

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
USA Baby, Inc.		05/14/2004	CORPORATION: ILLINOIS

RECEIVING PARTY DATA

Name:	Commerce Capital, L.P.
Street Address:	5115 Maryland Way, Suite 304
City:	Brentwood
State/Country:	TENNESSEE
Postal Code:	37027
Entity Type:	LIMITED PARTNERSHIP: TENNESSEE

PROPERTY NUMBERS Total: 13

Property Type	Number	Word Mark
Serial Number:	77345978	ADOPTION OPTION
Serial Number:	77346437	AMERICA'S LEADING SPECIALTY RETAILER OF INFANT AND CHILDREN'S FURNITURE AND ACCESSORIES
Serial Number:	77345971	CELEBRATE LIFE
Registration Number:	2474811	CHILD SPACE
Registration Number:	2472684	CHILD SPACE
Registration Number:	1634474	THE BABY'S ROOM
Registration Number:	3031990	THE BABY'S ROOM
Registration Number:	2443615	THE BABY'S ROOM
Registration Number:	1498176	USA BABY
Registration Number:	2692465	USA BABY
Serial Number:	77346434	USA BABY WELCOME HOME.
Serial Number:	77346014	WE CARE ABOUT YOU. AND YOUR BABY.
Serial Number:	77346002	WE LOVE YOU. AND YOUR BABY.

CH \$340.00 77345978

CORRESPONDENCE DATA

Fax Number: (312)577-7007
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 312-577-7000
Email: trademark@fitcheven.com
Correspondent Name: Joseph T. Nabor
Address Line 1: 120 South LaSalle Street, Suite 1600
Address Line 4: Chicago, ILLINOIS 60603

ATTORNEY DOCKET NUMBER:	9023-96793
NAME OF SUBMITTER:	Joseph T. Nabor
Signature:	/Joseph T. Nabor/
Date:	08/20/2009

Total Attachments: 10

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Agreement") is made as of the 14th day of May, 2004, by and between USA Baby, Inc., an Illinois corporation ("Borrower"), and Commerce Capital, L.P., a Tennessee limited partnership ("Lender").

RECITALS:

WHEREAS, Lender is making a loan (the "Loan") in the amount of \$ [REDACTED] to Borrower, pursuant to that certain Loan Agreement of even date herewith by and between Borrower and Lender, as it may be amended, modified or extended from time to time (the "Loan Agreement"); and

WHEREAS, in connection with the making of the Loan, Lender desires to obtain from Borrower and Borrower desires to grant to Lender a security interest in certain collateral more particularly described below.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. Grant of Security Interest. Borrower hereby grants to Lender a security interest in all of Borrower's equipment, royalty accounts receivable, all other accounts other than so-called invoice accounts receivable, goods of any nature, chattel paper, deposit accounts and all funds credited thereto, negotiable documents, instruments, investment property, letters of credit, letter of credit rights, money, and general intangibles, including, without limitation, the following described property (collectively, the "Collateral"):

(a) presently existing and hereafter arising accounts, contract rights, and all other forms of obligations owing to Borrower arising out of the sale or lease of goods or the rendition of services by Borrower, whether or not earned by performance, and any and all supporting obligations, credit insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by Borrower and Borrower's Books relating to any of the foregoing (collectively, "Accounts");

(b) present and future general intangibles and other personal property (including payment intangibles, software, choses or things in action, goodwill, patents, trade names, trademarks, servicemarks, copyrights, blueprints, drawings, purchase orders, customer lists, monies due or recoverable from pension funds, route lists, monies due under any royalty or licensing agreements, infringement claims, computer programs, computer discs, computer tapes, literature, reports, catalogs deposit accounts, insurance premium rebates, tax refunds,

tax refund claims and supporting obligations related to any of the foregoing) other than goods and Accounts, and Borrower's Books relating to any of the foregoing (collectively, "General Intangibles");

(c) present and future letters of credit, notes, drafts, instruments (including promissory notes), certificated and uncertificated securities and all other investment property, documents, leases, and chattel paper (electronic, tangible or otherwise), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, supporting obligations, and Borrower's Books relating to any of the foregoing;

(d) goods, including without limitation present and future inventory in which Borrower has any interest, including goods held for sale or lease or to be furnished under a contract of service and all of Borrower's present and future raw materials, work in process, finished goods, and packing and shipping materials, wherever located, and any documents of title representing any of the above, and Borrower's Books relating to any of the foregoing (collectively, "Inventory");

(e) present and hereafter acquired machinery, machine tools, motors, equipment, furniture, furnishings, fixtures, vehicles (including motor vehicles and trailers), tools, parts, dies, jigs, goods (other than consumer goods or farm products), and any interest in any of the foregoing, and all attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing, wherever located (collectively, "Equipment");

(f) books and records including: ledgers; records indicating, summarizing, or evidencing Borrower's assets or liabilities, or the collateral; all information relating to Borrower's business operations or financial condition; and all computer programs, disc or tape files, printouts, funds or other computer prepared information, and the equipment containing such information (collectively, "Borrower's Books");

(g) substitutions, replacements, additions, accessions, proceeds, products to or of any of the foregoing, including, but not limited to, proceeds of insurance covering any of the foregoing, or any portion thereof.

