



10-29-1999  
11-03-1999

MAD 10/29/99

RECC



IT

TO: The Commissioner of Patents and Trademarks

101190161

Original document(s) or copy(ies).

**Submission Type**

**Conveyance Type**

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

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

**Conveying Party**

Mark if additional names of conveying parties attached

Execution Date  
Month Day Year  
930-99

Name HomeTown threads, LLC

Formerly

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other
- Citizenship/State of Incorporation/Organization Delaware

**Receiving Party**

Mark if additional names of receiving parties attached

Name PNC Bank, National Association

DBA/AKA/TA

Composed of

Address (line 1) TWO Tower Center Boulevard

Address (line 2)

Address (line 3) East Brunswick New Jersey 08810  
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.)

**FOR OFFICE USE ONLY**

11/02/1999 MTHAI1 00000224 75589292

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40.00 DP

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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: 001984 FRAME: 0177

**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.

Tonya Chapple

Name of Person Signing

Tonya Chapple

Signature

10-27-99

Date Signed

## TRADEMARK SECURITY AGREEMENT

THIS AGREEMENT is made as of the 30 day of September, 1999 by and among HOMETOWN THREADS, LLC, a Delaware limited liability corporation, having offices located at 200 Wireless Boulevard, Hauppauge, New York 11787 (the "Borrower") and PNC BANK, NATIONAL ASSOCIATION, a national banking association, having offices located at Two Tower Center Boulevard, East Brunswick, New Jersey 08816, as Agent for the Lenders under the terms of the Credit Agreement (as such term is hereinafter defined ("Lender")).

WHEREAS, Borrower and Lender have or shall enter into a certain financing arrangement (the "Financing") which shall be evidenced in part by a certain Revolving Credit and Security Agreement dated the date hereof by and between Borrower and Lender (the "Credit Agreement"). In order to induce Lender to enter into the Financing, Borrower has agreed to grant to Lender a security interest in and mortgage on certain intent-to-use trademark applications (the "Trademark Applications") and trademarks ("Trademarks"). This Trademark Security Agreement is being executed contemporaneous with the Credit Agreement under which Lender is granted a lien on and security interest in, among other things, accounts receivable, inventory, machinery, equipment formulations, manufacturing procedures, quality control procedures, product specifications, deposits, contract rights and general intangibles ("Other Assets") relating to products sold by the Borrower, whereby Lender shall have the right to foreclose on the Trademark Applications, Trademarks and the Other Assets in the event Lender alleges the occurrence of an Event of Default under the Credit Agreement.

NOW, THEREFORE, in consideration of the premises, the Financing, and other good and valuable consideration the sufficiency of which is hereby acknowledged, Borrower hereby agrees with Lender as follows:

1. To secure the complete and timely satisfaction of all of the Obligations (as such term is defined in the Credit Agreement), Borrower hereby grants to Lender a security interest in and mortgage on the entire right, title and interest in and to the Trademark Applications and Trademarks listed in Schedule A annexed hereto and made a part hereof (as the same may be amended pursuant hereto from time to time), including without limitation all renewals thereof, all proceeds of infringement suits), the right to sue for past, present and future infringements and all rights corresponding thereto throughout the world and the good will of the business relating thereto.

2. Borrower represents, covenants and warrants that:

(a) The Trademark Applications and Trademarks are subsisting;

(b) Borrower is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademark Applications and Trademarks, free and clear of any liens, charges and encumbrances, including without limitation pledges, assignments, licenses, registered user agreements and covenants by Borrower not to sue third persons; and

(c) Borrower has the unqualified right to enter into this Agreement and perform its terms;

3. Borrower agrees that, until all of the Obligations shall have been satisfied in full, it will not enter into any agreement (for example, a license agreement) which is inconsistent with Borrower's obligations under this Agreement, without Lender's prior written consent which consent Lender may not be unreasonably withheld.

4. If, before the Obligations shall have been satisfied in full, Borrower shall obtain rights to any new Trademark Applications and Trademarks, the provisions of Paragraph 1 above shall automatically apply thereto and Borrower shall give Lender prompt written notice thereof.

5. Borrower authorizes Lender to modify this Agreement by amending Schedule A to include any future Trademark Applications and Trademarks covered by Paragraphs 1 and 4 above.

6. If any Event of Default shall have been alleged by Lender, Lender shall have, in addition to all other rights and remedies given it by this Credit 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 Trademark Applications and Trademarks or Trademarks may be deemed located and, without limiting the generality of the foregoing, Lender may immediately, without demand of performance and without other notice (except as set forth next below) or demand whatsoever to Borrower, all of which are hereby expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon, in New York, or elsewhere, all or from time to time any of the Trademark Applications and Trademarks, or any interest which the Borrower may have therein, and after deducting from the proceeds of sale or other disposition of the Trademark Applications and Trademarks all expenses (including all expenses for broker's fees and legal services), shall apply the residue of such proceeds after payment of the Obligations. Any remainder of the proceeds after payment in full of the Obligations shall be paid over to the Borrower. Notice of any sale or other disposition of the Trademark Applications and Trademarks shall be given to Borrower at least five (5) days before the time of any intended public or private sale or other disposition of the Trademark Applications and Trademarks is to be made, which Borrower hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, any holder of any Notice (as defined in the Credit Agreement) or LENDER may, to the extent permissible under applicable law, purchase the whole or any part of the Trademark Applications and Trademarks free from any right of redemption on the part of Borrower, which right is hereby waived and released.

