

11-24-1999

MRD  
11-22-99



101173088

RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)  
Document ID #
- Correction of PTO Error  
Reel #  Frame #
- Corrective Document  
Reel #  Frame #

Conveyance Type

- Assignment  License
- Security Agreement  Nunc Pro Tunc Assignment
- Merger
- Change of Name
- Other

Effective Date  
Month Day Year  
Nov. 17, 1999

Conveying Party

Mark if additional names of conveying parties attached

Name Payless Cashways, Inc.

Execution Date  
Month Day Year  
Nov. 17, 1999

Formerly

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other

Citizenship/State of Incorporation/Organization Delaware

Receiving Party

Mark if additional names of receiving parties attached

Name Congress Financial Corporation (Central)

DBA/AKATA

Composed of

Address (line 1) 150 S. Wacker Drive

Address (line 2)

Address (line 3) Chicago

Illinois

60606

City

State/Country

Zip Code

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

Citizenship/State of Incorporation/Organization Illinois

11/24/1999 TTON11 00000176 2218721

FOR OFFICE USE ONLY

01 FC:481	40.00 DP
02 FC:482	950.00 DP
03 FC:484	120.00 DP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

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

TRADEMARK  
REEL: 001961 FRAME: 0759

**Domestic Representative Name and Address**

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Correspondent Name and Address**

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Pages**

Enter the total number of pages of the attached conveyance document including any attachments.

#

**Trademark Application Number(s) or Registration Number(s)**

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

**Trademark Application Number(s)**

**Registration Number(s)**

SEE SCHEDULE A ANNEXED HERETO.

SEE SCHEDULE A ANNEXED HERETO.

**Number of Properties**

Enter the total number of properties involved.

#

**Fee Amount**

Fee Amount for Properties Listed (37 CFR 3.41):

\$

120 Expedite Fee

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

**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. Charges to deposit account are authorized, as indicated herein.

Preston R. Cappello

Name of Person Signing

Signature

Date Signed

EXHIBIT A  
TO  
TRADEMARK COLLATERAL ASSIGNMENT  
AND SECURITY AGREEMENT

LIST OF TRADEMARKS AND TRADEMARK APPLICATIONS

<u>Trademark</u>	<u>Registration Number</u>	<u>Registration Date</u>	<u>Expiration Date</u>
A Tough Place to Work. A Great Place to Shop.	2,218,721	1/19/99	1/19/09
Bahama	1,756,661	3/9/93	3/9/03
Bahama	1,437,919	4/28/87	4/28/07
Bahama	1,363,219	10/1/85	10/1/05
Contractor Referral Service & Design	1,809,525	12/7/93	12/7/03
Design (Blank Arrow)	1,911,941	8/15/95	8/15/05
Design (for Man)	902,378	11/10/70 (Renewed 11/10/90)	11/10/00
Design Works	1,829,695	4/5/94	4/5/04
Don't Do It Yourself Without It	1,355,793	8/20/85	8/20/05
Don't Do-It-Yourself Without Us	1,312,711	1/1/85	1/1/05
Express Estimates	1,804,732	11/16/93	11/16/03
Express Yard	1,521,367	1/17/89	1/17/09
Furrow & Design (in arrow)	1,228,761	2/22/83	2/22/03
Furrow & Design (in red arrow)	1,228,760	2/22/83	2/22/03
Furrow Building Materials & Design (in black box)	1,228,409	7/31/84	7/31/04

Furrow Building Materials & Design	1,228,407	7/31/84	7/31/04
Furrow	1,084,394	1/31/78 (Renewed 1/31/98)	1/31/08
Knox	1,688,192	5/19/92	5/19/02
Knox Building Materials & Design (in black box)	1,850,951	8/23/94	8/23/04
Optic	1,761,645	3/30/93	3/30/03
Payless Cashways, Inc. Building Materials & Design (in black box)	1,293,473	9/4/84	9/4/04
Payless Cashways, Inc. & Design (in arrow)	1,293,474	9/4/84	9/4/04
Payless Cashways, Inc. Building Materials & Design	1,293,475	9/4/84	9/4/04
Project Charge Card	1,432,285	3/10/87	3/10/07
Project Master	1,736,103	12/1/92	12/1/02
Somerville & Design (large word)	1,956,827	4/2/96	4/2/06
Somerville & Design (in arrow)	1,467,752	12/1/87	12/1/07
The Professional Advantage & Design	1,983,513	7/2/96	7/2/06
The Project Card	1,432,283	3/10/87	3/10/07
Tool Site Trade Tools & Supply & Design	1,884,083	3/14/95	3/14/05
We Work To Make Your Job Easier	1,806,595	11/23/93	11/23/03
Spin-N-Seal	2,275,966	9/7/99	9/7/09
Furrow Building Materials	T,N86,052,301 (New Mexico Registration)	5/23/86 (Renewed 5/23/96)	5/23/06

