

09-19-2001

Handwritten initials and a dollar sign.

Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002)

RECORDATION FORM TRADEMARK

COMMERCE lemark Office

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101848528

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

1. Name of conveying party(ies):
 Bonus Stores, Inc.
 DBA: Bill's Dollar Stores
 Factor, Inc. *09/13/01*

Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State DE
 Other _____

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

2. Name and address of receiving party(ies)
 Name: IBJ Whitehall Retail Finance
 Internal
 Address: _____
 Street Address: 45 Braintree Hill Office Park
Suite 303
 City: Braintree State: MA Zip: 02184

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

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

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: August 8, 2001

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

A. Trademark Application No.(s)
 B. Trademark Registration No.(s)
 2,352,783 897,535 1,750,211
 2,121,267 1,063,568

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
 Name: Christopher E. Kondracki
 Internal Address: _____
 Street Address: 2001 Jefferson Davis, Hwy.,
Suite 505
 City: Arlington State: VA Zip: 22202

6. Total number of applications and registrations involved: 5

7. Total fee (37 CFR 3.41).....\$ 140.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number: _____
 (Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

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.

Christopher E. Kondracki *Christopher E. Kondracki* 9/11/01
 Name of Person Signing Signature Date

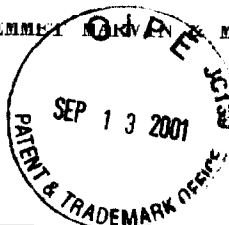
Total number of pages including cover sheet, attachments, and document: 7

09/17/2001 6TON11 00000145 2352783

Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

01 FC:481 40.00 OP
02 FC:482 100.00 OP

TRADEMARK REEL: 002369 FRAME: 0280



**TRADEMARK AND TRADEMARK
APPLICATIONS SECURITY AGREEMENT**

**IBJ Whitehall Retail Finance
AGENT**

659088.3

August 8, 2001

THIS AGREEMENT is made between

IBJ Whitehall Retail Finance (in such capacity, the "Agent"), a division of IBJ Whitehall Business Credit Corporation with offices at 45 Braintree Hill Office Park - Suite 303, Braintree, Massachusetts 02184, as agent for a syndicate of revolving credit lenders (the "Revolving Credit Lenders"

and

Bonus Stores, Inc. d/b/a Bill's Dollar Stores, a Delaware corporation with its principal executive offices at 1401 Highway 13 North, Columbia, Mississippi 39429, and Factor, Inc., a Delaware corporation with its principal executive offices at 1401 Highway 13 North, Columbia, Mississippi 39429 (jointly and severally, the "Borrower")

in consideration of the mutual covenants contained herein and benefits to be derived herefrom,

WITNESSETH:

1. **BACKGROUND:** The Agent and the Borrower have entered in a certain Loan and Security Agreement of even date (as such agreement may be modified, supplemented, amended or restated from time to time, hereinafter, the "Loan Agreement") pursuant to which a credit facility has been established in favor of the Borrower and under which the Borrower's Liabilities are to be secured by certain of the Borrower's assets, including all Marks (as defined in Section 3, below). (Terms used herein which are defined in the Loan Agreement are used as so defined).

2. **GRANT OF SECURITY INTEREST:** To secure the Liabilities, the Borrower hereby creates a security interest in favor of the Agent (for the ratable benefit of the Agent and the Revolving Credit Lenders), with power of sale (which power of sale shall be exercisable only following the occurrence of an Event of Default) in and to the following and all proceeds thereof (collectively, the "TM Collateral"):

(a) All of the Borrower's now owned or existing or hereafter acquired or arising trademarks, trademark applications, service marks, registered service marks and service mark applications including, without limitation, those listed on **EXHIBIT A** annexed hereto and made a part hereof, together with any goodwill connected with and symbolized by any such trademarks, trademark applications, service marks, registered service marks, and service mark applications.

(b) All renewals of any of the foregoing.

(c) All income, royalties, damages and payments now and hereafter due and/or

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payable under and with respect to any of the foregoing, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof.

(d) The right to sue for past, present and future infringements and dilutions of any of the foregoing.

(e) All of Borrower's rights corresponding to any of the foregoing throughout the world.

3. **PROTECTION OF MARKS BY BORROWER:** The Borrower shall undertake the following with respect to each item respectively described in Sections 2(a) and 2(b) (collectively, the "Marks"):

(a) Pay all renewal fees and other fees and costs associated with maintaining the Marks and with the processing of the Marks.

(b) At the Borrower's sole cost, expense, and risk, pursue the prompt, diligent, processing of each Application for Registration which is the subject of the security interest created herein and not abandon or delay any such efforts.

(c) At the Borrower's sole cost, expense, and risk, take any and all action which Borrower deems desirable to protect the Marks, including, without limitation, but subject to Borrower's discretion, the prosecution and defense of infringement actions.

