

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	Trademark Security Agreement (Senior Subordinated Debt)		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Scout Limited, Inc.		02/21/2006	CORPORATION: NORTH CAROLINA
RECEIVING PARTY DATA			
Name:	Fifth Third Bank, For Itself and as Agent for Fifth Third Bancorp and Its Affiliates		
Street Address:	38 Fountain Square Plaza		
Internal Address:	MD #10AT63		
City:	Cincinnati		
State/Country:	OHIO		
Postal Code:	45263		
Entity Type:	Banking Corporation: OHIO		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Registration Number:	3044536	PARK DESIGNS	
CORRESPONDENCE DATA			
Fax Number:	(202)533-9033		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	202-467-8810		
Email:	behogue@vssp.com		
Correspondent Name:	Cory M. Amron		
Address Line 1:	1828 L Street, NW		
Address Line 2:	11th Floor		
Address Line 4:	Washington, DISTRICT OF COLUMBIA 20036		
ATTORNEY DOCKET NUMBER:	05252-210/0769/TMASSIGN		
NAME OF SUBMITTER:	Cory M. Amron		
Signature:	/cory m amron/		

CH \$40.00 3044536

Date:

04/07/2006

Total Attachments: 11

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A FIFTH THIRD BANCORP BANK**TRADEMARK SECURITY AGREEMENT
(SENIOR SUBORDINATED DEBT)**

THIS TRADEMARK SECURITY AGREEMENT (SENIOR SUBORDINATED DEBT) (this "Agreement") is entered into by and between SCOUT LIMITED, INC., a North Carolina corporation, whose principal place of business and mailing address is 316 West Edenton Street, Suite 110, Raleigh, NC 27603 (hereinafter "Debtor"), and FIFTH THIRD BANK, an Ohio banking corporation (hereinafter sometimes "Lender"), for itself and as agent for each affiliate of Fifth Third Bancorp (hereinafter collectively, "Secured Party"). Debtor hereby grants to Secured Party a continuing security interest in and to, and Lien on, and hereby assigns to Secured Party as collateral, all of the "Trademark Collateral", as defined in Section 2 of this Agreement. Debtor and Secured Party hereby further agree as follows:

1. OBLIGATIONS: The security interest hereby granted shall secure the full, prompt and complete payment and performance of the "Obligations", as that term is defined in the Senior Subordinated Credit Agreement dated of even date herewith between Debtor and Lender (as the same may be amended, renewed, consolidated, restated or replaced from time to time, the "Credit Agreement").

2. TRADEMARK COLLATERAL: The collateral in which a security interest and Lien is hereby granted comprises collectively (a) all of Debtor's right, title and interest in and to all of its now or in the future owned or existing trademarks, service marks, trademark or service mark registrations, trade names, and trademark or service mark applications (exclusive, for purposes only of this Agreement, of any Intent to Use Applications as defined below), including each mark, registration, and application listed on Schedule I attached hereto and made a part hereof (the property in this item (a) being collectively, the "Trademarks"); (b) all renewals of each of the Trademarks; (c) all income, royalties, damages and payments now and in the future due or payable under or with respect to any and all Trademarks, including damages and payments for past or future infringements of any and all Trademarks; (d) all rights to sue for past, present and future infringements of any and all Trademarks; (e) all rights corresponding to each of the Trademarks throughout the world; (f) all rights of Debtor as licensor or licensee under, and with respect to, trademarks, service marks, trade names, and trademark and service mark applications, including the licenses listed on Schedule I and the Trademark Licenses (as defined in Section 4(a)) (Debtor's rights as licensor or licensee sometimes referred to in this Agreement collectively as "Trademark License Rights"); and (g) together in each case with the goodwill of Debtor's business connected with the use of, and symbolized by, the foregoing (all of the foregoing being, collectively, the "Trademark Collateral"). Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement is intended to be, or may be construed to be, an assignment of any application to register any trademark or service mark based on any intent to use filed by, or on behalf of, Debtor ("Intent to Use Applications"), and any Intent to Use Applications are specifically excluded from the Trademark Collateral (as hereinafter defined) for purposes of this Agreement.

3. DEFINITIONS:

(a) “Uniform Commercial Code” means the Uniform Commercial Code as adopted in each applicable jurisdiction, as amended or superceded from time to time. The “Ohio UCC” means the Uniform Commercial Code, as adopted in Ohio, as amended or superceded from time to time.

All of the uncapitalized terms contained in this Agreement which are now or hereafter defined in the Ohio UCC will, unless the context expressly indicates otherwise, have the meanings provided for now or hereafter in the Ohio UCC, as such definitions may be enlarged or expanded from time to time by amendment or judicial decision.

