

Form PTO-1594
(Rev. 10/02)
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**RECORDATION FORM COVER SHEET
TRADEMARKS ONLY**

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

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

1. Name of conveying party(ies):

Baird & Warner Holding Company

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

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

3. Nature of conveyance:

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

Execution Date: 8/29/03

2. Name and address of receiving party(ies)

Name: LASALLE BANK NATIONAL ASSOCIATION

Internal

Address: _____

Street Address: 135 SOUTH LASALLE STREET

City: CHICAGO State: IL Zip: 60603

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

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

A. Trademark Application No.(s) _____

B. Trademark Registration No.(s) 2740981, 2677086,
2677087, 2658707, 2651198, 2645200

Additional number(s) attached Yes No

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

Name: JENNIFER KLEMZ

Internal Address: LOWIS & GELLEN

Street Address: 200 WEST ADAMS, SUITE 1900

City: CHICAGO State: IL Zip: 60606

6. Total number of applications and registrations involved: 9

7. Total fee (37 CFR 3.41).....\$ 240.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number: _____

DO NOT USE THIS SPACE

9. Signature.

JENNIFER KLEMZ

Name of Person Signing

Jennifer Klemz
Signature

5/27/04

Date

Total number of pages including cover sheet, attachments, and document: 2

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

Additional Trademark Registration Numbers:

- 2621079
- 2531745
- 1952529

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (the "Security Agreement") made as of this 29th day of August, 2003, by Baird & Warner Holding Company, an Illinois corporation ("**Grantor**") in favor of LaSalle Bank National Association, with an office at 135 South LaSalle Street, Suite 425, Chicago, Illinois 60603 ("**Lender**");

W I T N E S S E T H

WHEREAS, Warner Investment Company, Inc. formerly known as Kenilworth, Inc., Baird & Warner Real Estate, Inc., and Baird & Warner Residential Sales, Inc., all Illinois corporations (hereinafter, together with Grantor, collectively referred to as "**Borrowers**"), Grantor and Lender are parties to a certain Amended and Restated Loan and Security Agreement of even date herewith (as amended, amended and restated or otherwise modified from time to time, the "**Loan Agreement**") and other related loan documents of even date herewith (collectively, with the Loan Agreement, and as each may be amended or otherwise modified from time to time, the "**Financing Agreements**"), which Financing Agreements provide (i) for Lender to, from time to time, extend credit to or for the account of Borrowers and (ii) for the grant by Grantor to Lender of a security interest in certain of Grantor's assets, including, without limitation, its trademarks and trademark applications;

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Grantor agrees as follows:

1. Incorporation of Financing Agreements. The Financing Agreements and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All terms capitalized but not otherwise defined herein shall have the same meanings herein as in the Loan Agreement.

2. Grant and Reaffirmation of Grant of Security Interests. To secure the complete and timely payment and satisfaction of the Liabilities, Grantor hereby grants to Lender, and hereby reaffirms its prior grant pursuant to the Financing Agreements of, a continuing security interest in Grantor's entire right, title and interest in and to all of its now owned or existing and hereafter acquired or arising trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all registrations and recordings thereof, and all applications (other than applications to register any trademark, service mark or other mark prior to the filing under applicable law of a verified statement of use (or the equivalent thereof) for such trademark, service mark or other mark to the extent creation of such security interest therein or grant of mortgage thereon would void or invalidate such trademark, service mark or other mark) in connection therewith, including, without limitation, the trademarks and applications listed on Schedule A attached hereto and made a part hereof and the trademarks, and renewals thereof, and all income, royalties, damages and payments now or hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "**Trademarks**"); all rights corresponding to any of the foregoing throughout the world and the goodwill of the Grantor's business connected with the use of and symbolized by the Trademarks.

3. Warranties and Representations. Grantor warrants and represents to Lender that:

(i) no Trademark has been adjudged invalid or unenforceable by a court of competent jurisdiction nor has any such Trademark been cancelled, in whole or in part and each such Trademark is presently subsisting;

(ii) Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each Trademark, free and clear of any liens, charges and encumbrances, including without limitation, shop rights and covenants by Grantor not to sue third persons;

(iii) Grantor has no notice of any suits or actions commenced or threatened with reference to any Trademark; and

(iv) Grantor has the unqualified right to execute and deliver this Security Agreement and perform its terms.