7. At such time as Borrower shall completely satisfy all of the Obligations and this Credit Agreement shall terminate and Lender shall execute and deliver to Borrower all documents and other instruments as may be necessary or proper to terminate this Credit Agreement and re-vest in Borrower full unencumbered rights in and to the Trademark Applications and Trademarks, subject to any disposition thereof which may have been made by Lender pursuant hereto.

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8. Any and all fees, costs and expenses, of whatever kind or nature, including the attorney's fees and legal expenses incurred by Lender in connection with the preparation of this Credit 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 Trademark Applications and Trademarks, or in defending or prosecuting any actions or proceedings arising out of or related to the Trademarks, shall be borne and paid by Borrower on demand by Lender and until so paid shall become part of the Obligations.

9. Borrower shall have the duty, through counsel acceptable to Lender, to prosecute diligently any Trademark Applications and 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 and to do any and all acts which are necessary or desirable to preserve and maintain all rights in the Trademark Applications and Trademarks. Any expenses incurred in connection with the Trademark Applications and Trademarks shall be borne by Borrower. The Borrower shall not abandon any Trademark Applications and Trademarks without the consent of Lender, which consent shall not be unreasonably withheld.

10. Borrower shall have the right, with the prior written consent of Lender, which will not be unreasonably withheld, to bring any opposition proceedings, cancellation proceedings or lawsuit in its own name to enforce or protect the Trademarks or Trademark Applications and Trademarks, in which event Lender may, if necessary, be joined as a nominal party to such suit if Lender shall have been satisfied that it is not thereby incurring any right of liability because of such joinder. Borrower shall promptly, upon demand, reimburse and indemnify Lender for all damages, costs and expenses, including attorney's fees, incurred by Lender in the fulfillment of the provisions of this paragraph 10.

11. In the Event of Default under the Credit Agreement, Borrower hereby authorizes and empowers Lender to make, constitute and appoint any officer or agent of Lender as Lender may select, in its exclusive direction, as Borrower's true and lawful attorney-in-fact, with the power to endorse Borrower's name on all applications, documents, papers and instruments necessary for Lender to use the trademarks, or to grant or issue any exclusive or nonexclusive license under the trademarks to anyone else, or necessary for Lender to assign, pledge, convey or otherwise transfer title in or dispose of the Trademark Applications and Trademarks to Lender or anyone else. Borrower hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the life of this Agreement.

12. If Borrower fails to comply with any of its obligations hereunder, Lender may do so in Borrower's name or in Lender's name, but at Borrower's expense, and Borrower hereby agrees to reimburse Lender in full for all expenses, including attorney's fees, incurred by Lender in protecting, defending and maintaining the Trademark Applications and Trademarks

13. No course of dealing between Borrower 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 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.

14. All of Lender's rights and remedies with respect to the Trademark Applications and Trademarks, whether established hereby or by the Credit Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently.

15. 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.

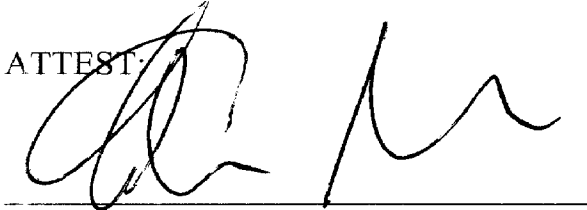
16. This Agreement is subject to modification only by a writing signed by the parties, except as provided in Paragraph 5.

17. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

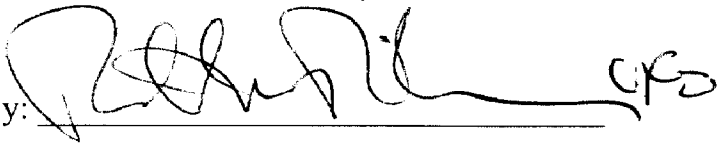
18. The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by the laws of the State of New Jersey, without regard to its conflicts of laws principles.

IN WITNESS WHEREOF, the execution hereof as of the day and year first above written.

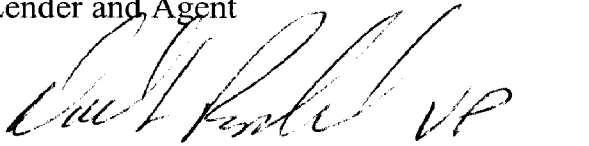
ATTEST:



HOMETOWN THREADS, LLC

By: 

PNC BANK, NATIONAL ASSOCIATION,  
as Lender and Agent

By: 

STATE OF NEW YORK )

County of Westchester ss.:  
COUNTY OF NEW YORK )

On this 30th day of Sept, in the year 1999, before me, the undersigned, a Notary Public in and for said state, personally appeared Richard Decker 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 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.

Joyce M. Yunckes  
Notary Public

JOYCE M. YUNCKES  
Notary Public of New Jersey  
My Commission Expires February 28, 2002

**SCHEDULE A  
TRADEMARKS  
HOMETOWN THREADS, LLC**

<b>OWNER (ASSIGNEE)</b>	<b>SERIAL # FILING DATE</b>	<b>REG # REG DATE</b>	<b>NAME OF MARK ITEM</b>
Home Town Threads, LLC	75/589292 11/16/98	N/A	Hometown Threads

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