

FORM PTO 1594
(Rev. 10/02)

RECORDATION COVER SHEET
TRADEMARKS ONLY

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

OMB No. 0651-0027 (exp. 6/30/2005)

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

1. Name of conveying party(ies):
Homecrest Industries Incorporated

Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State of Delaware
 Other

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

2. Name and address of receiving party(ies)
Name: U.S. Bank National Association
Internal Address: BC-MN-H224A
Street Address: 800 Nicollet Mall
City: Minneapolis State: MN ZIP: 55402

Individual(s)
 Association National Banking Association
 General Partnership
 Limited Partnership
 Corporation-State
 Other

If assignee is not domiciled in the United States, a domestic representative 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 Merger
 Security Agreement Change of Name
 Other

Execution Date: December 12, 2003

4. Application number(s) or patent number(s):
A. Trademark Application No.(s) 78/161045

B. Trademark Registration No.(s) 1988551, 1210517,
2082411, 2116785, 2186255, 1507202, 1084012, 1008584

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Michael J. Kroll
Internal Address: Dorsey & Whitney LLP

Street Address: Suite 1500, 50 South Sixth Street

City: Minneapolis State: MN ZIP: 55402-1498

6. Total Number of applications and registrations involved: 9

7. Total fee (37 CFR 3.41). \$240

Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
04-1420

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

DO NOT USE THIS SPACE

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.

Michael J. Kroll [Signature] 02/17/2004
Name of person Signing Signature Date

Total number of pages comprising cover sheet: 1

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

CH \$240.00 041420 78161045

COLLATERAL ASSIGNMENT (TRADEMARKS)

This COLLATERAL ASSIGNMENT (TRADEMARKS) (the "Assignment"), dated as of December 12, 2003, made and given by HOMECREST INDUSTRIES INCORPORATED, a Delaware corporation (the "Assignor"), to U.S. BANK NATIONAL ASSOCIATION, a national banking association (the "Assignee").

RECITALS

A. The Assignor and the Assignee have entered into a Third Amended and Restated Credit Agreement dated as of December 12, 2003 (as amended, supplemented, extended, restated, or otherwise modified from time to time, the "Credit Agreement") pursuant to which the Assignee has agreed to extend certain credit accommodations to the Assignor under the terms and conditions set forth therein (all terms capitalized and used herein without being defined shall have the meaning given them in the Credit Agreement).

B. To secure all the liabilities and obligations of the Assignor to the Assignee arising under the Credit Agreement and under the Reimbursement Agreement and all other liabilities and obligations of the Assignee to the Assignor, in each case whether now existing or hereafter arising (the "Liabilities"), the Assignor has pledged and granted to the Assignee a security interest in the property described in a Second Amended and Restated Security Agreement dated February 15, 2002 (as amended, supplemented, extended, restated, or otherwise modified from time to time, the "Security Agreement") given by Assignor in favor of Assignee which property includes general intangibles, including, without limitation, applications for patents, applications for trademarks, patents, inventions, trademarks, trade names, domain names, copyrights and trade secrets.

C. It is a condition precedent to the obligation of the Assignee to extend credit accommodations pursuant to the Credit Agreement that this Assignment be executed and delivered by Assignor.

NOW, THEREFORE, in consideration of the premises and to induce the Assignee to extend credit accommodations under the Credit Agreement, the parties hereto agree as follows:

