees (i) not to sell or assign its interest in, or to grant any license under, any Trademarks without the prior written consent of Lender; (ii) to maintain the quality of any and all products and/or services in connection with which the Trademarks are used, consistent with the quality of such products and/or services as of the date hereof; and (iii) to provide Lender, upon request, with a certificate of an officer of Debtor certifying Debtor's compliance with the foregoing.

9. Duties of Debtor. Debtor shall (i) prosecute diligently any trademark application that is part of the Trademarks pending as of the date hereof or thereafter until the Obligations shall have been paid in full and the Loan Agreement and the Loan Documents shall have been terminated, (ii) make application on trademarks, as appropriate, (iii) preserve and maintain all rights in trademark applications, trademarks, tradenames, and trademark registrations that are part of the Trademarks; (iv) not abandon any right to file a trademark application nor any pending trademark application if the value thereof could reasonably be expected to justify the cost of obtaining such trademark, and (v) not abandon any given Trademark. Any expenses incurred in connection with the applications referred to in this Section 9 shall be borne by Debtor. Debtor agrees to retain an experienced trademark attorney for the filing and prosecution of all such applications and other proceedings.

If Debtor fails to comply with any of the foregoing duties, Lender may so comply in Debtor's name to the extent permitted by law, but at Debtor's expense, and Debtor hereby agrees to reimburse Lender in full for all expenses, including the fees and disbursements of attorneys and paralegals (including charges for inside counsel) incurred by Lender in protecting, defending and maintaining the Collateral.

In the event that Debtor shall fail to pay when due any fees required to be paid by it hereunder, or shall fail to discharge any lien or encumbrance prohibited hereby, or shall fail to comply with any other duty hereunder, Lender may, but shall not be required to, pay, satisfy, discharge or bond the same for the account of Debtor, and all moneys so paid out shall be Obligations of Debtor repayable on demand, together with interest at a rate equal to the rate set forth in Section 2.6 of the Loan Agreement effective on the last day of the preceding month.

Debtor shall take all action necessary to preserve and maintain the validity, perfection and first priority of Lender's security interest granted herein in the Collateral.

10. Lender's Right to Sue. From and after the occurrence of an Event of Default, Lender shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Collateral, and any licenses thereunder, and, if Lender shall commence any such suit, Debtor shall, at the request of Lender, do any and all lawful acts and execute any and all proper documents required by Lender in aid of such enforcement and Debtor shall indemnify and shall, upon demand, promptly reimburse Lender for all costs and expenses incurred by Lender in the exercise of its rights under this Section 10.

11. Waivers. No course of dealing between Debtor and Lender, nor any failure to exercise, nor any delay in exercising, on the part of Lender, any right, power or privilege hereunder or under the Loan Agreement or any other Loan Document 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.

12. Severability. 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. If any provision hereof shall render an otherwise valid Trademark invalid or ineffective, then such provision shall be void ab initio to the extent that the validity or effectiveness of the Trademark is thereby preserved and Debtor shall make suitable other valid arrangements to provide Lender with equivalent protections to that intended hereby.

13. Amendments. This Agreement or any provision thereof may be changed, waived, or terminated only in the manner set forth in Section 5 hereof or in accordance with the Loan Agreement.

14. Remedies. If any Event of Default shall have occurred, then Lender shall be entitled to exercise in respect of the Collateral, in addition to other rights and remedies provided for herein, in the Loan Agreement and other Loan Documents or otherwise available to it, all of the rights and remedies of a secured party under the Uniform Commercial Code in effect in the State of Arizona (the "UCC") whether or not the UCC applies to the affected Collateral, and also may (i) require Debtor, and Debtor hereby agrees that it will upon the request of Lender, forthwith, (A) execute and deliver an assignment, substantially in the form of Exhibit A hereto, of all right, title and interest in and to the Collateral, and (B) take such other action as Lender may request to effectuate the outright assignment of such Collateral or to exercise, register or further perfect and protect its rights and remedies with respect to such assigned Collateral, and (ii) without notice except as specified below, sell the Trademarks and the goodwill of the businesses related thereto or any part thereof in one or more parcels at public or private sale, at any of Lender's offices or elsewhere, for cash, on credit or for future delivery, and upon such

