



05-15-2002



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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

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

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

1. Name of conveying party(ies):
DL Industries, LP

5-10-02

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

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

2. Name and address of receiving party(ies)
Name: The CIT Group/Business Credit, Inc.
Internal Address: Suite 200
Street Address: 5420 LBJ Freeway
City: Dallas State: TX Zip: 75240

Individual(s) citizenship
 Association
 General Partnership
 Limited Partnership
 Corporation-State New York
 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
 Collateral Security Agreement Change of Name
 Other

Execution Date: February 14, 2002

4. Application number(s) or registration number(s):
 A. Trademark Application No.(s)
 B. Trademark Registration No.(s)
2,026,929
 Additional number(s) attached Yes No **See Schedule A**

6. Total number of applications and registrations involved: 3

5. Name and address of party to whom correspondence concerning document should be mailed:
 Name: Michael T. Platt, Esq.
William G. Bentz, Esq.
 Internal Address: PATTON BOGGS LLP
 Street Address: 2550 M Street, N.W.
 City: Washington State: DC Zip: 20037

7. Total fee (37 CFR 3.41).....\$ 90
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
50-0709
 (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.

William G. Bentz *William G. Bentz* May 10, 2002
 Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and document: 13

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

05/14/2002 TDIAZI 00000114 500709 2026929
 01 FC:481 40.00 CH
 02 FC:482 50.00 CH

TRADEMARK
REEL: 002505 FRAME: 0291

SCHEDULE A

Schedule A to a Trademark Collateral Security Agreement dated as of February __, 2002, by and between DL INDUSTRIES, LP, and THE CIT GROUP/BUSINESS CREDIT, INC.

Reg. No. or Application No.	Mark	Registration Filing Date
<u>United States</u>		
2,015,702	DAN-LOC	11/12/96
2,026,929	DAN-LOC	12/31/96
1,756,432	Mark and Design	11/03/98
<u>Canada</u>		
806136	DAN-LOC	02/12/97
806135	DAN-LOC	02/21/97
<u>Europe</u>		
000082255		05/27/98
000082289		01/23/98

TRADEMARK COLLATERAL SECURITY AGREEMENT

THIS TRADEMARK COLLATERAL SECURITY AGREEMENT is made as of the 14th day of February, 2002, by and between DL INDUSTRIES, LP, a Texas limited partnership having a mailing address at 725 N. Drennan St., Houston, Texas 77003 ("Debtor"), and THE CIT GROUP/BUSINESS CREDIT, INC., a New York corporation having a mailing address at 5420 LBJ Freeway, Suite 200, Dallas, Texas 75240 ("Lender") or such other place as Lender may designate to Debtor.

BACKGROUND

Lender has entered into a Financing Agreement with Debtor, dated as of the date hereof (the "Loan Agreement"), which provides for certain credit accommodations from Lender to Debtor. In order to induce Lender to provide the credit accommodations set forth in the Loan Agreement, Debtor agreed to execute and deliver to Lender this Trademark Collateral Security Agreement ("Security Agreement"). This Security Agreement is being executed in connection with the Loan Agreement under which Lender is granted a lien on and security interest in the Trademarks (as hereinafter defined), whereby Lender shall have the right to foreclose simultaneously on the Trademarks in the event of the occurrence and continuance of a default hereunder or an Event of Default under the Loan Agreement.

NOW, THEREFORE, in consideration of the premises, Debtor and Lender hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, terms defined in the Loan Agreement shall have their defined meanings when used herein and the following terms shall have the following meanings, 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 Texas.

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

"Licenses" shall mean the trademark license agreements of Debtor designated on Schedule B 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 9-102 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 Debtor 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 Debtor 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.

"Secured Obligations" shall mean (i) all Obligations (as such term is defined in the Loan Agreement), (ii) all other indebtedness, liabilities and other obligations of Debtor to Lender now or hereafter existing under the Loan Agreement and the other Loan Documents (including, without

limitation, this Security Agreement), and (iii) all extensions, renewals, modifications, increases and replacements of the forgoing.

“Security Agreement” shall mean this Trademark Collateral 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 Debtor, 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, all whether now owned or hereafter acquired by Debtor, and all associated goodwill with the foregoing.

2. Grant of Security Interest. As collateral for the prompt payment of the Secured Obligations, Debtor hereby grants and conveys to Lender a security interest in and to (a) Debtor’s entire right, title and interest in and to the Trademarks; (b) any damages or proceeds arising from a third party’s unlawful use of any Trademark, and all Debtor’s rights pertaining thereto, including the right to sue for past, present or future infringements; and (c) Debtor’s entire right, title and interest in and to 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 Debtor 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 Section 2 is hereinafter collectively called the “Collateral.”

3. Representations and Warranties. Debtor 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 in whole or in part;

(b) To the best of Debtor’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) Debtor 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 Debtor not to sue third persons), except for the Licenses referred to in Schedule B attached hereto;

(e) Debtor has the right to enter into this Security Agreement and perform its terms;

(f) Debtor has used, and will continue to use for the duration of this Security Agreement, proper statutory notice, where appropriate, in connection with its use of the Trademarks; and

(g) Debtor 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. Debtor hereby grants to Lender and its employees and agents the right to visit Debtor'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. Debtor shall use its best efforts to do any and all acts required by Lender to ensure Debtor's compliance with Section 3(g) above.