1. Subject to the terms and conditions of this Assignment, the Assignor does hereby assign all of its right, title and interest in and to all of the present trademarks, domain names, and trade names and the registrations and applications therefor owned by the Assignor (the "Trademarks"), including but not limited to those set forth on Exhibit A hereto, and including, without limitation, all proceeds thereof together with the right to recover for past, present and future infringements, all rights corresponding thereto throughout the world and all renewals and extensions thereof, together with the goodwill of the business associated with said Trademarks, said Trademarks to be held and enjoyed by the Assignee, and for its legal representatives, successors and assigns, as fully and entirely as the same would have been held by the Assignor had this Assignment not been made. The foregoing assignment shall be effective only upon the occurrence of an Event of Default under the Credit Agreement and upon written notice by the Assignee to the Assignor of the acceptance by the Assignee of this Assignment, which written

notice shall constitute conclusive proof of the matters set forth therein. After the occurrence of an Event of Default under the Credit Agreement, the Assignee shall be entitled to transfer the Trademarks pursuant to an Assignment of Trademarks substantially in the form of Exhibit B. The Assignor hereby irrevocably authorizes the Assignee to date the undated Assignments of Trademarks and otherwise complete such Assignments at the time of transfer and agrees to sign whatever documents are necessary to transfer ownership of Assignor's domain names from Assignor to the new owner. Notwithstanding the foregoing provisions of this Section 1, the Assignee acquires no security interest or other rights in the United States for any Trademark that is the subject of an intent-to-use application before the U.S. Patent and Trademark Office until such time as a verified amendment to allege use or statement of use is filed for such application or the Assignee arranges for an assignment of such Trademarks from the Assignee to a purchaser that would satisfy the requirements of Section 10 of the Lanham Act, 15 U.S.C. Section 1060. At the time that Assignee seeks to transfer all other Trademarks pursuant to Exhibit B, it may also complete Exhibit C with respect to any U.S. intent-to-use applications and, provided that Exhibit C satisfies the conditions of the preceding sentence, Assignor agrees that it will promptly execute and return the same to Assignee.

2. The Assignor hereby covenants and warrants that:

(a) except for applications pending, the Trademarks listed on Exhibit A have been duly issued and are subsisting and have not been adjudged invalid or unenforceable, in whole or in part;

(b) to the best of the Assignor's knowledge, each of the Trademarks material to the conduct of the Assignor's business is valid and enforceable;

(c) no claim has been made to the Assignor or, to the knowledge of the Assignor, to any other person, that use of any of the Trademarks does or may violate the rights of any third person and no claim has been made by the Assignor that any other person is infringing upon the rights of the Assignor under the Trademarks;

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

(e) the Assignor will be, until the Liabilities shall have been satisfied in full and the Loan Documents shall have been terminated, in compliance with the statutory notice requirements relating to its use of the Trademarks;

(f) to the best of the Assignor's knowledge, the Assignor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademarks, free and clear of any liens, charges and encumbrances, including without limitation, licenses and covenants by the Assignor not to sue third persons;

(g) the Trademarks listed on Exhibit A are all of the trademark registrations and applications therefore now owned by the Assignor;

(h) the Assignor has marked with an asterisk each U.S. intent-to-use trademark application listed on Exhibit A for which a verified amendment to allege use or statement of use has not been filed; and

(i) the Assignor will, at any time upon request, communicate to the Assignee, its successors and assigns, any facts relating to the Trademarks or the history thereof as may be known to the Assignor or its officers, employees and agents, and cause such officers, employees and agents to testify as to the same in any infringement or other litigation at the request of the Assignee without the Assignee's prior written consent.

3. The Assignor agrees that, until the rights of the Assignee in the Trademarks are terminated pursuant to Section 6, it will not enter into any agreement that is inconsistent with its obligations under this Assignment.

4. If, before the Liabilities shall have been satisfied in full and the expiration of the obligations, if any, of the Assignee to extend credit accommodations to the Assignor, the Assignor shall obtain rights to any new trademark, domain name or trade name, or become entitled to the benefit of any trademark application, registration, trademark, domain name or trade name or any renewal or extension of any trademark registration or domain name, such shall be included in the definition of "Trademarks" as used in this Assignment – (except for purposes of Section 2 hereof), Section 1 hereof shall automatically apply thereto, and the Assignor shall submit annual reports to the Assignee each year not later than December 31, commencing December 31, 2003, notifying Assignee of (i) any new trademarks, domain names, or trade names adopted, acquired, or applied for during the previous year and (ii) any changes to the status of any previously listed Trademarks, including without limitation U.S. trademark applications for which verified amendments to allege use and statements of use have now been filed. If the Assignee does not receive such a report within fifteen days after the deadline, then the Assignee is authorized to obtain updated information on the Trademarks from the appropriate trademark or domain name registrars or third party providers at the Assignor's expense. The Assignor authorizes the Assignee to modify this Assignment, without the consent of the Assignor, by amending Exhibit A hereto to include any future trademark, domain name or trade name.