2. Secured Indebtedness. The security interest granted hereby shall secure the prompt payment of the Obligations (as defined in the Loan Agreement) and the prompt performance of each of the covenants and duties under the Loan Documents (as defined in the Loan Agreement).

3. Representations and Warranties of Borrower. Borrower represents, warrants and agrees as follows:

(a) Except as set forth on Schedule 3(a) hereto (the "Permitted Encumbrances"), Borrower is the owner of the Collateral free and clear of any liens and security interests.

Borrower will defend the Collateral against the claims and demands of all persons other than the holders of the Permitted Encumbrances.

(b) The address set forth on Schedule 3(b) hereto is Borrower's principal place(s) of business and the location of all tangible Collateral and the place where the records concerning all intangible Collateral are kept and/or maintained.

(c) Borrower will pay all costs of filing of financing, continuation and termination statements with respect to the security interests created hereby, and Lender is authorized to do all things that it deems reasonably necessary to perfect and continue perfection of the security interests created hereby and to protect the Collateral.

4. Agreements With Respect to the Collateral. Borrower covenants and agrees with Lender as follows:

(a) Borrower will not permit any of the Collateral to be removed from the location specified herein, except for temporary periods or in the normal and customary use thereof, without the prior written consent of Lender.

(b) Borrower shall notify Lender in writing of any change in the location of Borrower's principal place of business or the location of any tangible Collateral or the place(s) where the records concerning all intangible Collateral are kept or maintained.

(c) Borrower will keep the Collateral in good condition and repair ordinary wear and tear excepted and will pay and discharge all taxes, levies and other impositions levied thereon as well as the cost of repairs to or maintenance of same, and will not permit anything to be done that may impair the value of any of the Collateral. If Borrower fails to pay such sums, Lender may do so for Borrower's account and add the amount thereof to the Obligations.

(d) Until the occurrence of an Event of Default and in the event of its cure, Borrower shall be entitled to possession of the Collateral and to use the same in any lawful manner, provided that such use does not cause excessive wear and tear to the Collateral, cause it to decline in value at an excessive rate, or violate the terms of any policy of insurance thereon.

(e) Borrower will not sell, exchange, lease or otherwise dispose of any of the Collateral or any interest therein without the prior written consent of Lender. Notwithstanding the foregoing, (i) so long as an Event of Default has not occurred, Borrower shall have the right to process and sell Borrower's inventory in the regular course of business, and (ii) Borrower shall have the right to grant a security interest in its so-called invoice accounts receivable, to the extent arising from advertising and development services for franchisees, to secure a working capital line of credit of not more than \$100,000; Lender agrees that, upon reasonable notice and at Borrower's expense, Lender will subordinate its

security interest hereunder to the security interest described in clause (i) above. Lender's security interest hereunder shall attach to all proceeds of all sales or other dispositions of the Collateral. If at any time any such proceeds shall be represented by any instruments, chattel paper or documents of title, then such instruments, chattel paper or documents of title shall be promptly delivered to Lender and subject to the security interest granted hereby. If at any time any of Borrower's inventory is represented by any document of title, such document of title will be delivered promptly to Lender and subject to the security interest granted hereby.

(f) Borrower will not allow the Collateral to be attached to real estate in such manner as to become a fixture or a part of any real estate.

(g) Borrower will at all times keep the Collateral insured against all insurable hazards in amounts equal to the full cash value of the Collateral. Such insurance shall be in such companies as may be reasonably acceptable to Lender, with provisions reasonably satisfactory to Lender for payment of all losses thereunder to Lender as its interests may appear. If required by Lender, Borrower shall deposit the policies with Lender. Any money received by Lender under said policies may be applied to the payment of the Obligations, whether or not due and payable, or at Lender's option may be delivered by Lender to Borrower for the purpose of repairing or restoring the Collateral. Borrower assigns to Lender all right to receive proceeds of insurance not exceeding the amounts secured hereby, directs any insurer to pay all proceeds directly to Lender, and appoints Lender Borrower's attorney-in-fact to endorse any draft or check made payable to Borrower in order to collect the benefits of such insurance. If Borrower fails to keep the Collateral insured as required by Lender, Lender shall have the right to obtain such insurance at Borrower's expense and add the cost thereof to the Obligations.