Hugh M. Woods & Design	32857 (Colorado Registration)	4/3/87 (Renewed 4/3/97)	4/3/07
Lumberjack & Arrow Design	29236 (California Registration)	2/26/87 (Renewed 2/26/97 #5002)	2/26/07
Somerville Lumber & Supply Co.	130,281 (New Hampshire Registration)	12/4/89	12/4/99

<u>Trademark Application</u>	<u>Application/Serial Number</u>	<u>Application Date</u>
Pacifica	S/N 75/599621	12/4/98
Garden King	S/N 75/507125	6/23/98
Builder's Express	S/N 75/517007	7/10/98

**TRADEMARK COLLATERAL ASSIGNMENT  
AND SECURITY AGREEMENT**

THIS AGREEMENT ("Agreement"), dated November 17, 1999, is by and between PAYLESS CASHWAYS, INC., a Delaware corporation ("Debtor"), with its chief executive office at 800 N.W. Chipman Road, Lee's Summit, Missouri 64063 and CONGRESS FINANCIAL CORPORATION (CENTRAL), an Illinois corporation, as agent ("Secured Party"), having an office at 150 South Wacker Drive, Chicago, Illinois 60606-4401.

W I T N E S S E T H :

WHEREAS, Debtor has adopted, used and is using, and is the owner of the entire right, title, and interest in and to the trademarks, service marks, trade names, designs and applications therefor described in Exhibit A hereto and made a part hereof; and

WHEREAS, Secured Party, Congress Financial Corporation (Central) ("Congress") and certain other lenders (collectively, "Lenders") and Debtor have entered or are about to enter into financing arrangements pursuant to which Secured Party, for the ratable benefit of Lenders, may make loans and advances and provide other financial accommodations to Debtor as set forth in the Loan and Security Agreement, dated of even date herewith by and among Congress, Secured Party and Debtor (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Loan Agreement") and other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto, including, but not limited to, this Agreement (all of the foregoing, together with the Loan Agreement, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "Financing Agreements"); and

WHEREAS, in order to induce Secured Party and Lenders to enter into the Loan Agreement and the other Financing Agreements and to make loans and advances and provide other financial accommodations to Debtor pursuant thereto, Debtor has agreed to grant to Secured Party, for the ratable benefit of Lenders, certain collateral security as set forth herein;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby agrees as follows:

## 1. GRANT OF SECURITY INTEREST

As collateral security for the prompt performance, observance and indefeasible payment in full of all of the Obligations (as hereinafter defined), Debtor hereby grants to Secured Party, for the ratable benefit of Lenders, a continuing security interest in and a general lien upon, and a conditional assignment of, the following (being collectively referred to herein as the "Collateral"): (a) all of Debtor's now existing or hereafter acquired right, title, and interest in and to: (i) all of Debtor's trademarks, tradenames, trade styles and service marks and all applications, registrations and recordings relating to the foregoing as may at any time be filed in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other country, including, without limitation, the trademarks, service marks designs and all applications and registrations relating thereto described in Exhibit A hereto, together with all rights and privileges arising under applicable law with respect to Debtor's use of any trademarks, tradenames, trade styles and service marks, and all reissues, extensions, continuation and renewals thereof (all of the foregoing being collectively referred to herein as the "Trademarks"); and (ii) all prints and labels on which such trademarks, tradenames, tradestyles and service marks appear, have appeared or will appear, and all designs and general intangibles of a like nature; (b) the goodwill of the business symbolized by each of the Trademarks, including, without limitation, all customer lists and other records relating to the distribution of products or services bearing the Trademarks; (c) all income, fees, royalties and other payments at any time due or payable with respect thereto, including, without limitation, payments under all licenses at any time entered into in connection therewith; (d) the right to sue for past, present and future infringements thereof; (e) all rights corresponding thereto throughout the world; and (f) any and all other proceeds of any of the foregoing, including, without limitation, damages and payments or claims by Debtor against third parties for past or future infringement of the Trademarks.