4. **BORROWER'S REPRESENTATIONS AND WARRANTIES:** The Borrower represents and warrants that:

(a) **EXHIBIT A** includes all of the registered trademarks, Federal trademark applications, registered service marks and Federal service mark applications now owned by the Borrower.

(b) All TM Collateral is and shall remain, free and clear of all liens, Encumbrances, or security interests to any Person other than to the Agent.

(c) The Borrower shall give the Agent written notice (with reasonable detail) within Ten (10) days following the occurrence of any of the following:

(i) The Borrower's obtaining rights to, and filing applications for registration of, any new trademarks, or service marks, or otherwise acquires ownership of any newly registered trademarks, registered service marks, trademark applications, or service mark applications, (other than the Borrower's right to sell products containing the trademarks of others in the ordinary course of Borrower's business).

(ii) The Borrower's becoming entitled to the benefit of any registered trademarks, trademark applications, trademark licenses, trademark license renewals, registered service marks, service mark applications, service mark licenses or service mark license renewals whether as licensee or licensor (other than Borrower's right to sell products containing the trademarks of others in the ordinary course of Borrower's business).

(iii) The Borrower's entering into any new trademark license agreement or service mark license agreement.

5. **AGREEMENT APPLIES TO FUTURE MARKS:**

(a) The provisions of this TM Security Agreement shall automatically apply to any such additional property or rights described in 4(c), above, all of which shall be deemed to be and treated as "Marks" within the meaning of this TM Security Agreement.

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(b) The Borrower hereby authorizes the Agent to take all such action to protect the Agent's interest in and concerning any future registered trademarks, trademark applications, registered service marks and service mark applications, written notice of which is so given, *provided, however*, the Agent's taking of such action shall not be a condition to the creation or perfection of the security interest created hereby and provided further that it shall be at the Agent's expense.

6. **BORROWER'S RIGHTS TO ENFORCE MARKS:** Prior the Agent's giving of notice to the Borrower following the occurrence of an Event of Default, the Borrower shall have the exclusive right to sue for past, present and future infringement of the Marks including the right to seek injunctions and/or money damages, in an effort by Borrower to protect the Marks against encroachment by third parties, *provided, however*.

(a) The Borrower first provides the Agent with written notice of the Borrower's intention to so sue for enforcement of any Mark.

(b) Any money damages awarded or received by the Borrower on account of such suit (or the threat of such suit) shall constitute TM Collateral.

(c) Following the occurrence of any Event of Default, the Agent, by notice to the Borrower may be terminate or limit the Borrower's rights under this Section 6.

7. **AGENT'S ACTIONS TO PROTECT MARKS:** In the event of

(a) the Borrower's failure, within Five (5) days of written notice from the Agent, to cure any failure by the Borrower to perform any of the Borrower's obligations set forth in Section 3; and/or

(b) the occurrence of any Event of Default, the Agent, acting in its own name or in that of the Borrower, may (but shall not be required to) act in the Borrower's place and stead and/or in the Agents' own right in connection therewith.

8. **RIGHTS UPON DEFAULT:** Upon the occurrence of any Event of Default, the Agent may exercise all rights and remedies of a secured party upon default under the Uniform Commercial Code as adopted in Massachusetts (Massachusetts General Laws, Chapter 106), with respect to the Marks, in addition to which the Agent may sell, license, assign, transfer, or otherwise dispose of the Marks. Any person may rely upon an affidavit of an officer of the Agent that an Event of Default has occurred and that the Agent is authorized to exercise such rights and remedies.

9. **AGENT As ATTORNEY IN FACT:**

(a) The Borrower hereby irrevocably constitutes and designates the Agent as and for the Borrower's attorney in fact, effective following the occurrence of any Event of Default and the commencement of the enforcement by the Agent of its Rights and Remedies:

(i) To exercise any of the rights and powers referenced in Sections 3 and 5(b).

(ii) To execute all such instruments, documents, and papers as the Agent determines to be appropriate in connection with the exercise of such rights and remedies and to cause the sale, license, assignment, transfer, or other disposition of the Marks.

(b) The within grant of a power of attorney, being coupled with an interest, shall be irrevocable until this Agreement is terminated by a duly authorized officer of the Agent.

(c) The Agent shall not be obligated to do any of the acts or to exercise any of the powers authorized by Section 9(a) herein, but if the Agent elects to do any such act or to exercise any of

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such powers, it shall not be accountable for more than it actually receives as a result of such exercise of power, and shall not be responsible to the Borrower for any act or omission to act except for any act or omission to act as to which there is a final determination made in a judicial proceeding (in which proceeding the Agent has had an opportunity to be heard) which determination includes a specific finding that the subject act or omission to act had been grossly negligent or in actual bad faith.

