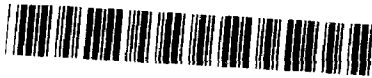


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OCT 27 2005

Form PTO-1594 (Rev. 07/05)
OMB Collection 0651-0027 (exp. 6/30/2008)

103117208

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

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies):

Paper House Productions, Inc.

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

Citizenship (see guidelines)

Additional names of conveying parties attached? Yes No

3. Nature of conveyance /Execution Date(s) :

Execution Date(s) 10/24/05

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

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? Yes No

Name: T.D. Banknorth, N.A.

Internal

Address:

Street Address: 191 Orange Street

City: New Haven

State: Connecticut

Country: USA Zip: 06510

Association Citizenship

General Partnership Citizenship

Limited Partnership Citizenship

Corporation Citizenship

Other Citizenship

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)

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

(See attached)

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

See attached

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

Name: T.D. Banknorth, N.A.

Internal Address:

Street Address: 191 Orange Street

City: New Haven

State: Connecticut Zip: 06510

Phone Number: (203) 752-3912

Fax Number: (203) 641-3412

Email Address: william.creaser@TDBanknorth.com

6. Total number of applications and registrations involved:

12 Registrations

7. Total fee (37 CFR 2.8(b)(6) & 3.41) \$ 315.-

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

8. Payment information:

a. Credit Card Last 4 Numbers _____
Expiration Date _____

b. Deposit Account 15718/2000 DWELLER 00000002 2290073

Authorized 01 US-0521 me 40.00 DP
82 EC:A522 275.00 OP

9. Signature: Donald A. Guidi

Signature

10/24/05
Date

Donald A. Guidi

Name of Person Signing

Total number of pages including cover sheet, attachments, and document: 11

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

4 (b) Trademark Numbers

TRADEMARK	Reg. No.	Goods Covered	International Class	Registered
Paper House	2,298,073	Note Cards and Sculptures made of Note Cards	16	12/7/1999
Image of House	2,298,074	Note Cards	16	12/7/1999
Paper House Productions	2,292,722	Note Cards	16	11/16/1999
Image of House	2,347,096	Stickers	16	5/2/2000
Image of House	2,345,364	Decorative Magnets	9	4/25/2000
Belle Fleur Requests	2,596,118	Invitations	16	7/16/2002
Paper House Panoramic Photocard	2,622,353	Greeting Card	16	9/17/2002
Reflections	2,093,976	Photographic Notecards	16	9/9/1997
ClipMark Image	2,525,679	Bookmarks	16	1/1/2002
Paper House Magnet	2,321,028	Decorative Magnets	9	2/22/2000
Paper House Productions Magnet	2,235,809	Magnets	9	3/30/1999
Sticypix	2,014,026	Diecut Photographic Stickers	16	11/5/1996
No applications are pending.				

TRADEMARK SECURITY AGREEMENT

AGREEMENT made October 24, 2005, between **PAPER HOUSE PRODUCTIONS, INC.**, a Delaware corporation (the "**Borrower**") with an office located at 1760 Glasco Turnpike, Woodstock, New York 12498; and **TD BANKNORTH, N.A.**, a national banking association with an office located at 191 Orange Street, New Haven, Connecticut 06510 (the "**Lender**").

Recitals

A. Pursuant to the Commercial Revolving Loan and Security Agreement of this date (the "**Loan Agreement**") between the Lender and the Borrower and all other Loan Documents" as defined in the Loan Agreement, the Lender is extending to the Borrower a \$1,500,000 commercial revolving loan facility (the "**Loan**").

B. The Borrower agrees that payment of the Loan and the performance of any other obligations of the Borrower to the Lender pursuant to the Loan Documents or any other obligations of the Borrower to the Lender, whether now existing or hereafter arising, (collectively, the "**Obligations**"), are to be secured by, among other things, the security interests created hereby.