## 2. OBLIGATIONS SECURED

The security interest, lien and other interests granted to Secured Party, for the ratable benefit of Lenders, pursuant to this Agreement shall secure the prompt performance, observance and payment in full of any and all obligations, liabilities and indebtedness of every kind, nature and description owing by Debtor to Secured Party and any Lender and/or their respective affiliates, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, whether arising under this Agreement, the Loan Agreement, the other Financing Agreements or otherwise, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the Loan Agreement or after the commencement of any case with respect to Debtor under the United States Bankruptcy Code or any similar statute (including, without limitation, the payment of interest and other amounts which would accrue and become due but for the commencement of such case), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured, and however acquired by Secured Party and Lenders (all of the foregoing being collectively referred to herein as the "Obligations").

### 3. REPRESENTATIONS, WARRANTIES AND COVENANTS

Debtor hereby represents, warrants and covenants with and to Secured Party and Lenders the following (all of such representations, warranties and covenants being continuing so long as any of the Obligations are outstanding):

(a) Debtor shall pay and perform all of the Obligations according to their terms.

(b) All of the existing Collateral is valid and subsisting in full force and effect, and Debtor owns the sole, full and clear title thereto, and the right and power to grant the security interest and conditional assignment granted hereunder. Debtor shall, at Debtor's expense, perform all acts and execute all documents necessary to maintain the existence of the Collateral consisting of registered Trademarks as registered trademarks and to maintain the existence of all of the Collateral as valid and subsisting, including, without limitation, the filing of any renewal affidavits and applications. The Collateral is not subject to any liens, claims, mortgages, assignments, licenses, security interests or encumbrances of any nature whatsoever, except: (i) the security interests granted hereunder and pursuant to the Loan Agreement, (ii) the security interests permitted under the Loan Agreement, and (iii) the licenses permitted under Section 3(e) below.

(c) Debtor shall not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license relating to the Collateral, or otherwise dispose of any of the Collateral, in each case without the prior written consent of Secured Party, except as otherwise permitted herein or in the Loan Agreement. Nothing in this Agreement shall be deemed a consent by Secured Party or any Lender to any such action, except as such action is expressly permitted hereunder.

(d) Debtor shall, at Debtor's expense, promptly perform all acts and execute all documents requested at any time by Secured Party to evidence, perfect, maintain, record or enforce the security interest in and conditional assignment of the Collateral granted hereunder or to otherwise further the provisions of this Agreement. Debtor hereby authorizes Secured Party to execute and file one or more financing statements (or similar documents) with respect to the Collateral, signed only by Secured Party or any Lender or as otherwise determined by Secured Party. Debtor further authorizes Secured Party and Lenders to have this Agreement or any other similar security agreement filed with the Commissioner of Patents and Trademarks or any other appropriate federal, state or government office.

(e) As of the date hereof, Debtor does not have any Trademarks registered, or subject to pending applications, in the United States Patent and Trademark Office or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, other than those described in Exhibit A hereto and has not granted any licenses with respect thereto other than as set forth in Exhibit B hereto.

(f) Debtor shall, concurrently with the execution and delivery of this Agreement, execute and deliver to Secured Party five (5) originals of a Special Power of Attorney in the form of Exhibit C



annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Secured Party's exercise of the rights and remedies granted to Secured Party and Lenders hereunder.

(g) Secured Party may, in its discretion, pay any amount or do any act which Debtor fails to pay or do as required hereunder or as requested by Secured Party to preserve, defend, protect, maintain, record or enforce the Obligations, the Collateral, or the security interest and conditional assignment granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, attorneys' fees and legal expenses. Debtor shall be liable to Secured Party for any such payment, which payment shall be deemed an advance by Secured Party, for the ratable benefit of Lenders, to Debtor, shall be payable on demand together with interest at the rate then applicable to the Obligations set forth in the Loan Agreement and shall be part of the Obligations secured hereby.