4. LICENSES:

(a) Debtor expressly represents, warrants, covenants and agrees that Debtor shall not license, as licensor, any Trademarks (a “Trademark License”) included in the Trademark Collateral without the prior written consent of Secured Party, which consent will not be unreasonably withheld by Secured Party, and each such Trademark License so granted shall be subject to the terms and conditions of this Agreement, including, without limitation, the termination provisions in Section 4(b). Secured Party shall not be under any obligation to consent to a Trademark License unless it is necessary or appropriate in the ordinary course of Debtor’s business as presently conducted by it and so long as no Event of Default has occurred.

(b) If an Event of Default occurs, Secured Party shall have the right, whether immediately, after consultation with Debtor, or at any time thereafter, in its sole discretion, to deliver to Debtor and to each licensee under a Trademark License notice terminating the Trademark Licenses, whereupon (i) the Trademark Licenses will automatically and immediately terminate without any further notice or demand (which Debtor expressly waives); (ii) all rights and interests of the licensees in and to and under the Trademark Licenses will revert to Debtor; and (iii) all rights of the licensees in the Trademark Collateral will cease to exist and be void. If the Event of Default is cured to Secured Party’s satisfaction or is waived in writing by Secured Party, then, without any further action on the part of Secured Party, the Trademark Licenses will immediately revert with the licensees on the cessation of the Event of Default subject to the terms of this Agreement.

5. REPRESENTATIONS AND WARRANTIES:

To induce Lender to make the Loan and other extensions of credit pursuant to the Loan Documents, Debtor represents to Secured Party that the following statements are, and will continue throughout the term of the Credit Agreement to be, true:

(a) Except for the security interest hereby granted and as otherwise disclosed in Schedule I, Debtor is, and as to any property which at any time forms a part of the Trademark Collateral, shall be, the owner of each and every item of the Trademark Collateral, or otherwise

have the right to grant a security interest in the Trademark Collateral, free from any Lien except to the extent, if any, of Permitted Liens;

(b) Debtor has full right to grant the security interest hereby granted;

(c) To Debtor's knowledge, each application for trademark and service mark registration is valid, registered or registrable and enforceable. Debtor has notified Secured Party in writing of all prior uses of any item of the Trademark Collateral of which Debtor is aware which could lead to such item becoming invalid or unenforceable, including prior unauthorized uses by third parties and uses which were not supported by the goodwill of the business connected with such item;

(d) As of the date of this Agreement, Debtor has not granted any license, release, covenant not to sue, or non-assertion assurance to any Person with respect to any part of the Trademark Collateral except as disclosed on Schedule I;

(e) To Debtor's knowledge, the Trademark License Rights are in full force and effect. Debtor is not in default under any of the Trademark License Rights and, to Debtor's knowledge, no event has occurred which with notice, the passage of time, the satisfaction of any other condition, or all of them, might constitute a default by Debtor under the Trademark License Rights; and

(f) Except for the filing of financing statements and the recording of this Agreement with the United States Patent and Trademark Office, no authorization, consent, approval or other action by, and no notice to or filing or recording with, any governmental authority is currently or is reasonably expected to be required either (i) for the grant by Debtor of the liens granted hereby or for the execution, delivery or performance of this Agreement by Debtor, or (ii) for the perfection of or the exercise by Secured Party of its rights and remedies hereunder.

6. DEBTOR'S RESPONSIBILITIES AND AGREEMENTS:

(a) Until the Obligations are fully paid, performed and satisfied and this Agreement is terminated, Debtor will:

(i) furnish to Secured Party upon Secured Party's request a current list of all of the items of the Trademark Collateral for the purpose of identifying the Trademark Collateral, including any licensing of Trademark Collateral, and all other information in connection with the Trademark Collateral as Secured Party may reasonably request, all in reasonable detail, and, further execute and deliver such supplemental instruments, in the form of assignments or otherwise, as Secured Party shall require for the purpose of confirming and perfecting Secured Party's security interest in any or all of the Trademark Collateral;

(ii) should it obtain an ownership interest in any Trademark License Rights or Trademarks, which is necessary or reasonably material to the conduct of Debtor's business and is not now identified in Schedule I, (A) Debtor will give prompt written notice to Secured Party, (B) the provisions of Section 2 shall automatically apply to the Trademark License Rights and

Trademarks (exclusive of any Intent to Use Applications) acquired or obtained, and (C) each of such Trademark License Rights and Trademarks (exclusive of any Intent to Use Applications), together with the goodwill of the business connected with the use of the mark and symbolized by it, shall automatically become part of the Trademark Collateral under this paragraph; Debtor authorizes Secured Party to modify this Agreement by amending Schedule I to include any Trademarks and Trademark License Rights which become part of the Trademark Collateral under this paragraph;