Agreement

In consideration of the Recitals, which are incorporated by reference, other good and valuable consideration, the receipt and sufficiency of which are acknowledged, and the terms and conditions contained herein, the parties, intending to be bound legally, agree as follows:

1. **Grant of Security Interest.** To secure payment and performance of the Obligations, the Borrower pledges, assigns and grants to the Lender a continuing security interest in and lien on:

(a) all of those trademarks listed on the attached Schedule "A", the United States and foreign country registrations therefor, if any, and the goodwill and other rights associated therewith whether or not the same are registered with any governmental entity (collectively, the "**Trademarks**"),

(b) all common law rights to the Trademarks,

(c) the right to sue in the Lender's own name or joined with the Borrower, for past, present or future infringements thereof,

(d) all reissues, renewals and extensions thereof,

(e) all rights corresponding to any of the foregoing throughout the world,

(f) all whether now existing or hereafter arising,

(g) all rights and interest of the Borrower pursuant to licensing or other contracts with

third parties in favor of the Borrower pertaining to the Trademarks, to the extent permitted by such licensing or other contracts and, if not so permitted, then only with the consent of such third parties, and

(h) all proceeds of any of the foregoing, including, without limitation, license royalties and proceeds of infringement suits (collectively, including the Trademarks, the "Collateral").

Without limiting the generality of the foregoing, the Borrower further grants, assigns and conveys to the Lender an exclusive license under and to the Collateral for the purpose of enforcing all of the Lender's rights and remedies under this Agreement and the Loan Documents. Any right to sue shall be discretionary and not an obligation of the Lender.

2. Covenants and Warranties of the Borrower. The Borrower covenants and warrants that:

(a) Schedule "A" represents a true and complete list of all Trademarks and Trademark applications in which the Borrower claims an ownership interest;

(b) the Trademarks are subsisting and have not been adjudged invalid or unenforceable, in whole or in part;

(c) to the best of the Borrower's knowledge, each of the Trademarks is valid and enforceable;

(d) the 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, security interests, or to the best of the Borrower's knowledge, infringements of any nature whatsoever;

(e) the Borrower is not aware of any claim by any third party against any of the Collateral, including without limitation, claims that the Collateral is invalid or unenforceable or infringes on the rights of others;

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

(g) the Borrower shall not permit or suffer to exist any lien or security interest upon the Collateral, except for the security interest granted herein;

(h) the Borrower will warrant and defend the title to the Collateral and the lien of the Lender therein against all claims of all persons;

(i) upon making the filings referred to below, the Lender will have a valid and perfected security interest under the laws of the United States and the states enumerated below with

respect to so much of the Collateral as is subject to perfection of security interests under such laws;

(j) except for the filing of a financing statement with the Secretary of State of the State of Connecticut under the Uniform Commercial Code and the filing of this Agreement with the United States Patent and Trademark Office, no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for (i) the grant by the Borrower of the security interest granted hereby, (ii) the delivery or performance by the Borrower of this Agreement, or (iii) the perfection of or the exercise by the Lender of its rights and remedies with respect to the Trademarks;

(k) the Borrower will maintain and preserve such lien so long as this Agreement shall remain in full force and effect; and

(l) until the Obligations have been satisfied in full, the Borrower will not enter into any agreement which is inconsistent with this Agreement.

3. Additional Trademarks. If, before the Obligations shall have been satisfied in full, the Borrower shall obtain ownership rights to any new Trademarks, whether or not the same are registered with any governmental entity or become entitled to the benefit of any Trademark application or any reissue, renewal or extension of any Trademark, the Borrower shall give to the Lender prompt notice thereof in writing and the provisions of this Agreement shall apply thereto.

4. Modifications. The Borrower authorizes the Lender to modify this Agreement by amending Schedule "A" to include any renewals, extensions or additions to any Trademark utilized by the Borrower or applied for or obtained hereafter and any renewals, extensions, or additions thereto and any improvements thereon.

5. Trademark Applications, Trademark Maintenance. The Borrower shall, in accordance with its best business judgment (a) diligently prosecute all Trademark applications now or hereafter included in the Trademarks, and (b) maintain in effect all Trademarks now or hereafter included in the Trademarks; provided that the Borrower, upon written notice to the Lender, shall have the right, in the exercise of its reasonable business judgment, to discontinue the prosecution of any Trademark application and/or permit any Trademark to lapse for failure to pay a maintenance fee when due.

