

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
Advanced Environmental Recycling Technologies, Inc.		11/15/2012	CORPORATION: DELAWARE

RECEIVING PARTY DATA

Name:	AloStar Bank of Commerce
Street Address:	3630 Peachtree Road NE, Suite 1050
City:	Atlanta
State/Country:	GEORGIA
Postal Code:	30326
Entity Type:	state banking institution: ALABAMA

PROPERTY NUMBERS Total: 9

Property Type	Number	Word Mark
Registration Number:	3972986	ESSENTIAL COLLECTION
Registration Number:	3937583	SNAP-TO
Registration Number:	3922432	ELITE COLLECTION
Registration Number:	3922431	VANTAGE COLLECTION
Registration Number:	3120123	LIFECYCLE
Registration Number:	4039194	NANOPOLY
Registration Number:	3817016	ECODEK TILES
Registration Number:	3790124	DECKVISION
Registration Number:	1734846	MOISTURESHIELD

CORRESPONDENCE DATA

Fax Number: 4045228409
Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.
 Phone: 404-420-5527

CH \$240.00 3972986

Email: rjk@phrd.com
Correspondent Name: Rhonda J. Kenyeri, Paralegal
Address Line 1: 285 Peachtree Center Avenue
Address Line 2: Suite 1500
Address Line 4: Atlanta, GEORGIA 30303

ATTORNEY DOCKET NUMBER:	5146-23
NAME OF SUBMITTER:	Doug Nail
Signature:	/dan/
Date:	11/25/2012

Total Attachments: 8
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TRADEMARK SECURITY AGREEMENT

This **TRADEMARK SECURITY AGREEMENT** (this "Agreement") is made this 15th day of November, 2012, between **ALOSTAR BANK OF COMMERCE**, a state banking institution incorporated or otherwise organized under the laws of the State of Alabama, having an office at 3630 Peachtree Road, N.E., Suite 1050, Atlanta, Georgia 30326 (together with its successors and permitted assigns, "Lender"), and **ADVANCED ENVIRONMENTAL RECYCLING TECHNOLOGIES, INC.**, a Delaware corporation having its principal place of business at 914 North Jefferson, Springdale, Arkansas 72764 ("Company").

Recitals:

Company desires to obtain loans and other financial accommodations from Lender pursuant to that certain Loan and Security Agreement dated the date hereof (as at any time amended, restated, supplemented or otherwise modified, the "Loan Agreement") by and between Company and Lender.

Lender is willing to make loans and other financial accommodations to Company from time to time, pursuant to the terms of the Loan Agreement, provided that Company executes this Agreement.

NOW, THEREFORE, for Ten Dollars (\$10.00) in hand paid and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Company hereby agrees with Lender as follows:

1. Capitalized terms used herein (including those used in the Recitals hereto), unless otherwise defined, shall have the meanings ascribed to them in the Loan Agreement.

2. To secure the prompt payment and performance of all of the Obligations, Company hereby grants, collaterally assigns and pledges to Lender a continuing security interest in and Lien upon all of the following property of Company, whether now owned or existing or hereafter created or acquired (collectively, the "Trademark Collateral"):

(a) all trademarks, trademark registrations, trade names and trademark applications, including, without limitation, the trademarks and applications listed on Exhibit A attached hereto and made a part hereof (as the same may be amended from time to time), and (i) all renewals thereof, (ii) all income, royalties, damages and payments now or hereafter due or payable with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world (all of the foregoing trademarks, trademark registrations, trade names and applications, together with the items described in clauses (i)-(iv), collectively, the "Trademarks");

(b) the goodwill of Company's business connected with and symbolized by the Trademarks; and

(c) all proceeds of the foregoing.

3. Company represents and warrants to Lender that:

(a) Each of the Trademarks is subsisting and has not been adjudged invalid or unenforceable;

(b) Upon filing of this Agreement in the United States Patent and Trademark Office and the filing of a financing statement in the Company's jurisdiction of organization, this Agreement will create a legal, valid and perfected Lien upon and security interest in the Trademark Collateral that is registered in that office and that is listed on Exhibit A attached hereto, enforceable against Company and (in accordance with the UCC) third Persons in accordance with its terms;

(c) Except to the extent otherwise disclosed to Lender in writing, no claim has been made that the use of any of the Trademarks does or may violate the rights of any Person;

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

(e) Each of the Trademarks is valid and enforceable; and

(f) Company is the sole and exclusive owner of the entire right, title and interest in and to all of the Trademark Collateral.