10. AGENT'S RIGHTS:

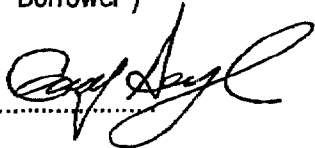
(a) Any use by the Agent of the Marks, as authorized hereunder in connection with the exercise of the Agent' rights and remedies under this Agreement and under the Loan Agreement shall be coextensive with the Borrower's rights thereunder and with respect thereto and without any liability for royalties or other related charges.

11. INTENT: It is intended that this Agreement supplement the Loan Agreement. All provisions of the Loan Agreement shall apply to the Marks. The Agent shall have the same rights, remedies, powers, privileges and discretions, with respect to the security interests created in the TM Collateral as in all other Collateral. In the event of a conflict between this Agreement and the Loan Agreement, the terms of this Agreement shall control with respect to the TM Collateral and the Loan Agreement with respect to all other Collateral.

12. CHOICE OF LAWS: It is intended that this Agreement take effect as a sealed instrument and that all rights and obligations hereunder, including matters of construction, validity, and performance, shall be governed by the laws of The Commonwealth of Massachusetts.

IN WITNESS WHEREOF, the Borrower and the Agent respectively have caused this Agreement to be executed by their respective duly authorized officers as of the date first above written.

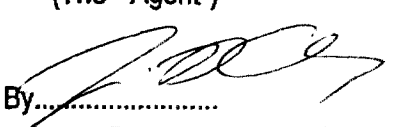
FACTOR, INC
(The "Borrower")

By.....

Name.....

Title.....

IBJ WHITEHALL RETAIL FINANCE
(The "Agent")

By.....

Name..... FRANCIS D. O'Leary

Title..... Senior Vice President

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BONUS STORES, INC.
d/b/a BILL'S DOLLAR STORES

By [Signature]
Name.....

Title.....

THE STATE OF MISSISSIPPI
COUNTY OF MARION, SS

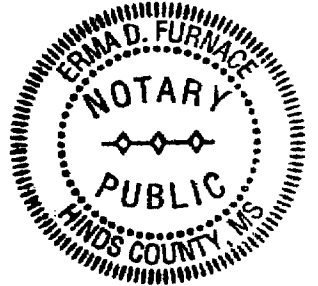
Then personally appeared before me Guy Heyl who acknowledged that such person is the duly authorized Assistant Secretary of Factor, Inc. and that such person had executed the foregoing instrument on its behalf.

Witness my hand and seal this 8th day of AUG., 2001

MISSISSIPPI STATEWIDE NOTARY PUBLIC
MY COMMISSION EXPIRES APRIL 1, 2005
BONDED THROUGH STEGAL NOTARY SERVICE

Erma D. Furnace

, Notary Public
My Commission Expires:



THE STATE OF MISSISSIPPI
COUNTY OF MARION, SS

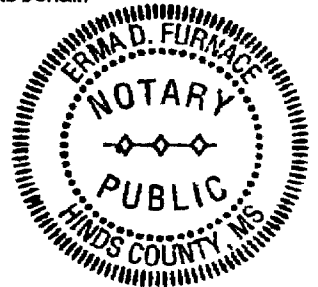
Then personally appeared before me Guy Heyl who acknowledged that such person is the duly authorized Secretary of Bonus Stores, Inc. dba Bill's Dollar Store and that such person had executed the foregoing instrument on its behalf.

Witness my hand and seal this 8th day of AUG., 2001

MISSISSIPPI STATEWIDE NOTARY PUBLIC
MY COMMISSION EXPIRES APRIL 1, 2005
BONDED THROUGH STEGAL NOTARY SERVICE

Erma D. Furnace

, Notary Public
My Commission Expires:



THE OF
COUNTY OF

Then personally appeared before me, who acknowledged that such person is the duly authorized of IBJ Whitehall Retail Finance and that such person executed the foregoing instrument on its behalf.

Witness my hand and seal this ...day of

, Notary Public
My Commission Expires:

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EXHIBIT A

Borrower's now owned or existing or hereafter acquired or arising registered service marks and Federal service mark applications, registered trademarks, and Federal trade mark applications:

Trademark/Service Mark Registrations

<u>SERVICE MARK</u>	<u>U.S. REGISTRATION NUMBER</u>	<u>REGISTRATION DATE</u>
Bill's Dollar Store (typed drawing)	2352783	May 23, 2000
Bill's Dollar Store (design and words)	2121267	December 16, 1997
Bill's Dollar Store's (stylized)	0897535	August 25, 1970
Bill's (typed drawing)	1063568	April 12, 1977

TRADEMARK U.S. REGISTRATION NUMBER REGISTRATION DATE

Pearl River Clothing Co. (design and words)	1750211	February 2, 1993
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Trademark Applications

MARK SERIAL NUMBER FILING DATE

None

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