

12-17-1999

FORM PTO-1001 (Rev. 8-98) 12-7-99 COMB No. 0261-2811 (sup. 4/94)

RECC



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U.S. DEPARTMENT OF COMMERCE Patent and Trademark Office

101225239

Tab settings

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

KLEARKNIT SALES, INC.

- Individual(s)
- General Partnership
- Corporation-State Connecticut
- Other

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

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: November 22, 1999

2. Name and address of receiving party(ies)

Name: FINOVA CAPITAL CORPORATION

Internal Address:

Street Address: 111 West 40th Street

City: New York State: NY ZIP: 10018

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

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

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

1,934,069

Additional numbers attached? Yes No

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

Name: FEDERAL RESEARCH CORP.

Internal Address:

Street Address: 400 Seventh Street NW Suite 101

City: Washington State: DC ZIP: 20004

6. Total number of applications and registrations involved:

7. Total fee (37 CFR 3.41).....\$

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

12/17/1999 11:00 AM 000001130007

DO NOT USE THIS SPACE

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9. 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.

Michael Meehan

Name of Person Signing

Michael Meehan

Signature

November 29, 1999

Date

Total number of pages including cover sheet, attachments, and document:

Mail documents to be recorded with required cover sheet information to: Commissioner of Patents & Trademarks, Box Assignments

TRADEMARK

REEL: 002000 FRAME: 0419

TRADEMARK COLLATERAL SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made on the 22nd day of November, 1999, by and between **Klearknit Sales, Inc.** a Connecticut corporation having an office at 1599 Post Road East Westport, Connecticut 06880 ("Borrower") and **FINOVA Capital Corporation**, a Delaware corporation having an office address at 111 West 40th Street, New York, NY 10018 ("FINOVA").

BACKGROUND

WHEREAS, Borrower and FINOVA entered into, among other things, a Factoring Agreement (the "Factoring Agreement") dated September 23, 1999, pursuant to which FINOVA has made loans to Borrower secured by, inter alia, substantially all of Borrower's assets, including all of Borrower's right, title and interest in and to the Trademarks (as defined below) owned by Borrower. and

WHEREAS, this Security Agreement, covering Trademarks shall serve as collateral security for the obligations of Borrower to FINOVA pursuant to the Factoring Agreement and is hereby incorporated into the Factoring Agreement and made a part thereof. FINOVA shall have the right to foreclose simultaneously on the Trademarks and other collateral pledged or otherwise securing the Factoring Agreement in the event of the occurrence of an event of default under the Factoring Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower and FINOVA agree as follows:

1. **Defined Terms.** Unless otherwise defined herein, capitalized terms shall have the meaning ascribed to them in the Factoring Agreement and the following terms shall mean, unless the context otherwise requires:

"Code" shall mean the Uniform Commercial Code as the same may from time to time be in effect in the State of New York.

"Collateral" shall have the meaning assigned to it in Section 2 of this Security Agreement.

"Licenses" shall mean the trademark license agreements of Borrower designated on Schedule I hereto, as any of the same may from time to time be amended or supplemented.

"Proceeds" shall have the meaning assigned to it under Section 9-306 of the Code, and in any event, shall include, but not be limited to, (i) any and all proceeds of any insurance, indemnity, warranty or guarantee payable to Borrower from time to time with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to Borrower from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental body, authority, bureau or agency (or any person acting under color of governmental authority), and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"Security Agreement" shall mean this Security Agreement, as the same may from time to time be amended or supplemented.

"Trademarks" shall mean the U.S. registered trademarks and pending applications shown in the attached Schedule A, and those trademarks which are hereafter adopted or acquired by

Borrower, and all right, title and interest therein and thereto, and all registrations, applications and recordings thereof, including, without limitation, applications, registrations and recordings in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, and any foreign country, all whether now owned or hereafter acquired by Borrower.

2. Grant of Security Interest. As collateral security for the prompt payment of the obligations of Borrower under the Factoring Agreement, Borrower hereby grants and conveys to FINOVA a security interest in and to (a) the entire right, title and interest of Borrower in and to the Trademarks, including the registrations and applications appurtenant thereto, listed in Schedule A hereto (as the same may be amended pursuant hereto from time to time), and in and to any and all trademarks, and registrations and applications appurtenant thereto, hereafter acquired or filed by Borrower, including without limitation all renewals thereof, all proceeds of infringement suits, the rights to sue for past, present and future infringements and all rights corresponding thereto in the United States and any foreign country and the goodwill and inherent value of the business to which each of the Trademarks relates and (b) all of Borrower's right, title and interest in, to and under the following:

- (i) all Licenses;
- (ii) all Accounts, contract rights and general intangibles arising under or relating to each and every License (including, without limitation, (A) all moneys due and to become due under any License, (B) any damages arising out of or for breach or default in respect of any such License, (C) all other amounts from time to time paid or payable under or in connection with any such License, and (D) the right of Borrower to terminate any such License or to perform and to exercise all remedies thereunder); and,
- (iii) to the extent not otherwise included, all Proceeds and products of any or all of the foregoing. All of the property referred to in this Paragraph 2 is hereinafter collectively called the "Collateral."