4. Company covenants and agrees with Lender that:

(a) Except to the extent permitted by the Loan Agreement, Company will maintain the quality of the products associated with the Trademarks, at a level consistent with the quality at the time of this Agreement;

(b) Except to the extent permitted by the Loan Agreement, Company will not change the quality of the products associated with the Trademarks without Lender's prior written consent; and

(c) Except to the extent permitted by the terms of the Loan Agreement, Company has used and will continue to use for the duration of this Agreement, proper statutory notice in connection with its use of the registered Trademarks that are material to the operation of the Company's business, including, without limitation, filing an affidavit of use with the United States Patent and Trademark Office for each registered Trademark as required by applicable law to maintain the registration thereof without loss of protection therefor.

5. Company hereby grants to Lender and its employees and agents the visitation, audit, and inspection rights with respect to Company and the Trademark Collateral, subject to the terms of the Loan Agreement.

6. Until Full Payment of all of the Obligations, Company shall not enter into any license agreement relating to any of the Trademarks with any Person except non-exclusive licenses to customers, vendors, suppliers, agents or other service providers of Company in the regular and ordinary course of Company's business as presently conducted, and shall not become a party to any agreement with any Person that is inconsistent with Company's obligations under this Agreement.

7. If, before Full Payment of all of the Obligations, Company shall obtain rights to any new trademarks, or become entitled to the benefit of any trademark application or trademark or any renewal of any Trademark, the provisions of Section 2 hereof shall automatically apply thereto, and Company shall give to Lender prompt notice thereof in the Compliance Certificate delivered in respect of the first full calendar month after such acquisition.

8. Company irrevocably authorizes and empowers Lender to modify this Agreement by amending Exhibit A to include any future trademarks and trademark applications under Section 2 or Section 7 hereof.

9. At any time that an Event of Default exists, Lender shall have, in addition to all other rights and remedies given it by this Agreement and the other Loan Documents, all rights and remedies of a secured party under the UCC and all other rights and remedies under applicable law. Without limiting the generality of the foregoing, during an Event of Default Lender may immediately, without demand of performance and without notice (except as described in the next sentence, if required by applicable law), or demand whatsoever to Company, each of which Company hereby expressly waives, collect directly any payments due Company in respect of the Trademark Collateral, or sell at public or private sale or otherwise realize upon all or from time to time any of the Trademark Collateral. Company hereby agrees that ten (10) days written notice to Company of any public or private sale or other disposition of any of the Trademark Collateral shall be reasonable notice; provided, however, that no notice shall be required hereunder if not otherwise required by applicable law. At any such sale or disposition, Lender may, to the extent permitted by law, purchase the whole or any part of the Trademark Collateral sold, free from any right of redemption on the part of Company, which right Company hereby waives and releases. After deducting from the proceeds of such sale or other disposition of the Trademark Collateral all reasonable, out-of-pocket costs and expenses incurred by Lender in enforcing its rights hereunder (including, without limitation, all reasonable outside attorneys' fees), Lender shall apply the remainder of such proceeds to the payment of the Obligations in such order and manner as may be authorized or required by the Loan Agreement. Any remainder of the proceeds after Full Payment of all of the Obligations shall be paid over to Company. If any deficiency shall arise, Company shall remain liable therefor.

10. Company hereby makes, constitutes and appoints Lender and any officer or agent of Lender as Lender may select, as Company's true and lawful attorney-in-fact, with full power to do any or all of the following if an Event of Default shall exist: to endorse Company's name on all applications, documents, papers and instruments necessary for Lender to continue the registration of or to use the Trademarks, or to grant or issue any exclusive or nonexclusive license under the Trademarks to any other Person, or to assign, pledge, convey or otherwise transfer title in or dispose of any Trademark Collateral to any other Person. Company hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney, being coupled with an interest, shall be irrevocable until Full Payment of all of the Obligations.