5. New Trademarks. If, before the Secured Obligations shall have been paid in full, Debtor shall obtain title to any new trademarks or become entitled to the benefit of any trademark application, the provisions of Section 2 shall automatically apply thereto and Debtor shall give Lender prompt written notice thereof. Debtor grants Lender a power-of-attorney, irrevocable so long as the Loan Agreement is in existence, to modify this Security Agreement by amending Schedule A to include any such new trademarks or trademark applications covered by this Security Agreement.

6. Covenants. Debtor covenants and agrees with Lender that from and after the date of this Security Agreement and until the Secured Obligations are fully satisfied:

(a) Further Documentation; Pledge of Instruments. At any time and from time to time, upon the written request of Lender, Debtor will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as Lender 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. Debtor also hereby authorizes Lender to file any such financing or continuation statement without the signature of Debtor 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 Lender hereunder, duly endorsed in a manner satisfactory to Lender.

(b) Maintenance of Trademarks. Debtor will not do any act, or omit to do any act, where good business judgment dictates otherwise whereby the Trademarks may become abandoned, invalidated, unenforceable, avoided, avoidable, or will otherwise diminish in value, and shall notify Lender immediately if it knows of any reason or has reason to know of any ground under which this result may occur. Debtor shall take appropriate action at its expense, where good business judgment calls for the same, 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 B.

(c) Indemnification. (A) Debtor assumes all responsibility and liability arising from the use of the Trademarks, and Debtor hereby indemnifies and holds Lender harmless from and against any claim, suit, loss, damage or expense (including reasonable attorneys' fees) arising out of Debtor's operations of its business from the use of the Trademarks. (B) In any suit, proceeding or action brought

by Lender under any License for any sum owing thereunder, or to enforce any provisions of such License, Debtor will indemnify and hold Lender 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 Debtor 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 Debtor, and all such obligations of Debtor shall be and remain enforceable against and only against Debtor and shall not be enforceable against Lender.

(d) Limitation of Liens on Collateral. Except for liens granted in favor of Lender, Debtor 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 Lender in and to any of Debtor'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. Debtor will not (i) amend, modify, terminate (other than in accordance with its terms) 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, (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), or (iii) fail to deliver to Lender 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. Debtor will advise Lender 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. Debtor 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 Lender.

7. Lender's Appointment as Attorney-in-Fact.

(a) Debtor hereby irrevocably constitutes and appoints Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtor and in the name of Debtor or in its own name, from time to time in Lender's discretion, for the sole purpose 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 Lender the power and right, on behalf of Debtor, to do the following upon the occurrence and continuance of an Event of Default:

(i) 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 Debtor 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 Lender 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 (the Debtor understands and agrees that Lender has the right to pay certain liens or taxes placed on or threatened against the Collateral under the terms of the Loan Agreement) ; and

(iii) (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 Lender or as Lender 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 Debtor 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 Lender 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 Lender were the absolute owner thereof for all purposes, and to do, at Lender's option all acts and things which Lender deems necessary to protect, preserve or realize upon the Collateral and Lender's security interest therein, in order to effect the intent of this Security Agreement, all as fully and effectively as Debtor might do.

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

(b) The powers conferred on Lender hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender 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 Debtor for any act or failure to act, except for its own gross negligence or willful misconduct.

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

8. Execution of Power of Attorney. Concurrently with the execution and delivery hereof, Debtor is executing and delivering to Lender, in the form of Schedule C hereto, ten (10) originals of a Power of Attorney for the implementation of the assignment, sale or other disposal of the Trademarks pursuant to Section 7 hereof.

9. Performance by Lender of Debtor's Obligations. If Debtor fails to perform or comply with any of its agreements contained herein and Lender, 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 Lender incurred in connection with such performance or compliance shall be payable by Debtor to Lender on demand and shall constitute Secured Obligations.

10. Remedies, Rights Upon Event of Default.

(a) If an Event of Default shall occur and be continuing:

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

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

(b) If any Event of Default shall occur and be continuing, Lender 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 Secured Obligations, all rights and remedies of a secured party under the Code. Debtor 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 Lender is entitled. Debtor shall also be liable for the reasonable fees of any attorneys employed by Lender to collect any such deficiency and also as to any reasonable attorney's fees incurred by Lender with respect to the collection of any of the Secured Obligations and the enforcement of any of Lender's respective rights hereunder.

11. Termination. At such time as Debtor shall completely pay in full all of the Secured Obligations and the Loan Agreement is terminated, this Security Agreement shall terminate and Lender shall execute and deliver to Debtor all such releases, deeds, assignments and other instruments as may be necessary or proper to re-vest in Debtor full title to the Collateral, subject to any disposition thereof which may have been made by Lender pursuant hereto.

12. Notices. Any notice to Lender shall be deemed to have been duly given when deposited in the mail, first class, postage prepaid, addressed to Lender at 5420 LBJ Freeway, Suite 200, Dallas, Texas 75240, Attention: Regional Credit Manager. Any notice to Debtor hereunder shall be deemed to have been duly given when deposited in the mail, first class postage prepaid, addressed to Debtor at 725 N. Drennan St., Houston, Texas 77003, Attention: Harold G. Fendrich.

13. No Waiver. 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 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 Lender's rights and remedies with respect to the Collateral, whether established hereby or by the Loan 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 Security 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 Sections 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 Texas.

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SCHEDULE B

None.

Schedule B

009265.0100:185209.03

RECORDED: 05/10/2002

**TRADEMARK
REEL: 002505 FRAME: 0301**