(h) Promptly upon Debtor's filing of any application for the registration of a Trademark with the United States Patent and Trademark Office or any similar office or agency in the United States, Debtor shall provide Secured Party with written notice of such action. If, after the date hereof, Debtor shall (i) obtain any registered trademark or tradename, or apply for any such registration in the United States Patent and Trademark Office or in any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, or (ii) become the owner of any trademark registrations or applications for trademark registration used in the United States or any State thereof, political subdivision thereof or in any other country, the provisions of Section 1 hereof shall automatically apply thereto. Upon the request of Secured Party, Debtor shall promptly execute and deliver to Secured Party, for the ratable benefit of Lenders, any and all assignments, agreements, instruments, documents and such other papers as may be requested by Secured Party to evidence the security interest in and conditional assignment of such Trademark in favor of Secured Party, for the ratable benefit of Lenders.

(i) Debtor has not abandoned any of the Trademarks and Debtor will not do any act, nor omit to do any act, whereby the Trademarks may become abandoned, invalidated, unenforceable, avoided, or avoidable. Debtor shall notify Secured Party immediately if it knows or has reason to know of any reason why any application, registration, or recording with respect to the Trademarks may become abandoned, canceled, invalidated, avoided, or avoidable.

(j) Debtor shall render any assistance, as Secured Party shall determine is necessary, to Secured Party or any Lender in any proceeding before the United States Patent and Trademark Office, any federal or state court, or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, to maintain such application and registration of the Trademarks as Debtor's exclusive property and to protect Secured Party's and Lenders' interest therein, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference, and cancellation proceedings.

(k) To Debtor's knowledge, no material infringement or unauthorized use presently is being made of any of the Trademarks that would adversely affect in any material respect the fair market

value of the Collateral or the benefits of this Agreement granted to Secured Party, for the ratable benefit of Lenders, including, without limitation, the validity, priority or perfection of the security interest granted herein or the remedies of Secured Party or any Lender hereunder. Debtor shall promptly notify Secured Party if Debtor (or any affiliate or subsidiary thereof) learns of any use by any person of any term or design which infringes on any Trademark or is likely to cause confusion with any Trademark. If requested by Secured Party or any Lender, Debtor, at Debtor's expense, shall join with Secured Party or any Lender in such action as Secured Party, in Secured Party's discretion, may deem advisable for the protection of Secured Party's and Lenders' interest in and to the Trademarks.

(l) Debtor assumes all responsibility and liability arising from the use of the Trademarks and Debtor hereby indemnifies and holds Secured Party and Lenders harmless from and against any claim, suit, loss, damage, or expense (including attorneys' fees and legal expenses) arising out of any alleged defect in any product manufactured, promoted, or sold by Debtor (or any affiliate or subsidiary thereof) in connection with any Trademark or out of the manufacture, promotion, labeling, sale or advertisement of any such product by Debtor (or any affiliate or subsidiary thereof). The foregoing indemnity shall survive the payment of the Obligations, the termination of this Agreement and the termination or non-renewal of the Loan Agreement.

(m) Debtor shall promptly pay Secured Party, for the ratable benefit of Lenders, for any and all expenditures made by Secured Party, for the ratable benefit of Lenders, pursuant to the provisions of this Agreement or for the defense, protection or enforcement of the Obligations, the Collateral, or the security interests and conditional assignment granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, travel expenses, and attorneys' fees and legal expenses. Such expenditures shall be payable on demand, together with interest at the rate then applicable to the Obligations set forth in the Loan Agreements and shall be part of the Obligations secured hereby.

#### 4. EVENTS OF DEFAULT

All Obligations shall become immediately due and payable, without notice or demand, at the option of Secured Party, upon the occurrence of any Event of Default, as such term is defined in the Loan Agreement (each an "Event of Default" hereunder).

#### 5. RIGHTS AND REMEDIES

At any time an Event of Default exists or has occurred and is continuing, in addition to all other rights and remedies of Secured Party and Lenders, whether provided under this Agreement, the Loan Agreement, the other Financing Agreements, applicable law or otherwise, Secured Party, for the ratable benefit of Lenders, shall have the following rights and remedies which may be exercised without notice to, or consent by, Debtor except as such notice or consent is expressly provided for hereunder:

(a) Secured Party, for the ratable benefit of Lenders, may require that neither Debtor nor any affiliate or subsidiary of Debtor make any use of the Trademarks or any marks similar thereto for any purpose whatsoever. Secured Party and/or any Lender may make use of any Trademarks for the sale of goods, completion of work-in-process or rendering of services in connection with enforcing any other security interest granted to Secured Party, for the ratable benefit of Lenders, by Debtor or any subsidiary or affiliate of Debtor or for such other reason as Secured Party may determine.