4. Restrictions on Future Agreements. Grantor agrees that until Borrowers' Liabilities shall have been satisfied in full and the Financing Agreements shall have been terminated, Grantor shall not, without the prior written consent of Lender, sell or assign its interest in any Trademark or enter into any other agreement with respect to any Trademark which would affect the validity or enforcement of the rights transferred to Lender under this Security Agreement.

5. New Trademarks. Grantor represents and warrants that, based on a diligent investigation by Grantor, the Trademarks listed on Schedule A constitute all of the federally registered Trademarks, and federal applications for registration of Trademarks (other than "intent to use" applications until a verified statement of use is filed with respect to such applications) now owned by Grantor. If, before Borrowers' Liabilities shall have been satisfied in full or before the Financing Agreements have been terminated, Grantor shall (i) become aware of any existing Trademarks of which Grantor has not previously informed Lender, or (ii) become entitled to the benefit of any Trademarks, which benefit is not in existence on the date hereof, the provisions of this Security Agreement above shall automatically apply thereto and Grantor shall give to Lender prompt written notice thereof. Grantor hereby authorizes Lender to modify this Security Agreement by amending Schedule A to include any such Trademarks.

6. Term. The term of this Security Agreement shall extend until the Borrowers' Liabilities have been paid in full and the Lender has no ongoing obligation to make or consider making any Loans under the Loan Agreement. Grantor agrees that upon the occurrence of an Event of Default, the use by Lender of all Trademarks shall be without any liability for royalties or other related charges from Lender to Grantor.

7. Product Quality. Grantor agrees to maintain the quality of any and all products in connection with which the Trademarks are used, consistent with commercially reasonable business practices. Upon the occurrence of an Event of Default, Grantor agrees that Lender, or a conservator appointed by Lender, shall have the right to establish such additional product quality controls as Lender, or said conservator, in its reasonable judgment, may deem necessary to assure maintenance of the quality of products sold by Grantor under the Trademarks.

8. Release of Security Agreement. This Security Agreement is made for collateral purposes only. At such time as the Borrowers' Liabilities have been paid in full and the

Lender has no ongoing obligation to make or consider making any Loans under the Loan Agreement, Lender shall take such actions as may be necessary or proper to terminate the security interests created hereby and pursuant to the Financing Agreements

9. Expenses. All expenses incurred in connection with the performance of any of the agreements set forth herein shall be borne by Grantor. All fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, incurred by Lender in connection with the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, reasonable counsel fees, maintenance fees, encumbrances or otherwise in protecting, maintaining or preserving the Trademarks or in defending or prosecuting any actions or proceedings arising out of or related to the Trademarks shall be borne by and paid by Grantor and until paid shall constitute Liabilities.

10. Duties of Grantor. Grantor shall have the duty (i) to file and prosecute diligently any trademark applications pending as of the date hereof or hereafter until Borrowers' Liabilities shall have been paid in full and the Financing Agreements have been terminated, (ii) to preserve and maintain all rights in the Trademarks, as commercially reasonable and (iii) to ensure that the Trademarks are and remain enforceable, as commercially reasonable. Any expenses incurred in connection with Borrowers' Liabilities under this Section 10 shall be borne by Grantor.

11. Lender's Right to Sue. After an Event of Default, Lender shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Trademarks and, if Lender shall commence any such suit, Grantor shall, at the request of Lender, do any and all lawful acts and execute any and all proper documents required by Lender in aid of such enforcement and Grantor shall promptly, upon demand, reimburse and indemnify Lender for all reasonable costs and expenses incurred by Lender in the exercise of its rights under this Section 11.

12. Waivers. No course of dealing between Grantor 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 Financing Agreements 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.

13. 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.

14. Modification. This Security Agreement cannot be altered, amended or modified in any way, except as specifically provided in Section 5 hereof or by a writing signed by the parties hereto.