3. Representations and Warranties. Borrower covenants and warrants that as of the date of this Security Agreement:

- (a) The Trademarks are subsisting and have not been adjudged invalid or unenforceable;
- (b) To the best of Borrower's knowledge, each of the Trademarks is valid and enforceable;
- (c) There is no outstanding claim that the use of any of the Trademarks violates the rights of any third person;
- (d) Borrower 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 limitation pledges, assignments, licenses, registered user agreements and covenants by Borrower not to sue third persons), except for the Licenses referred to in Schedule I attached hereto;
- (e) Borrower has the right to enter into this Security Agreement and perform its terms;
- (f) Borrower has used, and will continue to use for the duration of this Security Agreement, proper statutory notice, where appropriate, in connection with his use of the Trademarks; and

(g) Borrower has used, and will continue to use for the duration of this Security Agreement, consistent standards of quality in its manufacture of products sold under the Trademarks.

4. Right of Inspection. Borrower hereby grants to FINOVA and its employees and agents the right to visit Borrower's plants and facilities which manufacture, inspect or store products sold under any of the Trademarks, and to inspect the products and quality control relating thereto at reasonable times during regular business hours. Borrower shall use its best efforts to do any and all acts required by FINOVA to ensure Borrower's compliance with paragraph 3 (g) above.

5. New Trademarks. (a) If, before the obligations of Borrower shall have been paid in full, Borrower shall obtain rights to any new trademarks, the provisions of Paragraph 2 shall automatically apply thereto and Borrower shall give FINOVA prompt written notice thereof, and (b) Borrower grants FINOVA a power-of-attorney, irrevocable so long as the Factoring Agreement are in existence, to modify this Security Agreement by amending Schedule A to include any future trademarks, including trademark registrations or applications appurtenant thereto covered by this Security Agreement.

6. Assignment of Royalties. Upon the occurrence and continuance of an event of default hereunder or under the Factoring Agreement, Borrower hereby assigns to FINOVA all rights to ask, demand, collect, and receive any and all moneys due and to become due under any License and, in the name of Borrower or its own name or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any License upon FINOVA's request. Borrower will instruct all Licensees to pay all royalties and other fees directly to FINOVA at one or more mailing addresses as disclosed by FINOVA.

7. Covenants. Borrower covenants and agrees with FINOVA that from and after the date of this Security Agreement and until the Obligations are fully satisfied:

(a) Further Documentation: Pledge of Instruments. At any time and from time to time, upon the written request of FINOVA, Borrower will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as FINOVA may reasonably deem desirable in obtaining the full benefits of this Security Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Code with respect to the liens and security interests granted hereby. Borrower also hereby authorizes FINOVA to file any such financing or continuation statement without the signature of Borrower to the extent permitted by applicable law. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any promissory note or other instrument, such note or instrument shall be immediately pledged to FINOVA hereunder, duly endorsed in a manner satisfactory to FINOVA.

(b) Maintenance of Trademarks. Borrower will not do any act, or omit to do any act, whereby the Trademarks or any registration or application appurtenant thereto, may become abandoned, invalidated, unenforceable, avoided, avoidable, or will otherwise diminish in value, and shall notify FINOVA immediately if it knows of any reason or has reason to know of any ground under which this result may occur. Borrower shall take appropriate action at its expense to halt the infringement of the Trademarks and shall properly exercise its duty to control the nature and quality of the goods offered by any licensees in connection with the Licenses set forth in Schedule I.