(b) Secured Party, for the ratable benefit of Lenders, may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner, as Secured Party shall in its discretion deem appropriate. Such license or licenses may be general, special or otherwise, and may be granted on an exclusive or non-exclusive basis throughout all or any part of the United States of America, its territories and possessions, and all foreign countries.

(c) Secured Party, for the ratable benefit of Lenders, may assign, sell or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations except that if notice to Debtor of intended disposition of Collateral is required by law, the giving of five (5) days prior written notice to Debtor of any proposed disposition shall be deemed reasonable notice thereof and Debtor waives any other notice with respect thereto. Secured Party and any Lender shall have the power to buy the Collateral or any part thereof, and Secured Party and any Lender shall also have the power to execute assurances and perform all other acts which Secured Party may, in its discretion, deem appropriate or proper to complete such assignment, sale, or disposition. In any such event, Debtor shall be liable for any deficiency.

(d) In addition to the foregoing, in order to implement the assignment, sale, or other disposition of any of the Collateral pursuant to the terms hereof, Secured Party may at any time execute and deliver on behalf of Debtor, pursuant to the authority granted in the Powers of Attorney described in Section 3(f) hereof, one or more instruments of assignment of the Trademarks (or any application, registration, or recording relating thereto), in form suitable for filing, recording, or registration. Debtor agrees to pay Secured Party on demand all costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees, and attorneys' fees and legal expenses. Debtor agrees that Secured Party has no obligation to preserve rights to the Trademarks against any other parties.

(e) Secured Party, for the ratable benefit of Lenders, may first apply the proceeds actually received from any such license, assignment, sale or other disposition of any of the Collateral to the costs and expenses thereof, including, without limitation, attorneys' fees and all legal, travel and other expenses which may be incurred by Secured Party or any Lender. Thereafter, Secured Party, for the ratable benefit of Lenders, may apply any remaining proceeds to such of the Obligations as Secured Party, for the ratable benefit of Lenders, may in its discretion determine. Debtor shall remain liable to Secured Party, for the ratable benefit of Lenders, for any of the Obligations remaining unpaid after the application of such proceeds, and Debtor shall pay Secured Party, for the ratable benefit of Lenders, on demand any such unpaid amount, together with interest at the rate then applicable to the Obligations set forth in the Loan Agreement.

(f) Debtor shall supply to Secured Party or to Secured Party's designee, Debtor's knowledge and expertise relating to the manufacture and sale of the products and services bearing the Trademarks and Debtor's customer lists and other records relating to the Trademarks and the distribution thereof.

(g) Nothing contained herein shall be construed as requiring Secured Party or any Lender to take any such action at any time. All of Secured Party's and Lenders' rights and remedies, whether provided under this Agreement, the other Financing Agreements, applicable law, or otherwise, shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively, or concurrently.

6. JURY TRIAL WAIVER; OTHER WAIVERS  
AND CONSENTS; GOVERNING LAW

(a) The validity, interpretation and enforcement of this Agreement and the other Financing Agreements and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of New York (without giving effect to principles of conflict of laws).

(b) Debtor and Secured Party irrevocably consent and submit to the non-exclusive jurisdiction of the New York State Supreme Court, New York County, and the United States District Court for the Southern District of New York and waive any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Agreement or any of the other Financing Agreements or in any way connected or related or incidental to the dealings of Debtor and Secured Party or any Lender in respect of this Agreement or the other Financing Agreements or the transactions related hereto or thereto, in each case whether now existing or thereafter arising, and whether in contract, tort, equity or otherwise, and agree that any dispute with respect to any such matters shall be heard only in the courts described above (except that Secured Party or any Lender shall have the right to bring any action or proceeding against Debtor or its property in the courts of any other jurisdiction which Secured Party deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against Debtor or its property).