15. Cumulative Remedies; Power of Attorney; Effect on Financing Agreements. All of Lender's rights and remedies with respect to the Trademarks, whether established hereby or by the Financing Agreements, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Grantor hereby authorizes Lender upon the occurrence of an Event of Default, to make, constitute and appoint any officer or agent of Lender as Lender may select, in its sole discretion, as Grantor's true and lawful attorney-in-fact, with power to (i) endorse Grantor's name on all applications, documents, papers and instruments necessary or desirable for Lender in the use of the Trademarks or (ii) take any other actions with respect to the Trademarks as

Lender deems to be in the best interest of Lender, or (iii) grant or issue any exclusive or non-exclusive license under the Trademarks to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone. Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until Borrowers' Liabilities shall have been paid in full and the Financing Agreements have been terminated. Grantor acknowledges and agrees that this Security Agreement is not intended to limit or restrict in any way the rights and remedies of Lender under the Financing Agreements but rather is intended to facilitate the exercise of such rights and remedies. Lender shall have, in addition to all other rights and remedies given it by the terms of this Security Agreement and the Financing Agreements, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in Illinois.

16. Binding Effect; Benefits. This Security Agreement shall be binding upon Grantor and its respective successors and assigns, and shall inure to the benefit of Lender, its successors, nominees and assigns.

17. Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the State of Illinois and applicable federal law.

18. Headings. Paragraph headings used herein are for convenience only and shall not modify the provisions which they precede.

19. Further Assurances. Grantor agrees to execute and deliver such further agreements, instruments and documents, and to perform such further acts, as Lender shall reasonably request from time to time in order to carry out the purpose of this Security Agreement and agreements set forth herein.

20. Survival of Representations. All representations and warranties of Grantor contained in this Security Agreement shall survive the execution and delivery of this Security Agreement and shall be remade on the date of each borrowing under the Financing Agreements.

IN WITNESS WHEREOF, Grantor has duly executed this Security Agreement as of the date first written above.

BAIRD & WARNER HOLDING COMPANY

By [Signature]
Its Senior Vice President / Treasurer

Agreed and Accepted
As of the Date First Written Above
LASALLE BANK NATIONAL
ASSOCIATION

By [Signature]
Its VP

ACKNOWLEDGMENT

STATE OF IL)
) SS
COUNTY OF Cook

I, Margaret Cabello, a Notary Public in and for and
residing in said County and State, DO HEREBY CERTIFY THAT
Martin & Bozarth and _____, the Treasurer, and
SR. V.P. & CFO of Baird & Warner Holding Company, personally
known to me to be the same persons whose names are subscribed to the
foregoing instrument, appeared before me this day in person and acknowledged
that they signed and delivered said instrument as their own free and voluntary
act and as the free and voluntary act of said corporation for the uses and
purposes therein set forth.

GIVEN under my hand and notarial seal this 29th day of August,
2003.

Margaret Cabello
Notary Public

My Commission Expires:

5/28/07



ACKNOWLEDGMENT

STATE OF)
) SS
COUNTY OF Will)

I, Ronald J. Dawson, a Notary Public in and for and
residing in said County and State, DO HEREBY CERTIFY THAT
Fronc E. Piskczes, the V.P. of LaSalle Bank
National Association, personally known to me to be the same person whose
name is subscribed to the foregoing instrument, appeared before me this day in
person and acknowledged that he signed and delivered said instrument as his
own free and voluntary act and as the free and voluntary act of said bank for the
uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 29th day of August,
2003.

Ronald J. Dawson
Notary Public

OFFICIAL SEAL
RONALD J DAWSON
NOTARY PUBLIC, STATE OF ILLINOIS
My Commission Expires 8/5/05

My Commission Expires:
8/6/05

SCHEDULE A**TRADEMARK REGISTRATIONS**

<u>Trademark Description</u>	<u>U.S. Serial/Registration No.</u>	<u>Date Registered</u>
Advertising Mark	76145892/2740981	07/29/2003
Advertising Mark	76330927/2677086	01/21/2003
Advertising Mark	76330932/2677087	01/21/2003
Advertising Mark	76305213/2658707	12/10/2002
Advertising Mark	76145899/2651198	11/19/2002
Advertising Mark	76145896/2645200	11/05/2002
Advertising Mark	76330931/2621079	09/17/2002
Advertising Mark	76145895/2531745	01/22/2002
Advertising Mark	74558498/1952529	01/30/1996

TRADEMARK APPLICATIONS

<u>Trademark Application Description</u>	<u>U.S. Application No.</u>	<u>Date Applied</u>
None		