(iii) to the extent that Debtor determines in its reasonable discretion that it is in Debtor's best interest to do so, take all necessary steps in any proceeding before the United States Patent and Trademark Office (or any similar office or agency in any other country or any political subdivision of that country) or in any court to maintain each registered Trademark and to pursue each item of Trademark Collateral, including, without limitation, the filing of applications for renewal, the payment of maintenance fees, and the participation in opposition, interference and infringement proceedings. To the extent necessary to the conduct of its business, Debtor agrees to take corresponding steps with respect to each new or other registered Trademark and application for Trademark registration to which Debtor is now or later becomes entitled. Any expenses incurred in connection with such activities shall be borne by Debtor. Debtor shall not (A) abandon any registration of or any item of Trademark Collateral or (B) abandon any right to file an application for Trademark registration, or abandon any pending application, registration, or Trademark, unless the goodwill of the business connected with and symbolized by such application, registration, or Trademark is not necessary in the conduct of Debtor's business;

(iv) notify Secured Party immediately when Debtor learns (A) that any item of the Trademark Collateral may become abandoned or dedicated; or (B) of any adverse written determination (including the institution of any proceeding in the United States Patent and Trademark Office or any other U.S. or foreign court or tribunal of any kind) regarding any item of the Trademark Collateral;

(v) notify promptly Secured Party, should Debtor become aware that any of the Trademark Collateral is infringed or misappropriated by any Person, and will, to the extent that Debtor determines in its discretion, exercised in a commercially reasonable manner, that it is in Debtor's best interests to do so, promptly sue for infringement or misappropriation and for recovery of all damages caused by the infringement or misappropriation, and will take all other actions as Debtor deems appropriate under the circumstances to protect the Trademark Collateral. Any expense incurred in connection with the foregoing activities will be borne by Debtor;

(vi) not (A) sell, assign (by operation of law or otherwise), license or otherwise dispose of any of the Trademark Collateral, except (1) as expressly permitted by the Credit Agreement or (2) as expressly permitted by this Agreement; or (B) create or suffer to exist any Liens on, or with respect to, any of the Trademark Collateral except as may otherwise be disclosed in Schedule I or as otherwise expressly permitted by the Credit Agreement;

(vii) will cause the use of reasonable and proper statutory notice in connection with its use of each registered trademark or service mark in its business; and

(viii) pay all expenses and reasonable attorneys' fees of Secured Party incurred by Secured Party in the exercise (including enforcement) of any of Secured Party's rights or remedies under this Agreement or applicable law; and Debtor agrees that said expenses and fees shall constitute part of the Obligations and be secured by the Trademark Collateral and the other Loan Collateral.

7. POWER OF ATTORNEY: Debtor hereby makes, constitutes and appoints Secured Party its true and lawful attorney in fact to act with respect to the Trademark Collateral in any transaction, legal proceeding, or other matter in which Secured Party is acting pursuant to this Agreement. Debtor: (a) specifically authorizes Secured Party as its true and lawful attorney in fact to execute and/or authenticate on its behalf and/or file financing statements reflecting its security interest in the Trademark Collateral and any other documents necessary or desirable to perfect or otherwise further the security interest granted herein and (b) specifically authorizes Secured Party as its true and lawful attorney in fact, upon the occurrence and during the continuance of an Event of Default: (i) to file any claims or take any action or institute any proceedings that Secured Party may deem necessary or desirable for the collection of any of the Trademark Collateral, (ii) to assign of record in the United States Patent and Trademark Office (and each other applicable governmental authority) any and all of the Trademark Collateral in Secured Party's name (or the name of any nominee), or (iii) otherwise to enforce the rights of Secured Party with respect to any of the Trademark Collateral.