(c) Indemnification. (i) Borrower assumes all responsibility and liability arising from the use of the Trademarks, and Borrower hereby indemnifies and holds FINOVA harmless from and against any claim, suit, loss, damage or expense (including reasonable attorneys' fees) arising out of Borrower's use of the Trademarks, and (ii) in any suit, proceeding or action brought by

FINOVA under any License for any sum owing thereunder, or to enforce any provisions of such License, Borrower will indemnify and keep FINOVA harmless from and against all expense, loss or damage suffered by reason of any defense, set off, counterclaim, recoupment or reduction or liability whatsoever of the obligee thereunder, arising out of a breach of Borrower of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such obligee or its successors from Borrower, and all such obligations of Borrower shall be and remain enforceable against and only against Borrower and shall not be enforceable against FINOVA.

(d) Limitation of Liens on Collateral. Borrower will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove any lien, security interest, encumbrance, claim or right, in or to the Collateral, and will defend the right, title and interest of FINOVA in and to any of Borrower's rights under the Licenses and to the Proceeds thereof against the claims and demands of all persons whomever.

(e) Limitations on Modifications of Licenses. Borrower will not (i) amend, modify, terminate or waive any provision of any License in any manner which might materially adversely affect the value of such License or the Trademarks as Collateral, without the written consent of FINOVA, (ii) fail to exercise promptly and diligently each and every material right which it may have under each License (other than any right of termination), without the prior written consent of FINOVA, or (iii) fail to deliver to FINOVA a copy of each material demand, notice or document sent or received by it relating in any way to any License or Trademark.

(f) Notices. Borrower will advise FINOVA promptly, in reasonable detail, (i) of any lien or claim made or asserted against any of the Collateral, (ii) of any material change in the composition of the Collateral, and (iii) of the occurrence of any other event which would have a material adverse effect on the value of any of the Collateral or on the security interests created hereunder.

(g) Limitation on Further Uses of Trademarks. Borrower will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license, or otherwise dispose of any of the Collateral, without prior written consent of FINOVA.

8. FINOVA's Appointment as Attorney-in-Fact.

(a) Borrower hereby irrevocably constitutes and appoints FINOVA and any officer or agent thereof, with full power of substitution, as his true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Borrower and in the name of Borrower or in its own name, from time to time in FINOVA's discretion, for the purposes of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement and, without limiting the generality of the foregoing, hereby gives FINOVA the power and right, on behalf of Borrower, to do the following:

(i) Upon the occurrence and continuance of an event of default hereunder or under the Factoring Agreement, to ask, demand, collect, receive and give acquittances and receipts for any and all moneys due and to become due under any License and, in the name of Borrower or its own name or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any License and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by FINOVA for the purpose of collecting any and all such moneys due under any License whenever payable;

(ii) To pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Security Agreement and to pay all or any part of the premiums therefor and the costs thereof; and

(iii) Upon the occurrence and continuance of an event of default hereunder or under the Factoring Agreement, (A) to direct any party liable for any payment under any of the Licenses to make payment of any and all moneys due and to become due thereunder directly to FINOVA or as FINOVA shall direct; (B) to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral; (C) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (D) to defend any suit, action or proceeding brought against Borrower with respect to any Collateral; (E) to settle, compromise, or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as FINOVA may deem appropriate; and (F) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though FINOVA were the absolute owner thereof for all purposes, and to do, at FINOVA's option all acts and things which FINOVA deems necessary to protect, preserve or realize upon the Collateral and FINOVA's security interest therein, in order to effect the intent of this Security Agreement, all as fully and effectively as Borrower might do.

This power of attorney is a power coupled with an interest and shall be irrevocable. Notwithstanding the foregoing, Borrower further agrees to execute any additional documents which FINOVA may require in order to confirm this power of attorney, or which FINOVA may deem necessary to enforce any of its rights contained in this Security Agreement.

(b) The powers conferred on FINOVA hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. FINOVA shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Borrower for any act or failure to act, except for its own gross negligence or willful misconduct.

(c) Borrower also authorizes FINOVA to execute, in connection with the sale provided for in Paragraph 10(b) of this Security Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

9. Execution of Power of Attorney. Concurrently with the execution and delivery hereof, Borrower is executing and delivering to FINOVA, in the form of Schedule II hereto, originals of a Power of Attorney for the implementation of the assignment, sale or other disposal of the Trademarks pursuant to Paragraph 7 hereof.

10. Performance by FINOVA of Borrower's Obligations. If Borrower fails to perform or comply with any of its agreements contained herein and FINOVA, as provided for by the terms of this Security Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of FINOVA incurred in connection with such performance or compliance shall be payable by Borrower on demand and shall constitute obligations secured hereby.