5. Except as permitted by the Credit Agreement, the Assignor agrees not to sell, assign or encumber its interest in, or grant any license with respect to, any of the Trademarks, except for the licenses listed on Exhibit D hereto or otherwise with the Assignee's prior written consent.

6. The Assignor agrees that it will authorize, execute and deliver to Assignee all documents requested by Assignee to facilitate the purposes of this Assignment, including but not limited to documents required to record Assignee's interest in any appropriate office in any domestic or foreign jurisdiction. At the time the annual report is prepared in accordance with Section 4, Assignor agrees to provide Assignee with an updated Exhibit A for filing with the U.S. Patent and Trademark Office. If the Assignee does not receive the updated Exhibit A within fifteen days after the deadline, then Assignee is authorized to prepare and record Exhibit A at the Assignor's expense. Upon payment in full of the liabilities and the expiration of the obligations, if any, of the Assignee to extend credit accommodations to the Assignor, the

Assignee shall on demand of the Assignor execute and deliver to the Assignor all termination statements and other instruments as may be necessary or proper to terminate this Assignment and assign to the Assignor all the Assignee's rights in the Trademarks, subject to any disposition thereof which may have been made by the Assignee pursuant thereto or pursuant to the Loan Documents. All documents prepared and all actions taken by the Assignee pursuant to this Collateral Assignment shall be at Assignor's expense.

7. The Assignor shall have the duty, through counsel reasonably acceptable to the Assignee, (i) to prosecute diligently any pending Trademark application as of the date of this Assignment or thereafter until the Credit Agreement and the Loan Documents shall have been terminated in accordance with their terms, and (ii) to preserve and maintain all rights in all Trademarks which a prudent person would reasonably preserve and maintain. Any expenses incurred in connection with applications that constitute Trademarks shall be borne by the Assignor. The Assignor shall not abandon any application presently pending that constitutes a Trademark without the written consent of the Assignee.

8. Upon the occurrence and during the continuance of an Event of Default, the Assignee shall have the right but shall in no way be obligated to bring suit in its own name, the name of the Assignor, or the name of the Banks to enforce or to defend the Trademarks and any license thereunder if the Assignor has failed to bring such suit in circumstances in which a prudent person would have brought such suit. The Assignor shall at the request of the Assignee do any and all lawful acts and execute any and all proper documents required by the Assignee in aid of such enforcement or defense (including without limitation participation as a plaintiff or defendant in any proceeding) and the Assignor shall promptly, upon demand, reimburse and indemnify the Assignee for all reasonable costs and expenses incurred by the Assignee in the exercise of its rights under this Section.

9. This Assignment shall also serve to evidence the security interest in the Trademarks granted by the Assignor to the Assignee pursuant to the Security Agreement. Nothing in this Assignment shall be construed to limit such security interest in the Trademarks.

10. No course of dealing between the Assignor and the Assignee, failure to exercise, nor any delay in exercising, on the part of the Assignee, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

11. All of the Assignee's rights and remedies with respect to the Trademarks, whether established hereby, by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently.

12. This Assignment is subject to modification only by a writing signed by the parties, except as provided in Section 4 hereof.

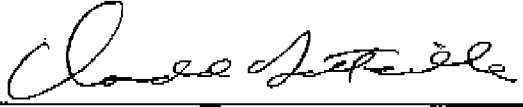
13. This Assignment shall inure to the benefit of and be enforceable by the Assignee and its successors, transferees and assigns, and be binding upon the Assignor and its successors and assigns.

