

06-10-1999

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Expires 06/30/99
OMB 0651-0027



05-18-1999

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U.S. Patent & TMO/c/TM Mail Ropt Dt. #22

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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 Effective Date
Month Day Year
- Change of Name
- Other

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 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.)

06/09/1999 MTHA11 00000252 2182291

FOR OFFICE USE ONLY

01 FC:481 40.00 OP
02 FC:482 50.00 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

REEL: 001909 FRAME: 0172

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)

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.

George M. Borababy

Name of Person Signing

Signature

5/17/99

Date Signed

TRADEMARK SECURITY AGREEMENT

WHEREAS, ValueStar, Inc., a California corporation (“Grantor”), owns the trademarks, trademark registrations, and trademark applications listed on Schedule 1 annexed hereto, and is a party to, or has been assigned the rights by the party to, the trademark licenses listed on Schedule 1 annexed hereto; and

WHEREAS, Grantor, Seacoast Capital Partners Limited Partnership, Pacific Mezzanine Fund, L.P. and Tangent Growth Fund, L.P. (collectively, “Grantee”), are parties to that certain Note Purchase Agreement dated as of the date hereof (as amended, modified and in effect from time to time, the “Note Purchase Agreement”), providing for extensions of credit to be made by Grantee to Grantor; and

WHEREAS, pursuant to the terms of the Note Purchase Agreement, Grantor has granted to Grantee a security interest in all of the assets of Grantor including all right, title and interest of Grantor in, to and under all now owned and hereafter acquired trademarks, together with the goodwill of the business symbolized by Grantor’s trademarks, and all proceeds thereof, to secure the payment of all amounts owing by Grantor under the Note Purchase Agreement including, without limitation, the Senior Obligations (as defined in the Note Purchase Agreement);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor does hereby grant to Grantee a continuing security interest in all of Grantor’s right, title and interest in, to and under the following (all of the following items or types of property being herein collectively referred to as the “Trademark Collateral”), whether presently existing or hereafter created or acquired:

- (1) each trademark, trademark registration and trademark application, including, without limitation, the trademarks, trademark registrations (together with any reissues, continuations or extensions thereof) and trademark applications referred to in Schedule 1 annexed hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each trademark, trademark registration and trademark application;
- (2) each trademark license and all of the goodwill of the business connected with the use of, and symbolized by, each trademark license; and
- (3) all products and proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future (a) infringement or dilution of any trademark or trademark registration including, without limitation, the trademarks and trademark registrations referred to in Schedule 1 annexed hereto, the trademark registrations issued with respect to the trademark applications referred in Schedule 1 and the trademarks licensed under any trademark license, or (b) injury to the goodwill associated with any trademark, trademark registration or trademark licensed under any trademark license.


This security interest is granted in conjunction with the security interests granted to Grantee pursuant to the Note Purchase Agreement. Grantor hereby acknowledges and affirms that the rights and remedies of Grantee with respect to the security interest in the Trademark Collateral made and granted hereby are more fully set forth in the Note Purchase Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Grantor , through its duly authorized officer, has caused this Trademark Security Agreement to be executed as of the 31st day of March, 1999.

GRANTOR:

VALUESTAR, INC.

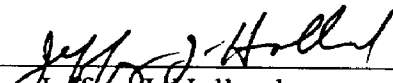
By: 
Name: James Stein
Title: President and Chief Executive Officer

Acknowledged, agreed and accepted as
of the date hereof:

GRANTEE:

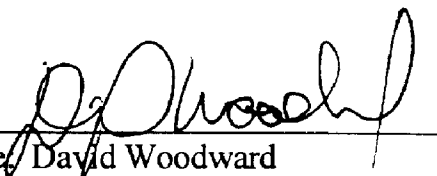
SEACOAST CAPITAL PARTNERS
LIMITED PARTNERSHIP

By: Seacoast Capital Corporation,
its general partner

By: 
Name: Jeffrey J. Holland
Title: Vice President

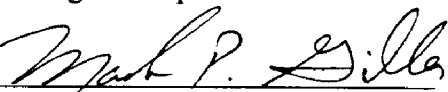
PACIFIC MEZZANINE FUND, L.P., a
limited partnership

By: Pacific Private Capital
its general partner

By: 
Name: David Woodward
Title: General Partner

TANGENT GROWTH FUND, L.P.

By: Tangent Fund Management LLC
its general partner

By: 
Name: Mark P. Gilles
Title: Vice President

ACKNOWLEDGMENT

STATE OF California §
 § ss.
COUNTY OF Alameda §

On the 31 day of March, 1999, before me personally appeared Jim Stein, to me personally known or proved to me on the basis of satisfactory evidence to be the person described in and who executed the foregoing instrument as the President + Chief Executive Officer of ValueStar, Inc., a California corporation, who being by me duly sworn, did depose and say that he is the Chief Executive Officer + President of ValueStar, Inc., the corporation described in and which executed the foregoing instrument; that he signed the said instrument on behalf of said corporation by order of its Board of Directors; and that he acknowledged said instrument to be the free act and deed of said corporation.

Leslie Summers
Notary Public

(Seal)

My commission expires:

JUL 12 1999



ALL-PURPOSE ACKNOWLEDGEMENT
STATE OF CALIFORNIA
COUNTY OF SAN FRANCISCO
ON _____ BEFORE ME _____
PERSONALLY APPEARED Jim Stein
PERSONALLY KNOWN TO ME OR
PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE
TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE
SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED
TO ME THAT HE/SHE/they EXECUTED THE SAME IN
HIS/HER/their AUTHORIZED CAPACITY(IES), AND THAT
BY HIS/HER/their SIGNATURE(S) ON THE INSTRUMENT
THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH
THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.
WITNESS MY HAND AND OFFICIAL SEAL

SCHEDULE 1
to
TRADEMARK SECURITY AGREEMENT

Trademark Registrations

<u>MARK</u>	<u>REG. NO.</u>	<u>DATE</u>
ONLY THE BEST PASS THE TEST International Class 35	2,182,291	Aug. 18, 1998

Certification Mark
Services

<u>MARK</u>	<u>REG. NO.</u>	<u>DATE</u>
VALUESTAR International Class B	1,830,735	April 12, 1994
VALUESTAR CERTIFIED International Class B	1,972,567	May 7, 1996