(c) Debtor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by certified mail (return receipt requested) directed to its address set forth herein and service so made shall be deemed to be completed five (5) days after the same shall have been so deposited in the U.S. mails, or, at Secured Party's or any Lender's option, by service upon Debtor in any other manner provided under the rules of any such courts. Within thirty (30) days after such service, Debtor shall appear in answer to such process, failing which Debtor shall be deemed in default and judgment may be entered by Secured Party or any Lender against Debtor for the amount of the claim and other relief requested.

(d) DEBTOR AND SECURED PARTY EACH HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR (ii)

IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF DEBTOR, SECURED PARTY AND LENDERS IN RESPECT OF THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NO EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. DEBTOR AND SECURED PARTY EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT DEBTOR, SECURED PARTY OR ANY LENDER MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF DEBTOR AND SECURED PARTY TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(e) Neither Secured Party nor any Lender shall have any liability to Debtor (whether in tort, contract, equity or otherwise) for losses suffered by Debtor in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Secured Party and Lenders that the losses were the result of acts or omissions constituting gross negligence or willful misconduct. In any such litigation, Secured Party and Lenders shall be entitled to the benefit of the rebuttable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of this Agreement and the other Financing Agreements.

## 7. MISCELLANEOUS

(a) All notices, requests and demands hereunder shall be in writing and deemed to have been given or made: if delivered in person, immediately upon delivery; if by telex, telegram or facsimile transmission, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next business day, one (1) business day after sending; and if by certified mail, return receipt requested, five (5) days after mailing. All notices, requests and demands upon the parties are to be given to the following addresses (or to such other address as any party may designate by notice in accordance with this Section):

If to Debtor:                   800 N.W. Chipman Road  
Suite 5900  
Lee's Summit, Missouri 64063  
Attention: Chief Financial Officer

If to Secured  
Party:                           Congress Financial Corporation (Central)  
150 South Wacker Drive  
Chicago, Illinois 60606-4401  
Attention: Mr. William H. Bloom

(b) All references to the plural herein shall also mean the singular and to the singular shall also mean the plural. All references to Debtor, Secured Party and Lenders pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and assigns. The words "hereof," "herein," "hereunder," "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced. An Event of Default shall exist or continue or be continuing until such Event of Default is waived in accordance with Section 7(e) hereof. All references to the term "Person" or "person" herein shall mean any individual, sole proprietorship, partnership, corporation (including, without limitation, any corporation which elects subchapter S status under the Internal Revenue Code of 1986, as amended), limited liability company, limited liability partnership, business trust, unincorporated association, joint stock company, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

(c) This Agreement, the other Financing Agreements and any other document referred to herein or therein shall be binding upon Debtor and its successors and assigns and inure to the benefit of and be enforceable by Secured Party and Lenders and their respective successors and assigns.

(d) If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

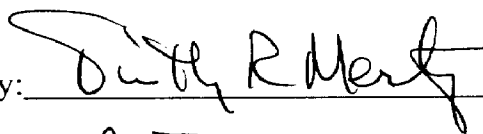
(e) Neither this Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of Secured Party. Neither Secured Party nor any Lender shall, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and signed by an authorized officer of Secured Party. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Secured Party of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which

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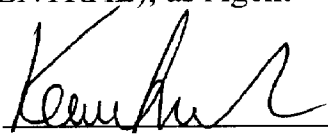
Secured Party or any Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement as of the day and year first above written.

PAYLESS CASHWAYS, INC.

By:   
Title: VP - Treasury

CONGRESS FINANCIAL CORPORATION  
(CENTRAL), as Agent

By:   
Title: SVP

STATE OF NEW YORK )  
 ) ss.:  
COUNTY OF NEW YORK )

As of this 17<sup>th</sup> day of November, 1999, before me personally came TIMOTHY MERTZ, to me known, who being duly sworn, did depose and say, that he is the Vice President of Payless Cashways, Inc., the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

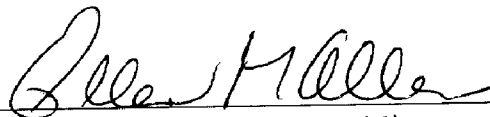


Notary Public

STATE OF NEW YORK )  
 ) ss.:  
COUNTY OF NEW YORK )

ELLEN M. ALLEN  
Notary Public, State of New York  
No. 01AL5067123  
Qualified in Suffolk County  
Commission Expires March 18, 2000

On this 17<sup>th</sup> day of November, 1999, before me personally came KENNETH SANDS, to me known, who, being duly sworn, did depose and say, that he is the Senior Vice President of CONGRESS FINANCIAL CORPORATION (CENTRAL), the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.