14. This Assignment and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the laws (without giving effect to the conflicts of law principles thereof) of (i) any state as to rights or interests hereunder which arise under the laws of such state, (ii) the United States of America as to rights and interests hereunder which are registered or for the registration of which application is pending with the United States Patent and Trademark Office and (iii) the State of Minnesota in all other respects. Whenever possible, each provision of this Assignment and any other statement, instrument or transaction contemplated hereby or relating hereto shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Assignment or any other statement, instrument or transaction contemplated hereby or relating hereto shall be held to be prohibited or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Assignment or any other statement, instrument or transaction contemplated hereby or relating hereto. In the event of any conflict within, between or among the provisions of this Assignment, any other Loan Document or any other statement, instrument or transaction contemplated hereby or thereby or relating hereto or thereto, those provisions giving the Assignee the greater right shall govern.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Assignor has executed this instrument as of the date first above written.

**HOMECREST INDUSTRIES
INCORPORATED**

By 
Its CEO

Address:
P.O. Box 350
140 Madison Avenue SE
Wadena, MN 56482

Address for Assignee:

U.S. Bank National Association
BC-MN-H224A
800 Nicollet Mall
Minneapolis, Minnesota 55402
Attention: James Cecil

**EXHIBIT A TO
COLLATERAL ASSIGNMENT
(TRADEMARKS)**

TRADEMARKS

<u>Country</u>	<u>Mark</u>	<u>App. Date</u>	<u>Ser. No.</u>	<u>Reg. Date</u>	<u>Reg. No.</u>	<u>Goods/Services</u>
USA	Rock-N-Go	8/7/95	74711712	7/23/96	1988551	Wheel Chairs
USA	Homecrest Logo	7/27/81	73320709	9/28/82	1210517	Metal Frame Furniture
USA	Half Sun Design	1/30/96	75050687	7/22/97	2082411	Metal Frame Furniture
USA	Under the Sun	1/30/96	75050686	11/25/97	2116785	Metal Frame Furniture
USA	Sensation*	9/5/02	78161045	Intent to Use	Intent to Use	Casual and Outdoor Furniture
USA	Rest Assured It's Homecrest	9/30/96	75050685	9/1/98	2186255	Metal Frame Furniture
USA	Crestmark International	12/18/87	73701731	10/4/88	1507202	Metal Frame Furniture
USA	Comfort Trap	6/2/77	73128886	1/31/78	1084012	Reclining Chair
USA	Homecrest	8/29/73	72466920	4/8/75	1008584	Metal Frame Furniture

* Denotes Intent-to-Use

**EXHIBIT B TO
COLLATERAL ASSIGNMENT
(TRADEMARKS)**

ASSIGNMENT OF TRADEMARKS

(Registered and Pending Use-Based Applications)

This Assignment having an effective date of _____, ____ is made by and between HOMECREST INDUSTRIES INCORPORATED, a Delaware corporation, ("Assignor") and _____, a _____ ("Assignee").

WHEREAS, Assignor has adopted and owns certain trademarks which are registered in the U.S. Patent and Trademark Office or which are the subject of pending use-based applications in the U.S. Patent and Trademark Office (hereinafter the "Marks") and,

WHEREAS, Assignee is desirous of acquiring the Marks and registration therefor.

NOW THEREFORE, in consideration of and in exchange for good and valuable consideration, the receipt of which is hereby acknowledged, Assignor does hereby sell, assign and transfer unto Assignee, and its successors and assigns, all of its right, title and interest in and to the Marks, and the registrations and applications therefor, together with that part of the good will of the business connected with the use of and symbolized by the Marks, and including Assignor's entire right, title and interest in and to any and all causes of action and rights of recovery for past infringement of the Marks. Assignor hereby covenants that it has full right to convey the entire interest herein assigned, and that it has not executed, and will not execute, any agreements inconsistent herewith. Assignor hereby irrevocably authorizes _____ to date this undated Assignment and otherwise complete this Assignment at the time of transfer.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this assignment as of the dates identified below.