terms as Lender may deem commercially reasonable. Debtor agrees that at least five (5) days' notice to Debtor of the time and place of any public sale or the time which any private sale is to be made shall constitute reasonable notification. Lender shall not be obligated to make any sale of the Collateral regardless of notice of sale having been given. Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Lender may purchase all or any part of the Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of such purchase price, may setoff the amount of such price against the Obligations. The proceeds realized from the sale of any Collateral shall be, applied first to the costs, expenses and attorneys and paralegal fees and expenses incurred by Lender for collection and for acquisition, protection, and sale of the Collateral; second to interest due upon any of the Obligations; and third to the principal of the Obligations. If any deficiency shall arise, Debtor shall remain liable to Lender therefor. The commencement of any action, legal or equitable, or the rendering of any judgment or decree for deficiency shall not affect Lender's security interest in the Collateral until the Obligations are fully paid. Debtor agrees that Lender has no obligation to preserve rights to Collateral against any other parties.

15. Cumulative Remedies; Power of Attorney; Effect on Loan Agreement.

All of Lender's rights and remedies with respect to the Collateral, whether established hereby, by the Loan Agreement, by any other Loan Documents, or by law shall be cumulative and may be exercised singularly or concurrently. Debtor hereby authorizes Lender to make, constitute and appoint any officer or agent of Lender as Lender may select, in its sole discretion, as Debtor's true and lawful attorney-in-fact, with power, from and after the occurrence of an Event of Default to (a) endorse Debtor's name on all applications, documents, papers and instruments necessary or desirable for Lender in the use of the Collateral including, without limitation, if Debtor fails to execute and deliver within three (3) Business Days of Lender's request therefor the assignment substantially in the form of Exhibit A hereto, (b) take any other actions with respect to the Collateral as Lender deems in the best interest of Lender, (c) grant or issue any exclusive or non-exclusive license under the Collateral to anyone, or (d) assign, pledge, convey or otherwise transfer title in or dispose of the Collateral to anyone. Debtor 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 Obligations shall have been paid in full and the Loan Agreement and the Loan Documents have been terminated. Debtor acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of Lender under the Loan Agreement and the other Loan Documents but rather is intended to facilitate the exercise of such rights and remedies.

16. Notice. Any notice, approval, consent or other communication to any party hereunder shall be in the form and manner, and to the addresses as set forth in the Loan Agreement.

17. Continuing Security Interest; Transfer of Obligations. This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until payment in full of the Obligations and termination of the Loan Agreement and the Loan Documents, (ii) be binding upon Debtor its successors and assigns, and (iii) inure, together

with the rights and remedies of Lender hereunder, to the benefit of Lender, and its successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii) and subject to the provisions of the Loan Agreement, Lender may, assign or otherwise transfer any of the Obligations to any other person or entity, and such other person or entity shall thereupon become vested with all the benefits in respect thereof granted to Lender herein or otherwise.

18. Authority of Lender. Lender shall have and be entitled to exercise all powers hereunder which are specifically delegated to Lender by the terms hereof, together with such powers as are reasonably incident thereto. Lender may perform any of its duties hereunder or in connection with the Collateral by or through agents or employees and shall be entitled to retain counsel and to act in reliance upon the advice of counsel concerning all such matters. Lender and its directors, officers, employees, attorneys and agents shall be entitled to rely on any communication, instrument or document believed by it or them to be genuine and correct and to have been signed or sent by the proper person or persons. Debtor agrees to indemnify and hold harmless Lender and any other person from and against any and all costs, expenses (including fees and expenses of attorneys and paralegals (including charges of inside counsel)), claims or liability incurred by Lender or such person hereunder, unless such claim or liability shall be due to willful misconduct or gross negligence on the part of Lender or such person.