(h) Borrower will not permit any liens or security interests other than those created by this Agreement and the Permitted Encumbrances to attach to any of the Collateral, nor permit any of the Collateral to be levied upon under any legal process, nor permit anything to be done that may impair the security intended to be afforded by this Agreement, nor permit any tangible Collateral to become attached to or commingled with other goods without the prior written consent of Lender.

5. Remedies Upon Default. Upon an Event of Default under and as defined in the Loan Agreement which Event of Default is not cured following the giving of any applicable notice and within any applicable cure period as set forth in the Loan Agreement, Lender may pursue any or all of the following remedies, without any notice to Borrower except as required below:

(a) Lender may give written notice of default to Borrower, following which Borrower shall not dispose of, conceal, transfer, sell or encumber any of the Collateral (including, but not limited to, cash proceeds) without Lender's prior written consent, even if such disposition is otherwise permitted hereunder in the ordinary course of business. Any such disposition, concealment, transfer or sale after the giving of such notice shall constitute a wrongful conversion of the Collateral. Lender may obtain a temporary restraining order

or other equitable relief to enforce Borrower's obligation to refrain from so impairing Lender's Collateral.

(b) Lender may take possession of any or all of the Collateral. Borrower hereby consents to Lender's entry into any of Borrower's premises to repossess Collateral, and specifically consents to Lender's forcible entry thereto as long as Lender causes no significant damage to the premises in the process of entry (frilling of locks, cutting of chains and the like do not in themselves cause "significant" damage for the purposes hereof) and provided that Lender accomplishes such entry without a breach of the peace.

(c) Lender may dispose of the Collateral at private or public sale. Any required notice of sale shall be deemed commercially reasonable if given at least five (5) days prior to sale. Lender may adjourn any public or private sale to a different time or place without notice or publication of such adjournment, and may adjourn any sale either before or after offers are received. The Collateral may be sold in such lots as Lender may elect, in its sole discretion. Lender may take such action as it may deem necessary to repair, protect, or maintain the Collateral pending its disposition.

(d) Lender may recover any and all proceeds of accounts from any bank or other custodian who may have possession thereof. Borrower hereby authorizes and directs all custodians of Borrower's assets to comply with any demand for payment made by Lender pursuant to this Agreement, without the need of confirmation from Borrower and without making any inquiry as to the existence of an Event of Default or any other matter. Lender may engage a collection agent to collect accounts for a reasonable percentage commission or for any other reasonable compensation arrangement.

(e) Lender may notify any or all account debtors that subsequent payments must be made directly to Lender or its designated agent. Such notice may be made over Lender's signature or over Borrower's name with no signature or both, in Lender's discretion. Borrower hereby authorizes and directs all existing or future account debtors to comply with any such notice given by Lender, without the need of confirmation from Borrower and without making any inquiry as to the existence of an Event of Default or as to any other matter.

(f) Lender may, but shall not be obligated to, take such measures as Lender may deem necessary in order to collect any or all of the accounts. Without limiting the foregoing, Lender may institute any administrative or judicial action that it may deem necessary in the course of collecting and enforcing any or all of the accounts. Any administrative or judicial action or other action taken by Lender in the course of collecting the accounts may be taken by Lender in its own name or in Borrower's name. Lender may compromise any disputed claims and may otherwise enter into settlements with account debtors or obligors under the accounts, which compromises or settlements shall be binding upon Borrower. Lender shall have no duty to pursue collection of any account, and may abandon efforts to collect any account after such efforts are initiated.

(g) Lender may, with respect to any account involving uncompleted performance by Borrower, and with respect to any general intangible or other Collateral whose value may be preserved by additional performance on Borrower's part, take such action as Lender may deem appropriate including, but not limited, to performing or causing the performance of any obligation of Borrower thereunder, the making of payments to prevent defaults thereunder, and the granting of adequate assurances to other parties thereto with respect to future performance. Lender's action with respect to any such accounts or general intangibles shall not render Lender liable for further performance thereunder unless Lender so agrees in writing.

(h) Lender may exercise its lien upon and right of setoff against any monies, items, credits, deposits or instruments that Lender may have in its possession and that belong to Borrower or to any other person or entity liable for the payment of any or all of the Obligations.

(i) Lender may exercise any right that it may have under any other document evidencing or securing the Obligations or otherwise available to Lender at law or equity.

6. Audits and Examinations. Lender shall have the right, at any time, by its own auditors, accountants or other agents, to examine or audit any of the books and records of Borrower, or the Collateral, all of which will be made available during normal business hours upon request by five (5) days written notice. Such accountants or other representatives of Lender will be permitted to make any verification of the existence of the Collateral or accuracy of the records that Lender deems necessary or proper. Any reasonable expenses incurred by Lender in making such examination, inspection, verification or audit shall be paid by Lender, unless Borrower is found to be in default in which case such expenses shall be paid by Borrower promptly on demand and shall constitute part of the Obligations.