8. DEFAULT: If an Event of Default occurs and is continuing, then, in any such event, Secured Party may, without further notice to Debtor except as expressly provided in the Credit Agreement, at Secured Party's option, declare any or all of the Obligations to become immediately due and payable. If an Event of Default occurs and is continuing, Secured Party may resort to the rights and remedies available at law, in equity and under the Loan Documents, including, without limitation, the rights and remedies of a Secured Party under the Uniform Commercial Code (whether or not the Uniform Commercial Code applies to the affected Trademark Collateral) including, without limitation, (a) causing the assignment of record in the United States Patent and Trademark Office (or any other applicable governmental authority) of the Trademark Collateral in Secured Party's name or in the name of any nominee of Secured Party, (b) requiring Debtor to assemble all or any part of the documents embodying the Trademark Collateral as directed by Secured Party and make the documents available to the Secured Party at a place to be designated by Secured Party; (c) licensing the Trademark Collateral or any part thereof, or assigning its rights to the Trademark License Rights to any Person and exercising any and all rights and remedies of Secured Party under or in connection with the Trademark Licenses or otherwise in respect of the Trademark Collateral; and (d) selling the Trademark Collateral at public or private sale, and Debtor will be credited with the net proceeds of such sale, after payment in full of all Obligations, only when they are actually received by Secured Party, any requirement of reasonable notice of any disposition of the Trademark Collateral will be satisfied if such notice is sent to Debtor 10 days prior to such disposition. In the event of any sale, assignment, or other disposition of any of the Trademark Collateral, (i) the goodwill of the business connected with and symbolized by any Trademark

Collateral subject to such disposition shall be included, and (ii) Debtor will supply to Secured Party or its designee Debtor's (A) know-how and expertise relating to the manufacture and sale of products or the provision of services relating to any Trademark Collateral subject to such disposition and (B) customer lists and other records relating to such Trademark Collateral and to the distribution of such products and services. Moreover, if an Event of Default occurs and is continuing, Secured Party may, without notice to Debtor, apply for and have a receiver appointed under state or federal law by a court of competent jurisdiction in any action taken by Secured Party to enforce its rights and remedies under this Agreement and, as applicable, the other Loan Documents in order to manage, protect, preserve, and sell and otherwise dispose of all or any portion of the Trademark Collateral and continue the operation of the business of Debtor, and to collect all revenues and profits thereof and apply the same to the payment of all expenses and other charges of such receivership, including the compensation of the receiver, and to the payment of the Obligations until a sale or other disposition of such Trademark Collateral is finally made and consummated. No remedy set forth herein is exclusive of any other available remedy or remedies, but each is cumulative and in addition to every other remedy given under this Agreement, the other Loan Documents or now or hereafter existing at law or in equity or by statute. Secured Party may proceed to protect and enforce its rights by an action at law, in equity or by any other appropriate proceedings. No failure on the part of Secured Party to enforce any of the rights hereunder shall be deemed a waiver of such rights or of any Event of Default and no waiver of any Event of Default will be deemed to be a waiver of any subsequent Event of Default. Moreover, Debtor acknowledges and agrees that Secured Party shall have no obligation to, and Debtor hereby waives to the fullest extent permitted by law any right that it may have to require Secured Party to, (1) prepare any of the Trademark Collateral for sale, (2) pursue any Person to collect any of the Obligations or (3) exercise collection remedies against any Persons obligated on the Trademark Collateral. Secured Party's compliance with any applicable local, state or federal law requirements, in addition to those imposed by the Uniform Commercial Code in connection with a disposition of any or all of the Trademark Collateral will not be considered to adversely affect the commercial reasonableness of any disposition of any or all of the Trademark Collateral under the Uniform Commercial Code.

9. GENERAL PROVISIONS:

(a) All rights of Secured Party shall inure to the benefit of its successors, assigns and affiliates and all obligations of Debtor shall bind the successors and assigns of Debtor.

(b) This Agreement and the other Loan Documents contain the entire agreement of the parties with respect to the subject matter of this Agreement and supersede all previous understandings and agreements relating to the subject matter hereof, and no oral agreement whatsoever, whether made contemporaneously herewith or hereafter shall amend, modify or otherwise affect the terms of this Agreement.

(c) All rights and liabilities hereunder shall be governed and limited by and construed in accordance with the local laws of the State of Ohio (without regard to Ohio conflicts of law principles).

(d) If any provision of this Agreement is found invalid by a court of competent jurisdiction, the invalid term will be considered excluded from this Agreement and will not invalidate the remaining provisions of this Agreement.

(e) Debtor hereby irrevocably authorizes Secured Party to file with the United States Patent and Trademark Office a copy of this Agreement and any amendments thereto or any document which may be required by the United States Patent and Trademark Office. Debtor also hereby irrevocably authorizes Secured Party at any time and from time to time to file in any filing office in any jurisdiction any initial financing statements and amendments thereto that (i) describe the Trademark Collateral and (ii) provide any other information required by Part 5 of Article 9 of the Uniform Commercial Code for the sufficiency or filing office acceptance of any financing statement or amendment, including whether Debtor is an organization, the type of organization and any organizational identification number issued to Debtor. Debtor hereby irrevocably authorizes Secured Party at any time and from time to time to correct or complete, or to cause to be corrected or completed, any financing statements, continuation statements or other such documents as have been filed naming Debtor as debtor and Secured Party as secured party. Secured Party is hereby authorized to give notice to any licensor or licensee of any Trademark Collateral or any other Person as may be necessary or desirable under applicable laws to evidence, protect, perfect, or enforce the security interest granted to Secured Party in the Trademark Collateral.