11. Remedies, Rights Upon Even of Default.

(a) If an event of default shall occur and be continuing hereunder or under the Factoring Agreement:

(i) All payments received by Borrower under or in connection with any of the Collateral shall be held by Borrower in trust for FINOVA, shall be segregated from other funds of Borrower and shall, forthwith upon receipt by Borrower, be turned over to FINOVA, in the same form as received by Borrower (duly endorsed by Borrower to FINOVA, if required); and

(ii) Any and all such payments so received by FINOVA (whether from Borrower or otherwise) may, in the sole discretion of FINOVA, be held by FINOVA as collateral security for, and/or then or at any time thereafter applied in whole or in part by FINOVA against all or any part of the Obligations in such order as FINOVA shall elect. Any balance of such payments held by FINOVA and remaining after payment in full of all the Obligations shall be paid over to Borrower or to whomsoever may be lawfully entitled to receive the same.

(b) If any event of default shall occur hereunder or under the Factoring Agreement, FINOVA may exercise in addition to all other rights and remedies granted to it in this Security Agreement and in any other instrument or agreement securing, evidencing or relating to the obligations owing by Borrower to FINOVA, all rights and remedies of a secured party under the Uniform Commercial Code. Borrower shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which FINOVA is entitled. Borrower shall also be liable for the reasonable fees of any attorneys employed by FINOVA to collect any such deficiency and also as to any reasonable attorney's fees incurred by FINOVA with respect to the collection of any of the Obligations and the enforcement of any of FINOVA's respective rights hereunder.

11. Termination. At such time as Borrower shall completely pay in full, in cash, all of its obligations and the Factoring Agreement are terminated, this Security Agreement shall terminate and FINOVA shall execute and deliver to Borrower all such releases, deeds, assignments and other instruments as may be necessary or proper to re-vest in Borrower full title to the Trademarks, subject to any disposition thereof which may have been made by FINOVA pursuant hereto.

12. Notices. Any notice to FINOVA or Borrower under this Security Agreement shall be given in the manner and to the parties designated in the Factoring Agreement.

13. No Waiver. No course of dealing between Borrower and FINOVA, nor any failure to exercise, nor any delay in exercising, on the part of FINOVA, any right, power or privilege hereunder or under the Factoring 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. Cumulative Remedies. All of FINOVA's rights and remedies with respect to the Collateral, whether established hereby or by the Factoring Agreement, or by any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently.

15. Severability. The provisions of this Security 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. No Modification Except in Writing. This Security Agreement is subject to modification only by a writing signed by the parties, except as provided in Paragraphs 5 and 7.

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

18. Governing Law. The validity and interpretation of this Security Agreement and the rights and obligations of the parties shall be governed by the laws of the State of New York.

19. WAIVER OF JURY. EACH OF US HEREBY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OTHER AGREEMENTS BETWEEN YOU AND US OR ANY DEALINGS BETWEEN YOU AND US RELATING TO THE SUBJECT MATTER OF THIS TRANSACTION AND THE BUSINESS RELATIONSHIP THAT IS BEING ESTABLISHED. EACH OF US ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH OF US HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH US WILL CONTINUE TO RELY ON THE WAIVER IN THE RELATED FUTURE DEALINGS BETWEEN US. EACH OF US FURTHER WARRANT AND REPRESENT THAT THEY KNOWINGLY AND VOLUNTARILY WAIVE THEIR RESPECTIVE JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the day and year first above written.

KLEARKNIT SALES, INC.

Joseph Sweedler
Name: **Joseph Sweedler**
Title: **President**

ATTEST:

Alan Rummelsburg
Alan Rummelsburg, Secretary

FINOVA CAPITAL CORPORATION

By: Michael Mechar
Name: Michael Mechar
Title: Vice Pres.

SCHEDULE A

Schedule A to a Trademark Collateral Security Agreement dated ~~September 23~~ ^{November 22}, 1999, by and between **KLEARKNIT SALES, INC.** and **FINOVA CAPITAL CORPORATION.**

<u>Reg. No. or Application No. Mark</u>	<u>Country</u>	<u>Reg. or Filing Date</u>	
1,934,069	Pivot Rules	USA	11.7.95

SCHEDULE I

License Agreement by and between _____ and _____, dated _____
_____, 199____.