6. Events of Default. An Event of Default shall mean (i) failure of the Borrower to fully comply with any of the terms contained herein, or (ii) the occurrence of any Event of Default under the Loan Agreement, as such term is defined therein, which definition is incorporated herein by reference.

7. Remedies. If one or more Events of Default shall have occurred, the Lender shall have, in addition to all other rights and remedies given it by this Agreement and the Loan Documents, 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 Collateral may be located. All of the Lender's rights and remedies with respect to the Collateral, whether established hereby or by the Loan Documents, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently.

8. **Additional Rights of the Lender.** After the occurrence of an Event of Default, the Lender shall have the right, but shall not be obligated, to bring suit in its own name to enforce its rights in the Collateral and any license thereunder, in which event the Borrower shall at the request of the Lender do all lawful acts and execute all proper documents required by the Lender in aid of such enforcement and the Borrower shall promptly, upon demand, reimburse and indemnify the Lender for all costs and expenses reasonably incurred by the Lender in the exercise of its rights under this Agreement including, but not limited to, reasonable attorneys' fees.

9. **No Waiver.** No failure on the part of the Lender to exercise, and no delay in exercising any right, remedy or power hereunder shall operate as a waiver thereof, and any single or partial exercise by the Lender of any right, remedy or power hereunder shall not preclude any other or future exercise of any other right, remedy or power. Each and every right, remedy and power granted to the Lender or allowed it by law or other agreement, shall be cumulative and not exclusive the one of any other, and may be exercised by the Lender from time-to-time.

10. **Further Assurances; Filing.** The Borrower agrees to execute and deliver to the Lender Uniform Commercial Code financing statements and such other documents, instruments, and supplemental security agreements as the Lender may deem necessary, proper or desirable in obtaining the benefits of this Agreement. In the event the Borrower does not provide the Lender with such statements within five (5) business days after the same are requested, the Borrower authorizes the Lender to effect any filing or recording of any such financing statement or statements relating to the Collateral or amendments thereto without the signature of the Borrower, and appoints the Lender as its attorney-in-fact to execute any such financing or other statements in the name of the Borrower, and to perform all other acts which the Lender deems appropriate to perfect and continue the security interest in, and to protect and preserve, the Collateral.

11. **Expenses.** The Borrower agrees that all costs and expenses, including reasonable attorneys' fees and expenses for legal services of every kind of, or incidental to, the filing or recording of any documents, including all taxes in connection therewith, in public offices, the payment or discharge of any taxes, custody, care, management, sale or collection of, or realization upon, any of the Collateral or in any way relating to the enforcement or protection of the rights of the Lender, or in defending or prosecution any actions or proceedings arising or related to the Collateral, shall all be borne and paid by the Borrower within five (5) business days of demand by the Lender and if not paid within such time shall become part of the Obligations secured hereby. The Lender may at any time apply to the payment of all such costs and expenses all moneys of the Borrower or other proceeds arising from the possession or disposition of the Collateral.

12. **Notices.** All notices, requests, approvals, demands and other communications

given or made in connection with the terms and provisions of this Agreement shall be deemed to have been given or made when sent in accordance with the provisions of the Loan Agreement.

13. **Successors.** All the provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto.

14. **Termination.** Upon the performance of all the Obligations and the termination of the Loan, the Lender shall execute and deliver to the Borrower, at the Borrower's sole cost and expense, any deeds, assignments or other instruments as may be reasonably necessary to revest in the Borrower full title to the Collateral. The Borrower shall be responsible for all filing costs and fees for any such deeds, assignments or other instruments.

15. **Severability.** 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. **Modification.** Except as set forth in Section 4 above, this Agreement is subject to modification only by a writing signed by the parties hereto.

17. **Law.** The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by and construed in accordance with the laws of the State of Connecticut and the Borrower irrevocably consents to the jurisdiction of the courts of the State of Connecticut and of any federal court located therein in connection with any actions or proceedings arising out of or related to this Agreement.