7. Termination Statement. Upon receipt of proper written demand following the payment in full of the Obligations and termination of any commitment of Lender to make any future advances to Borrower, Lender shall send a termination statement with respect to any financing statement filed to perfect Lender's security interests in any of the Collateral to Borrower or cause such termination statement to be filed with the appropriate filing officer(s).

8. Power of Attorney. Borrower hereby authorizes Lender to file one or more financing statements and amendments to financing statements, and ratifies any such filings prior to the date hereof, without Borrower's signature, as necessary or advisable to perfect the security interest in the Collateral contemplated by this Agreement. In addition, Borrower hereby constitutes Lender or its designee, as Borrower's attorney-in-fact with power, upon the occurrence and during the continuance of an Event of Default, to endorse Borrower's name upon any notes, acceptances, checks, drafts, money orders, or other evidences of payment or Collateral that may come into either its or Lender's possession; to sign the name of Borrower on any invoice or bill of lading relating to any of the accounts receivable, drafts against customers, assignments and verifications of accounts receivable

and notices to customers; to send verifications of accounts receivable; to notify the Post Office authorities to change the address for delivery of mail addressed to Borrower to such address as Lender may designate; to execute any of the documents referred to in Section 3(c) hereof in order to perfect and/or maintain the security interests and liens granted herein by Borrower to Lender; to do all other acts and things necessary to carry out the purposes of and remedies provided under this Agreement. All acts of said attorney or designee are hereby ratified and approved, and said attorney or designee shall not be liable for any acts of commission or omission (other than acts of gross negligence or willful misconduct), nor for any error of judgment or mistake of fact or law. This power being coupled with an interest is irrevocable until all of the Obligations are paid in full and any and all promissory notes executed in connection therewith are terminated and satisfied.

9. Binding Effect. This Agreement shall inure to the benefit of Lender's successors and assigns and shall bind Borrower's heirs, representatives, successors and assigns.

10. Severability. If any provision of this Agreement is held invalid, such invalidity shall not affect the validity or enforceability of the remaining provisions of this Agreement.

11. Governing Law and Amendments. This Agreement shall be construed and enforced under the laws of the State of Tennessee applicable to contracts to be wholly performed in such State. No amendment or modification hereof shall be effective except in a writing executed by each of the parties hereto.

12. Survival of Representations and Warranties. All representations and warranties contained herein or made by or furnished on behalf of Borrower in connection herewith shall survive the execution and delivery of this Agreement.

13. Counterparts. This Agreement may be executed in any number of counterparts and by different parties to this Agreement in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same Agreement.

14. Construction and Interpretation. Should any provision of this Agreement require judicial interpretation, the parties hereto agree that the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be more strictly construed against the party that itself or through its agent prepared the same, it being agreed that Borrower, Lender and their respective agents have participated in the preparation hereof.

15. Consent to Jurisdiction; Exclusive Venue. Borrower hereby irrevocably consents to the Jurisdiction of the United States District Court for the Middle District of Tennessee and of all Tennessee state courts sitting in Davidson County, Tennessee, for the purpose of any litigation to which Lender may be a party and which concerns this Agreement or the Obligations. It is further agreed that venue for any such action shall lie exclusively with courts sitting in Davidson County, Tennessee, unless Lender agrees to the contrary in writing.

16. Waiver of Trial by Jury. LENDER AND BORROWER HEREBY KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COUNSEL WAIVE TRIAL BY JURY IN ANY ACTIONS, PROCEEDINGS, CLAIMS OR COUNTER-CLAIMS, WHETHER IN CONTRACT OR TORT OR OTHERWISE, AT LAW OR IN EQUITY, ARISING OUT OF OR IN ANY WAY RELATING TO THIS AGREEMENT OR THE LOAN DOCUMENTS.

IN WITNESS WHEREOF, Borrower and Lender have executed this Agreement, or have caused this Agreement to be executed as of the date first above written.

BORROWER:

USA BABY, INC.,
an Illinois corporation

By: 

Title: president

LENDER:

COMMERCE CAPITAL, L.P.,
a Tennessee limited partnership
By: Commerce Equity Capital Corporation, General
Partner

By: 

Title: D. P.

SCHEDULE 3(a)

Permitted Encumbrances

Security interest in certain accounts as described in Section 4(e) above.

SCHEDULE 3(b)

Principal Place(s) of Business
and Location(s) of Collateral

USA Baby, Inc.
793 Springer Drive
Lombard, IL 60148