11. Any and all reasonable fees, out-of-pocket costs and expenses, of whatever kind or nature (including, without limitation, reasonable external attorneys' fees and legal expenses) incurred by Lender in connection with the preparation of this Agreement and any other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including, without limitation, all taxes in connection therewith) with the United States Patent and Trademark Office or in any other public offices, the payment or discharge of any taxes, external counsel fees, maintenance fees, Liens or otherwise protecting, maintaining, or preserving the Trademark Collateral,

or in defending or prosecuting any actions or proceedings arising out of or related to the Trademark Collateral, shall be borne and paid by Company (it being the intent of the Company and Lender that Company shall be responsible for the payment of all sums, reasonable fees, out-of-pocket costs and expenses, including, without limitation, all renewal fees with respect to the Trademarks) or, if paid by Lender in its reasonable discretion, shall be added to the principal amount of the Obligations and shall bear interest at the Governing Rate.

12. Company shall use its commercially reasonable efforts to detect any infringers of the Trademarks and shall notify Lender in writing of material infringements detected in the Compliance Certificate delivered in respect of the first full calendar month after such detection. Company shall have the duty, through counsel reasonably acceptable to Lender, to prosecute diligently any trademark application for a Trademark pending as of the date of this Agreement or thereafter until Full Payment of all of the Obligations, to make federal application on registrable but unregistered Trademarks (subject to Company's reasonable discretion in the ordinary course of business or, during the existence of an Event of Default, promptly upon Lender's request), to file and prosecute opposition and cancellation proceedings, to file and prosecute lawsuits to enforce the Trademarks and to do any and all acts which are deemed necessary or desirable by Lender to preserve and maintain all rights in the Trademarks. Any reasonable out-of-pocket expenses incurred in connection with such applications or proceedings shall be borne by Company. Company shall not abandon any right to file a trademark application, or any pending trademark application or trademark without the consent of Lender, unless Company has determined that such trademark application or trademark is no longer material to the conduct of its business.

13. Reserved.

14. If Company fails to comply with any of its obligations hereunder and at the time of such failure or as a result thereof an Event of Default exists, then to the extent permitted by applicable law, Lender may discharge such obligations in Company's name, in Lender's sole discretion, but at Company's expense, and Company agrees to reimburse Lender in full for all reasonable out-of-pocket expenses, including, without limitation, reasonable outside attorneys' fees, incurred by Lender in prosecuting, defending or maintaining the Trademarks or Lender's interest therein pursuant to this Agreement.

15. No course of dealing between Company 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 any of the other Loan Documents 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.

16. All of Lender's rights and remedies with respect to the Trademark Collateral, whether established hereby or by any of the other Loan Documents, or by any other agreements or by applicable law shall be cumulative and may be exercised singularly or concurrently.

17. 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.

18. This Agreement, together with the other Loan Documents, constitutes and expresses the entire understanding of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings, inducements or conditions, whether expressed or implied, oral or written. This Agreement is subject to modification only by a writing signed by the parties, except as provided in Section 8 hereof.

19. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of Lender and upon the successors and permitted assigns of Company. Company shall not assign its rights or delegate its duties hereunder without the prior written consent of Lender.

20. Company hereby waives notice of Lender's acceptance hereof.

21. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Georgia.

22. To the fullest extent permitted by applicable law, Company and Lender each waives the right to trial by jury in any action, suit, proceeding or counterclaim of any kind arising out of or related to this Agreement or the Trademark Collateral.

[Remainder of page intentionally left blank; signatures appear on following pages.]

WITNESS the execution hereof under seal as of the date first above written.

ADVANCED ENVIRONMENTAL RECYCLING
TECHNOLOGIES, INC.
("Company")

By: _____


J. R. Brian Hanna, Chief Financial Officer

[SEAL]

[Signatures continued on following page.]

Accepted:

ALOSTAR BANK OF COMMERCE
("Lender")


By: 
Susan Hall, Managing Director

EXHIBIT A
TRADEMARKS

<u>Trademark</u>	<u>Jurisdiction</u>	<u>Registration Number</u>	<u>Registration Date</u>
ESSENTIAL COLLECTION	United States of America	3,972,986	June 7, 2011
SNAP-TO	United States of America	3,937,583	March 29, 2011
ELITE COLLECTION	United States of America	3,922,432	February 22, 2011
VANTAGE COLLECTION	United States of America	3,922,431	February 22, 2011
LIFECYCLE	United States of America	3,120,123	July 25, 2006
NANOPOLY	United States of America	4,039,194	October 11, 2011
ECODEK TILES	United States of America	3,817,016	July 13, 2010
DECKVISION	United States of America	3,790,124	March 18, 2010
MOISTURESHIELD	United States of America	1,734,846	November 24, 1992