19. Waiver. To the fullest extent it may lawfully so agree, Debtor agrees that it will not at any time insist upon, claim, plead, or take any benefit or advantage of any appraisal, valuation, stay, extension, moratorium, redemption or similar law now or hereafter in force in order to prevent, delay, or hinder the enforcement hereof or the absolute sale of any part of the Collateral. Debtor for itself and all who claim through it, so far as it or they now or hereafter lawfully may do so, hereby waives the benefit of all such laws, and all right to have the Collateral marshalled upon any foreclosure hereof, and agrees that any court having jurisdiction to foreclose this Agreement may order the sale of the Collateral as an entirety. Without limiting the generality of the foregoing, Debtor hereby: (i) authorizes Lender in its sole discretion and without notice to or demand upon Debtor and without otherwise affecting the obligations of Debtor hereunder from time to time to take and hold other collateral (in addition to the Collateral) for payment of the Obligations, or any part thereof, and to exchange, enforce or release such other collateral or any part thereof and to accept and hold any endorsement or guarantee of payment of the Obligations, or any part thereof and to release or substitute any endorser or guarantor or any other person granting security for or in any other way obligated upon any Obligations or any part thereof, and (ii) waives and releases any and all right to require Lender to collect any of the Obligations from any specific item or items of the Collateral or from any other party liable as guarantor or in any other manner in respect of any of the Obligations or from any collateral (other than the Collateral) for any of the Obligations.

20. Interpretation of Agreement. Time is of the essence of each provision of this Agreement of which time is an element. All terms not defined herein or in the Loan Agreement shall have the meaning set forth in the UCC, except where the context otherwise requires. To the extent any term or provision of this Agreement conflicts with the Loan Agreement and is not dealt with more specifically herein, the Loan Agreement shall control with respect to such term or provision.

21. Reinstatement. This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any amount received by Lender in respect of the Obligations is rescinded or must otherwise be restored or returned by Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of Debtor or upon the appointment of any intervenor or conservator of, or trustee or similar official for, Debtor or any substantial part of its assets, or otherwise, all as though such payments had not been made.

22. Final Expression. This Agreement, together with the Loan Agreement and the other Loan Documents to which Debtor is a party, is intended by the parties as a final expression of their agreement and is intended as a complete and exclusive statement of the terms and conditions thereof. Acceptance of or acquiescence in a course of performance rendered under this Agreement shall not be relevant to determine the meaning of this Agreement even though the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection.

23. Survival of Provisions. All representations, warranties and covenants of Debtor contained herein shall survive the execution and delivery of this Agreement, and shall terminate only upon the full and final payment and performance by Debtor of the Obligations and termination of the Loan Agreement and the Loan Documents.


24. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall together constitute one and the same agreement.

25. GOVERNING LAW; WAIVERS. This Agreement shall be interpreted in accordance with the internal laws (and not the conflict of laws rules) of the State of Arizona governing contracts to be performed entirely within such state. Debtor hereby consents to the exclusive jurisdiction of any state or federal court located within the County of Maricopa in the State of Arizona or, at the sole option of Lender, in any other court in which Lender shall initiate legal or equitable proceedings and which has subject matter jurisdiction over the matter in controversy. Debtor waives any objection of forum non conveniens and venue. Debtor further waives personal service of any and all process upon it, and consents that all such service of process be made in the manner set forth in Section 16 hereof for the giving of notice. **BOTH DEBTOR AND LENDER WAIVE ANY RIGHT TO TRIAL BY JURY TO THE EXTENT PERMITTED BY LAW.**

[SIGNATURE PAGE FOLLOWS]

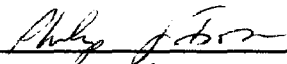
IN WITNESS WHEREOF, Debtor has duly executed and delivered this Agreement as of the day and year first above written.

PIEDMONT HARDWARE FLOORING, L.L.C.,
a Georgia limited liability company

By: 
Name: BERT F. THOMPSON
Title: MANAGER

By acceptance hereof as of this 9 day of June, 1998, Lender agrees to be bound by the provisions hereof.

FINOVA CAPITAL CORPORATION

By: 
Name: PHILIP J ISORE
Title: VP

SCHEDULE A

<u>Trademark</u>	<u>Serial or Registration Number</u>	<u>Date</u>
Piedmont Hardwood Flooring	75-391435	11/17/97
Floors for Life	75-102996	05/13/96