18. **Prejudgment Remedy Waiver.** THE BORROWER ACKNOWLEDGES THAT THE TRANSACTIONS OF WHICH THIS AGREEMENT IS A PART ARE COMMERCIAL TRANSACTIONS AND WAIVES ITS RIGHT TO NOTICE AND HEARING AS PROVIDED BY CHAPTER 903 OF THE CONNECTICUT GENERAL STATUTES OR UNDER ANY OTHER FEDERAL OR STATE LAW WITH RESPECT TO ANY PREJUDGMENT REMEDY WHICH THE LENDER MAY DESIRE TO USE. THE BORROWER ACKNOWLEDGES THAT IT MAKES THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS AND ONLY AFTER EXTENSIVE CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER WITH ITS ATTORNEYS.

19. **Jury Trial Waiver.** THE BORROWER WAIVES TRIAL BY JURY IN ANY COURT AND IN ANY SUIT, ACTION OR PROCEEDING ON ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE FINANCING TRANSACTIONS OF WHICH THIS AGREEMENT IS A PART OR THE ENFORCEMENT OF ANY OF THE LENDER'S RIGHTS AND REMEDIES. THE BORROWER ACKNOWLEDGES THAT IT MAKES THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS AND ONLY

AFTER EXTENSIVE CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER WITH ITS ATTORNEYS.


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The parties have executed this Agreement on October ^{24th}, 2005.

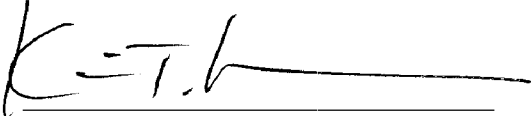
Signed in the presence of:

PAPER HOUSE PRODUCTIONS, INC.




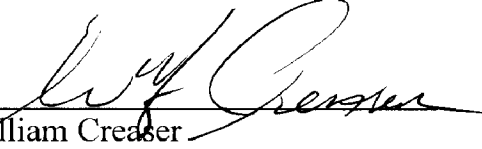
By 
Donald A. Guidi
Its President





TD BANKNORTH, N.A.




By 
William Creaser
Its Vice President

STATE OF CONNECTICUT)
) ss.: New Haven
COUNTY OF NEW HAVEN)

On this the 24th day of October, 2005, before me, the undersigned officer, personally appeared Donald Guidi, who acknowledged himself to be the President of Paper House Productions, Inc., a corporation, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained and acknowledged the same to be his free act and deed individually and as such officer, and the free act and deed of the corporation.

IN WITNESS WHEREOF, I hereunto set my hand.

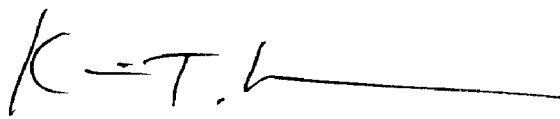


Kathleen A. Maher
Commissioner of the Superior Court
Notary Public
My Commission Expires:

STATE OF CONNECTICUT)
) ss.: New Haven
COUNTY OF NEW HAVEN)

On this the 24th day of October, 2005, before me, the undersigned officer, personally appeared William Creaser, who acknowledged himself to be the Vice President of TD Banknorth, N.A., a national banking association, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained and acknowledged the same to be his free act and deed individually and as such officer, and the free act and deed of the banking association.

IN WITNESS WHEREOF, I hereunto set my hand.



Kevin T. Katke
Commissioner of the Superior Court
Notary Public
My Commission Expires:

TRADEMARK	Reg. No.	Goods Covered	International Class	Registered
Paper House	2,298,073	Note Cards and Sculptures made of Note Cards	16	12/7/1999
Image of House	2,298,074	Note Cards	16	12/7/1999
Paper House Productions	2,292,722	Note Cards	16	11/16/1999
Image of House	2,347,096	Stickers	16	5/2/2000
Image of House	2,345,364	Decorative Magnets	9	4/25/2000
Belle Fleur Requests	2,596,118	Invitations	16	7/16/2002
Paper House Panoramic Photocard	2,622,353	Greeting Card	16	9/17/2002
Reflections	2,093,976	Photographic Notecards	16	9/9/1997
ClipMark Image	2,525,679	Bookmarks	16	1/1/2002
Paper House Magnet	2,321,028	Decorative Magnets	9	2/22/2000
Paper House Productions Magnet	2,235,809	Magnets	9	3/30/1999
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No applications are pending.				