

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
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NATURE OF CONVEYANCE:	SECURITY INTEREST
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CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
L.A. Spas, Inc.		09/03/2008	CORPORATION: CALIFORNIA

RECEIVING PARTY DATA

Name:	Patriot Capital Funding, Inc., as Agent
Street Address:	274 Riverside Avenue
Internal Address:	First Floor
City:	Westport
State/Country:	CONNECTICUT
Postal Code:	06880
Entity Type:	CORPORATION: DELAWARE

PROPERTY NUMBERS Total: 7

Property Type	Number	Word Mark
Serial Number:	77428937	L.A. SPAS
Serial Number:	77428940	L.A. SPAS
Registration Number:	3025200	AQUA KLEAN FILTRATION SYSTEM
Registration Number:	2543101	HARMONY SERIES BY L.A. SPAS
Registration Number:	2390748	GAZEBO ORIGINALS
Registration Number:	2220236	ADVANCED SPAS
Registration Number:	1707975	L.A. SPAS

CORRESPONDENCE DATA

Fax Number: (312)863-7806
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
 Phone: 312-863-7198
 Email: nancy.brougher@goldbergkohn.com
 Correspondent Name: Nancy Brougher
 Address Line 1: Goldberg Kohn

OP \$190.00 77428937

Address Line 2: 55 East Monroe Street, Suite 3300
Address Line 4: Chicago, ILLINOIS 60603

ATTORNEY DOCKET NUMBER:	5654.002
NAME OF SUBMITTER:	Nancy Brougher
Signature:	/njb/
Date:	09/11/2008

Total Attachments: 5

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TRADEMARK SECURITY AGREEMENT

This TRADEMARK SECURITY AGREEMENT, dated as of September 3, 2008, is made by L.A. SPAS, INC., a California corporation ("Grantor"), in favor of PATRIOT CAPITAL FUNDING, INC., a Delaware corporation, for itself, as a lender, and as agent for the Lenders (as defined below) (in such capacities, "Agent").

WITNESSETH:

WHEREAS, pursuant to that certain Senior Subordinated Note and Warrant Purchase Agreement, dated as of October 28, 2004, by and among Grantor, Agent and the lenders from time to time party thereto (collectively, the "Lenders") (including all annexes, exhibits and schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Note Agreement"), the Lenders have agreed to make the Loans to Grantor;

WHEREAS, in connection with that certain Waiver and Fifth Amendment to the Note Agreement dated as of September 3, 2008 and the other Loan Documents (as defined in the Note Agreement), Grantor has executed and delivered to Agent, for the benefit of itself and the other Lenders, that certain Security Agreement dated as of the date hereof (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Security Agreement");

WHEREAS, pursuant to the Security Agreement, Grantor is required to execute and deliver to Agent, for the benefit of itself and the other Lenders, this Trademark Security Agreement;

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

1. **DEFINED TERMS.** All capitalized terms used but not otherwise defined herein have the meanings given to them in the Note Agreement. The following terms have the meanings set forth below:

(a) "Trademarks". means all of the following now owned or hereafter existing or adopted or acquired by Grantor: (a) all trademarks, trade names, corporate names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith (but excluding any application to register any of the foregoing prior to the filing under applicable law of a verified statements of use (or the equivalent) in respect thereof to the extent the creation of a security interest therein or the grant of a mortgage thereon would cause the same to be void or invalid), including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state or territory thereof, or any other country or any political subdivision thereof; (b) all reissues,

extensions or renewals thereof; and (c) all goodwill associated with or symbolized by any of the foregoing.

(b) "Trademark License" means rights under any written agreement now owned or hereafter acquired by Grantor granting any right to use any Trademark.

2. **GRANT OF SECURITY INTEREST IN TRADEMARK COLLATERAL.** Grantor hereby grants to Agent, on behalf of itself and the Lenders, a continuing first priority security interest in all of Grantor's right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired (collectively, the "Trademark Collateral"):

(a) all of its Trademarks and Trademark Licenses against assignment to which it is a party including those referred to on Schedule I hereto;

(b) all renewals or extensions of the foregoing;

(c) all goodwill of the business connected with the use of, and symbolized by, each Trademark and each Trademark License; and

(d) all products and proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future (i) infringement or dilution of any Trademark or Trademark licensed under any Trademark License or (ii) injury to the goodwill associated with any Trademark or any Trademark licensed under any Trademark License.

3. **SECURITY AGREEMENT.** The security interests granted pursuant to this Trademark Security Agreement are granted in conjunction with the security interests granted to Agent, for the benefit of itself Agent and the other Lenders, pursuant to the Security Agreement. Grantor hereby acknowledges and affirms that the rights and remedies of Agent with respect to the security interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

4. **SENIOR SUBORDINATION AGREEMENT CONTROLS.** To the extent there is a conflict between the terms, conditions and provisions in this Agreement and the Senior Subordination Agreement, the terms, conditions and provisions of the Senior Subordination Agreement shall control. Any holder of any Note or any party to this Agreement shall be deemed bound by, and subject to, the terms of such Senior Subordination Agreement.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, Grantor has caused this Trademark Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

L.A. SPAS, INC.

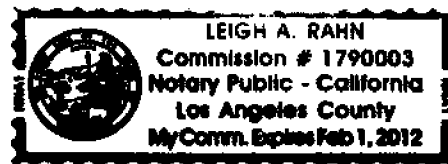
By: [Signature]
Name: Brad de Koning
Title: Chief Executive Officer

ACKNOWLEDGMENT OF GRANTOR

STATE OF California)
COUNTY OF Los Angeles) ss.

On this 3 day of September, 2008 before me personally appeared Brad de Koning, proved to me on the basis of satisfactory evidence to be the person who executed the foregoing instrument on behalf of L.A. Spas, Inc., who being by me duly sworn did depose and say that he is an authorized officer of the said company, that the said instrument was signed on behalf of said company authorized by its board of directors and that the acknowledged said instrument to be the free act and deed of said company.

[Signature]
(seal) Notary Public



ACCEPTED AND ACKNOWLEDGED BY:

PATRIOT CAPITAL FUNDING, INC., as Agent

By: *Timothy W. Hessler*
Name: Timothy W. Hessler
Title: Chief Investment Officer

By: *Clifford L. Wells*
Name: Clifford L. Wells
Title: Chief Compliance Officer

Acknowledgment to Trademark Security Agreement

TRADEMARK
REEL: 003851 FRAME: 0673

SCHEDULE I
to
TRADEMARK SECURITY AGREEMENT

TRADEMARK REGISTRATIONS

U.S. Federal Trademark Registrations

Mark	Serial Number	Status	Registration Number	Registration Date	First Use Date	Intent to Use
Aqua Klean Filtration System (Words & Design)	76-566461	Registered	3025200	12/13/05	10/24/03	No
Harmony Series by L.A. Spas (Words & Design)	78-070441	Registered	2543101	02/26/02	05/19/00	No
Gazebo Originals (Words & Design)	75-427165	Registered	2390748	10/03/00	01/93	No
Advanced Spas (Words & Design)	75-348079	Cancelled- Sec. 8 as of 10/29/05	2220236	01/26/99	01/79	No
L.A. Spas (Words & Design)	74-126495	Renewed	1707975	08/18/92	09/04/90	No

TRADEMARK APPLICATIONS

U.S. Federal Trademark Applications

**Pending Trademark
Applications**

	<u>Application Serial No.</u>	<u>Filing Date</u>
Adventures in Hydrotherapy (Filed as Intent to Use)	77-444477	04/09/08
L.A. Spas	77-428937	03/22/08
L.A. Spas	77-428940	03/22/08