(f) Any capitalized term used but not defined herein shall have the meaning ascribed thereto in the Credit Agreement. The definition of any document, instrument or agreement includes all schedules, attachments and exhibits thereto and all renewals, extensions, supplements, restatements and amendments thereof. All schedules, exhibits or other attachments to this Agreement are incorporated into, made and form an integral part of, this Agreement for all purposes. As used in this Agreement, "hereunder," "herein," "hereto," "this Agreement" and words of similar import refer to this entire document; "including" is used by way of illustration and not by way of limitation, unless the context clearly indicates the contrary; the singular includes the plural and conversely; and any action required to be taken by Debtor is to be taken promptly, unless the context clearly indicates the contrary. The description of the Trademark Collateral in this Agreement does not in any way limit the description of, or the Secured Party's Lien on, the "Collateral" as defined in the Security Agreement, or the Secured Party's remedies respecting the "Collateral."

(g) SECURED PARTY AND DEBTOR HEREBY WAIVE THE RIGHT TO TRIAL BY JURY OF ANY MATTERS ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

(h) This Agreement will terminate ("Termination") on the later to occur of: (i) the full performance, payment and satisfaction of the Obligations (exclusive of any contingent obligations for indemnification for which Lender has not then given notice of a claim thereof against Borrower) or (ii) the termination of the Credit Agreement. Upon such Termination, Secured Party will, upon Debtor's request, execute and deliver to Debtor any release of its Lien on the Trademark Collateral or similar instrument of re-conveyance, including any release or re-

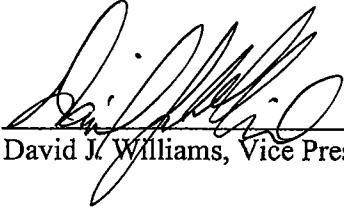
conveyance for filing with the United States Patent and Trademark Office, and deliver UCC termination statements with respect to its Lien on the Trademark Collateral.

[Signature Page Follows]

This Agreement is made and dated as of February 21, 2006.

FIFTH THIRD BANK

SCOUT LIMITED, INC.

By: 
David J. Williams, Vice President

By: _____
H. Dabney Smith, II, President

STATE OF NORTH CAROLINA,
COUNTY OF _____, SS:

I, _____, a Notary Public, do hereby certify that H. Dabney Smith, II, President of Scout Limited, Inc., a North Carolina corporation, personally appeared before me this day and acknowledged the due execution of the foregoing instrument as his act and deed and as the act and deed of Scout Limited, Inc.

Witness my hand and official seal, this the ___ day of February, 2006.

Notary Public

My commission expires:

SIGNATURE PAGE TO
SCOUT LIMITED, INC.
TRADEMARK SECURITY AGREEMENT
(SENIOR SUBORDINATED LOAN)

TRADEMARK
REEL: 003284 FRAME: 0907

This Agreement is made and dated as of February 21, 2006.

FIFTH THIRD BANK

SCOUT LIMITED, INC.

By: _____
David J. Williams, Vice President

By: H. Dabney Smith, II
H. Dabney Smith, II, President

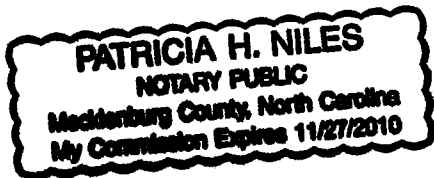
STATE OF NORTH CAROLINA,
COUNTY OF Mecklenburg, SS:

I, Patricia H. Niles, a Notary Public, do hereby certify that H. Dabney Smith, II, President of Scout Limited, Inc., a North Carolina corporation, personally appeared before me this day and acknowledged the due execution of the foregoing instrument as his act and deed and as the act and deed of Scout Limited, Inc.

Witness my hand and official seal, this the 15th day of February, 2006.

Patricia H. Niles
Notary Public

My commission expires:



SIGNATURE PAGE TO
SCOUT LIMITED, INC.
TRADEMARK SECURITY AGREEMENT
(SENIOR SUBORDINATED LOAN)

TRADEMARK
REEL: 003284 FRAME: 0908

SCHEDULE I
TRADEMARKS

Trademark	Status	Serial Number	Filing Date	Registration Number	Registration Date
Park Designs	Registered	78-362574	2/4/2004	Reg. No. 3044536	1/17/2006

Licenses:

None.