HOMECREST INDUSTRIES INCORPORATED
(Assignor)

Date: _____

By _____
Title _____

_____ (Assignee)

Date: _____

By _____
Title _____

**EXHIBIT C TO
COLLATERAL ASSIGNMENT
(TRADEMARKS)**

ASSIGNMENT OF TRADEMARKS

(Intent-To-Use Applications)

This Assignment having an effective date of _____, ____ is made by and between HOMECREST INDUSTRIES INCORPORATED, a Delaware corporation ("Assignor") and _____, a _____ ("Assignee").

WHEREAS, Assignor has adopted and owns certain trademarks which are the subject of pending intent-to-use applications in the U.S. Patent and Trademark Office (hereinafter the "Marks") and,

WHEREAS, Assignee is desirous of acquiring the Marks and applications therefor.

NOW THEREFORE, in consideration of and in exchange for good and valuable consideration, the receipt of which is hereby acknowledged, Assignor does hereby sell, assign and transfer unto Assignee, and its successors and assigns, all of its right, title and interest in and to the Marks, and the applications therefor, together with that part of the good will of the business connected with the use of and symbolized by the Marks, and including Assignor's entire right, title and interest in and to any and all causes of action and rights of recovery for past infringement of the Marks. Assignor hereby covenants that it has full right to convey the entire interest herein assigned, and that it has not executed, and will not execute, any agreements inconsistent herewith. As indicated below, each Mark is the subject of a verified allegation of use under §§ 1(c) or 1(d) of the Lanham Act that has been filed with the U.S. Patent and Trademark Office, or it is being assigned as part of a transfer of the entire business or portion thereof to which the Marks pertain as required by § 10 of the Lanham Act.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this assignment as of the dates identified below.

HOMECREST INDUSTRIES INCORPORATED
(Assignor)

Date: _____

By _____
Title _____

_____ (Assignee)

Date: _____

By _____
Title _____

**EXHIBIT D TO
COLLATERAL ASSIGNMENT
(TRADEMARKS)**

LICENSES

NONE

D-1



FAX COVER SHEET

The information contained in this facsimile message, if a client of this firm is a named addressee, or the message is otherwise intended for a client, is presumptively legally privileged and confidential information. If you are not a named addressee, or if there is any reason to believe that you may have received this message in error, (1) do not read the message below; (2) do not distribute or copy this facsimile; and (3) please immediately call us collect at the number of the sender below.

DATE:	February 17, 2004	TOTAL # OF PAGES: (INCLUDING THIS COVER SHEET)	13
TO:	Assignment Division	FAX #:	703 306 5995
FIRM NAME:	US PTO	PHONE #:	
FROM:	Michael J. Kroll	FAX #:	(612) 340-8856
PHONE #:	(612) 340-8838	EMAIL:	kroll.michael@dorsey.com

COMMENTS:

Please respond to attached Recordation Cover Sheet together with Collateral Assignment between Homecrest Industries Incorporated and U.S. Bank National Association at your earliest convenience.

Thank you.

ORIGINAL WILL BE SENT VIA: MAIL E-MAIL MESSENGER AIR COURIER WILL NOT BE SENT

PLEASE CONTACT ELIZABETH SUMPTON AT (612) 343-8220 IF THIS TRANSMISSION IS INCOMPLETE OR CANNOT BE READ.

REFERENCE # 7737 59235-7370

DORSEY & WHITNEY LLP · WWW.DORSEY.COM · T 612.340.2600 · F 612.340.2868
SUITE 1500 · 50 SOUTH SIXTH STREET · MINNEAPOLIS, MINNESOTA 55402-1498

4840-9485-6448\1

USA CANADA EUROPE ASIA

TRADEMARK

RECORDED: 02/17/2004

REEL: 002796 FRAME: 0039