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U.S. DEPARTMENT OF
Patent and Trademark

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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): M2D 8.30.00
Douglas Furniture of California, LLC

- Individual(s)
- General Partnership
- Corporation-State
- Other Delaware Limited Liability Company

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)

Name: Heller Financial, Inc.

Internal Address: _____

Street Address : 500 West Monroe

City: Chicago State: IL Zip: 60661

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation State DE

If assignee is not domiciled in the United States, a designation is attached: Yes No
(Designations must be a separate document from assignment)

Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

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

Execution Date: March 17, 2000

4. Application number(s) or trademark

A. Trademark Application No.(s)
-NONE-

B. Trademark Registration
1586809

Additional numbers attached? NO

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

Name: Federal Research Corp

Internal Address: _____

Street Address: 400 Seventh St NW

Suite 101

City: Washington Stat DC ZIP 20004

6. Total number of applications and registrations 1

7. Total fee (37 CFR 3.41)..... \$ 40.00

- Enclosed
- Authorized to be charged to deposit

8. Deposit account number: _____

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

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9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Rebecca L. Foley
Name of Person

Rebecca L. Foley
Signature

8/25/00
Date

7

Total number of pages including cover sheet, attachments, and

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK SECURITY AGREEMENT

WHEREAS, DOUGLAS FURNITURE OF CALIFORNIA, LLC, a Delaware limited liability company ("Grantor"), owns the Trademarks, Trademark registrations, and Trademark applications listed on Schedule 1 annexed hereto, and is a party to the Trademark Licenses listed on Schedule 1 annexed hereto; and

WHEREAS, Grantor has entered into a Credit Agreement dated as of March 31, 2000 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") with Heller Financial, Inc., as agent ("Agent") for the benefit of all financial institutions that from time to time become lenders under the Credit Agreement ("Lenders"), and the Lenders parties thereto, providing for extensions of credit and other financial accommodations to be made to Grantor by Agent and the Lenders; and

WHEREAS, pursuant to the terms of a Security Agreement dated as of even date herewith (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement"), between Grantor and Agent (in such capacity, "Grantee"), Grantor has granted to Grantee, for the benefit of Agent and the Lenders a security interest in substantially all the assets of Grantor including all right, title and interest of Grantor in, to and under all now owned and hereafter acquired Trademarks (as defined in the Security Agreement), Trademark registrations, Trademark applications and Trademark Licenses (as defined in the Security Agreement), together with the goodwill of the business symbolized by Grantor's Trademarks, and all proceeds thereof, to secure the payment of all amounts owing by Grantor under the Credit Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor does hereby grant to Grantee, for the benefit of Grantee and the Lenders a continuing security interest in all of Grantor's right, title and interest in, to and under the following (all of the following items or types of property being herein collectively referred to as the "Trademark Collateral"), whether presently existing or hereafter created or acquired:

- (1) each Trademark, Trademark registration and Trademark application, including, without limitation, the Trademarks, Trademark registrations (together with any reissues, continuations or extensions thereof) and Trademark applications referred to in Schedule 1 annexed hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark, Trademark registration and Trademark application;
- (2) each Trademark License and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark License; and
- (3) all products and proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future (a) infringement or dilution of any Trademark or Trademark registration including, without limitation, the Trademarks

and Trademark registrations referred to in Schedule 1 annexed hereto, the Trademark registrations issued with respect to the Trademark applications referred in Schedule 1 and the Trademarks licensed under any Trademark License, or (b) injury to the goodwill associated with any Trademark, Trademark registration or Trademark licensed under any Trademark License.

This security interest is granted in conjunction with the security interests granted to Grantee pursuant to the Security Agreement. Grantor hereby acknowledges and affirms that the rights and remedies of Grantee 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.

[Remainder of Page Intentionally Left Blank]
- Signature Page Follows -

Witness the due execution of this Trademark Security Agreement by the respective duly authorized officers of the undersigned as of the day first above written.

**DOUGLAS FURNITURE OF CALIFORNIA,
LLC, a Delaware limited liability company**

By: 

Name: Steven W. Burge

Title: Manager

HELLER FINANCIAL, INC., as Agent

By: 

Name: Steven Laux

Title: Vice President

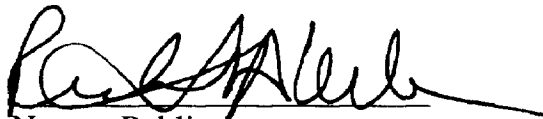
Trademark Security Agreement

**TRADEMARK
REEL: 002137 FRAME: 0332**

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On the 17th day of March, 2000 before me personally appeared Steven W. Burge, to me personally known or proved to me on the basis of satisfactory evidence to be the person described in and who executed the foregoing instrument as Manager of Douglas Furniture of California, LLC, who being by me duly sworn, did depose and say that he is Manager of Douglas Furniture of California, LLC, the limited liability company described in and which executed the foregoing instrument; that the said instrument was signed on behalf of said limited liability company by order of its Management Committee; and that he acknowledged said instrument to be the free act and deed of said limited liability company.


Notary Public

{Seal}

My commission expires:

7/11/2000



Trademark Security Agreement

TRADEMARK
REEL: 002137 FRAME: 0333

Schedule I to
Trademark Security Agreement

Existing Trademarks

Trademark Name	Jurisdiction of Registration	Registration Number	Registration Date
Douglas Furniture	U.S. Patent & Trademark Office	1586809	April 2, 1996
Douglas	Mexican Institute of Industrial Property	N/A	September 15, 1993