Notary Public

ELLEN M. ALLEN  
Notary Public, State of New York  
No. 01AL5067123  
Qualified in Suffolk County  
Commission Expires March 18, 2000



EXHIBIT A  
TO  
TRADEMARK COLLATERAL ASSIGNMENT  
AND SECURITY AGREEMENT

LIST OF TRADEMARKS AND TRADEMARK APPLICATIONS

Trademark	Registration Number	Registration Date	Expiration Date
A Tough Place to Work. A Great Place to Shop.	2,218,721	1/19/99	1/19/09
Bahama	1,756,661	3/9/93	3/9/03
Bahama	1,437,919	4/28/87	4/28/07
Bahama	1,363,219	10/1/85	10/1/05
Contractor Referral Service & Design	1,809,525	12/7/93	12/7/03
Design (Blank Arrow)	1,911,941	8/15/95	8/15/05
Design (for Man)	902,378	11/10/70 (Renewed 11/10/90)	11/10/00
Design Works	1,829,695	4/5/94	4/5/04
Don't Do It Yourself Without It	1,355,793	8/20/85	8/20/05
Don't Do-It-Yourself Without Us	1,312,711	1/1/85	1/1/05
Express Estimates	1,804,732	11/16/93	11/16/03
Express Yard	1,521,367	1/17/89	1/17/09
Furrow & Design (in arrow)	1,228,761	2/22/83	2/22/03
Furrow & Design (in red arrow)	1,228,760	2/22/83	2/22/03
Furrow Building Materials & Design (in black box)	1,228,409	7/31/84	7/31/04

Furrow Building Materials & Design	1,228,407	7/31/84	7/31/04
Furrow	1,084,394	1/31/78 (Renewed 1/31/98)	1/31/08
Knox	1,688,192	5/19/92	5/19/02
Knox Building Materials & Design (in black box)	1,850,951	8/23/94	8/23/04
Optic	1,761,645	3/30/93	3/30/03
Payless Cashways, Inc. Building Materials & Design (in black box)	1,293,473	9/4/84	9/4/04
Payless Cashways, Inc. & Design (in arrow)	1,293,474	9/4/84	9/4/04
Payless Cashways, Inc. Building Materials & Design	1,293,475	9/4/84	9/4/04
Project Charge Card	1,432,285	3/10/87	3/10/07
Project Master	1,736,103	12/1/92	12/1/02
Somerville & Design (large word)	1,956,827	4/2/96	4/2/06
Somerville & Design (in arrow)	1,467,752	12/1/87	12/1/07
The Professional Advantage & Design	1,983,513	7/2/96	7/2/06
The Project Card	1,432,283	3/10/87	3/10/07
Tool Site Trade Tools & Supply & Design	1,884,083	3/14/95	3/14/05
We Work To Make Your Job Easier	1,806,595	11/23/93	11/23/03
Spin-N-Seal	2,275,966	9/7/99	9/7/09
Furrow Building Materials	T,N86,052,301 (New Mexico Registration)	5/23/86 (Renewed 5/23/96)	5/23/06

Hugh M. Woods & Design	32857 (Colorado Registration)	4/3/87 (Renewed 4/3/97)	4/3/07
Lumberjack & Arrow Design	29236 (California Registration)	2/26/87 (Renewed 2/26/97 #5002)	2/26/07
Somerville Lumber & Supply Co.	130,281 (New Hampshire Registration)	12/4/89	12/4/99

<u>Trademark Application</u>	<u>Application/Serial Number</u>	<u>Application Date</u>
Pacifica	S/N 75/599621	12/4/98
Garden King	S/N 75/507125	6/23/98
Builder's Express	S/N 75/517007	7/10/98

EXHIBIT B  
TO  
TRADEMARK COLLATERAL ASSIGNMENT  
AND SECURITY AGREEMENT

LIST OF LICENSES

None.



STATE OF \_\_\_\_\_ )  
 ) ss.:  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_ day of \_\_\_\_\_ 19\_\_, before me personally came \_\_\_\_\_, to me known, who being duly sworn, did depose and say, that he is the \_\_\_\_\_ of Payless Cashways, Inc., the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

\_\_\_\_\_  
Notary Public