SCHEDULE II

SPECIAL POWER OF ATTORNEY


STATE OF NEW YORK)
 :
COUNTY OF NEW YORK) §§:

KNOW ALL MEN BY THESE PRESENTS, that **Klearknt Sales, Inc.** ("Borrower"), a Delaware corporation having an address at 1441 Broadway, New York, NY 10018, pursuant to a Trademark Collateral Security Agreement, dated the date hereof (as amended, modified, restated or supplemented from time to time, the "Security Agreement"), hereby appoints and constitutes **FINOVA CAPITAL CORPORATION**, a Delaware corporation, with offices at 111 West 40th Street, New York, New York 10018 (hereafter called the "FINOVA"), its true and lawful attorney, with full power of substitution, and with full power and authority to perform the following acts on behalf of Borrower:

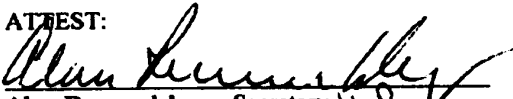
1. Assigning, selling or otherwise disposing of all right, title and interest of Borrower in and to the Trademarks listed on Schedule A of the Security Agreement, and including those trademarks which are added to the same subsequent hereto, and all registrations and recordings thereof, and all pending applications therefor, and for the purpose of the recording, registering and filing of, or accomplishing any other formality with respect to the foregoing, and to execute and deliver any and all agreements, documents, instruments of assignment or other papers necessary or advisable to effect such purpose;
2. To execute any and all documents, statements, certificates or other papers necessary or advisable in order to obtain the purposes described above as FINOVA may in its sole discretion determine.

This power of attorney is made pursuant to the Trademark Collateral Security Agreement, dated as of November 22, 1999, between Borrower and FINOVA and may not be revoked until the payment in full of all Obligations as defined in such Security Agreement.

KLEARKNIT SALES, INC.


Name: Joseph Sweedler
Title: President

ATTEST:


Alan Rummelsburg, Secretary

TRADEMARK ASSIGNMENT OF SECURITY

WHEREAS, Klearknit Sales, Inc. ("Borrower"), a Connecticut corporation with an office located at 1599 Post Road East, Westport, Connecticut 06880 has adopted, used and is using the marks shown in the attached Schedule A (the "Marks"), for which there are registrations or applications in the United States Patent and Trademark Office under the numbers shown in the attached Schedule A; and

WHEREAS, Borrower is obligated to FINOVA CAPITAL CORPORATION ("FINOVA"), a Delaware corporation having an office at 111 West 40th Street, New York, New York 10018, pursuant to (i) a certain Promissory Note ("Note") dated December 23, 1998 (ii) a certain Factoring Agreement dated January 13, 1999 (iii) a certain Inventory Loan and Security Agreement, dated January 13, 1999 and (iv) a certain Letter of Credit agreement dated January 13, 1999 between FINOVA and Borrower, and (v) a certain Trademark Collateral Security Agreement, dated the date hereof made by Borrower in favor of FINOVA (the "Agreements"); and


WHEREAS, pursuant to the Agreements, Borrower is granting to FINOVA a security interest in the Marks, the goodwill symbolized by the Marks, and the registrations and applications therefor.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Borrower does hereby assign unto FINOVA and grant to FINOVA a security interest in and to the Marks, together with the goodwill symbolized by the Marks, and registrations and applications therefor, which assignment and security interest shall secure the Guaranty and all the Obligations as defined in the Agreements and in accordance with the terms and provisions thereof.

Borrower expressly acknowledges and affirms that the rights and remedies of FINOVA with respect to the assignment and security interest granted hereby are more fully set forth in the Agreements.

Dated: New York, New York
November 22, 1999

KLEARKNIT SALES, INC.


Name: Joseph Sweedler
Title: President


ATTEST:


Alan Rummelsburg, Secretary

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

ss.: Westport

Before me, the undersigned, on this 22 day of November, 1999, personally appeared Joseph Sweedler, to me known personally, and who being by me duly sworn, deposes and says that he is the individual who executed said instrument.


NOTARY PUBLIC
My Commission Expires: 1-31-2000

STATE OF NEW YORK)
 :
COUNTY OF NEW YORK)

ss.: *Wesport*

Before me, the undersigned, on this 22 day of November, 1999, personally appeared _____
_____ to me known personally, and who being by me duly
sworn, deposes and says that he is a Vice President of FINOVA CAPITAL CORPORATION, and that he
was authorized to sign his name thereto on behalf of said corporation.

Benito Colon

NOTARY PUBLIC
My Commission Expires: 1-31-2000

SCHEDULE A

Schedule A to a Trademark Collateral Security Agreement dated November ~~12~~ 1999, by and between **KLEARNIT SALES, INC. and FINOVA CAPITAL CORPORATION.**

Reg. No. or Application No. Mark		Country	Reg. or Filing Date
1,934,069	Pivot Rules	USA	11.7.95