

**PATENT ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT
<b>NATURE OF CONVEYANCE:</b>	SECURITY AGREEMENT
<b>CONVEYING PARTY DATA</b>	
<b>Name</b>	<b>Execution Date</b>
Hoffco Acquisition Corp.	12/01/2004
<b>RECEIVING PARTY DATA</b>	
<b>Name:</b>	Excel Bank Minnesota
<b>Street Address:</b>	50 South Sixth Street
<b>City:</b>	Minneapolis
<b>State/Country:</b>	MINNESOTA
<b>Postal Code:</b>	55402
<b>PROPERTY NUMBERS Total: 2</b>	
<b>Property Type</b>	<b>Number</b>
Patent Number:	6672691
Patent Number:	6481586
<b>CORRESPONDENCE DATA</b>	
<b>Fax Number:</b>	(860)275-0343
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
<b>Phone:</b>	860-275-0589
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<b>Address Line 1:</b>	CityPlace 1
<b>Address Line 4:</b>	Hartford, CONNECTICUT 06103-3499
<b>NAME OF SUBMITTER:</b>	Barb Villandry

**Total Attachments: 13**  
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## PATENT AND TRADEMARK SECURITY AGREEMENT

This PATENT AND TRADEMARK SECURITY AGREEMENT (this "Agreement"), is dated as of December 1, 2004, by HOFFCO ACQUISITION CORP. (to be changed on or about the date hereof to HOFFCO, INC.), a Delaware corporation ("Borrower"), in favor of EXCEL BANK MINNESOTA, a Minnesota state banking corporation ("Lender").

### RECITALS:

A. Borrower and Lender are parties to that certain Revolving Credit, Term Loan and Mortgage Loan Agreement dated as of the date hereof (as from time to time amended, restated, supplemented or otherwise modified, the "Credit Agreement").

B. Borrower and Lender are parties to and that certain Security Agreement dated as of the date hereof (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Security Agreement").

### AGREEMENTS:

1. Defined Terms.

(a) Unless otherwise defined herein, the capitalized terms used herein which are defined in the Credit Agreement shall have the meanings specified in the Credit Agreement.

(b) The words "hereof," "herein" and "hereunder" and words of like import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section and schedule references are to this Agreement unless otherwise specified.

(c) All terms defined in this Agreement in the singular shall have comparable meanings when used in the plural, and vice versa, unless otherwise specified.

2. Security Interest. To secure the complete and timely payment, performance and satisfaction of all of the Obligations, Borrower hereby grants to Lender, a security interest, having priority over all other security interests (except for Permitted Liens), with power of sale to the extent permitted by this Agreement and applicable law, in all of Borrower's now owned or existing and filed and hereafter acquired or arising and filed:

(a) In Trademarks.

(i) trademarks, registered trademarks and trade mark applications, trade names, service marks, registered service marks and service mark applications including,

without limitation, the registered trade marks, trademark applications, registered service marks and service applications listed on Schedule A, and (a) all renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (c) the right to sue for past, present and future infringements and dilutions thereof, and (d) all of Borrower's rights corresponding thereto throughout the world (all of the foregoing registered trademarks, trademark applications, registered service marks and service mark applications, together with the items described in clauses (a)-(d) in this paragraph 2(i), being sometimes hereinafter individually and/or collectively referred to as the "Trademarks");

(ii) the goodwill of Borrower's business connected with and symbolized by the Trademarks; and

(iii) license agreements with any other party in connection with any Trademarks or such other party's trademarks, registered trademarks and trademark applications, trade names, service marks, registered service marks and service mark applications, whether Borrower is a licensor or licensee under any such license agreement, including but not limited to, the license agreements listed on Schedule B, and the right upon the occurrence and during the continuance of an Event of Default to use the foregoing in, connection with the enforcement of Lender's rights under the Credit Agreement (all of the foregoing being hereinafter referred to collectively as the "Trademark Licenses"). Notwithstanding the foregoing provisions of this Section 2, the Trademark Licenses shall not include any license agreement which by its terms prohibits the grant of the security interest contemplated by this Agreement.

(b) In Patents.

(i) patents and patent applications, and the inventions and improvements described and claimed therein, including, without limitation, those patents and patent applications listed on Schedule C and (a) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world (all of the foregoing patents and applications, together with the items described in the foregoing clauses (a)-(d), being sometimes hereinafter individually and/or collectively referred to as the "Patents"); and

(ii) license agreements with any other party in connection with any Patents or such other party's patents or patent applications, whether Borrower is a licensor or licensee under any such license agreement, including, but not limited to, the license agreements listed on Schedule D, and the right upon the occurrence and during the continuance of an Event of Default to use the foregoing in connection with the enforcement of Lender's rights under the Credit Agreement (all of the foregoing being

hereinafter referred to collectively as the "Patent Licenses"; the Trademark Licenses and the Patent Licenses are sometimes collectively referred to as the "Licenses"). Notwithstanding the foregoing provisions of this Section 2, the Patent Licenses shall not include any license agreement which by its terms prohibits the grant of the security interest contemplated by this Agreement.

Borrower represents and warrants that the Trademarks, Patents and Licenses constitute all of the Trademarks, Patents and Licenses necessary to conduct Borrower's business as it is presently conducted or as the Borrower reasonably foresees conducting it.

3. Restrictions on Future Agreements. Borrower will not, without Lender's prior written consent, enter into any agreement, including, without limitation, any license agreement, which is inconsistent with this Agreement, and Borrower further agrees that it will not take any action, and will use its best efforts not to permit any action to be taken by others subject to its control, including licensees, or fail to take any action, which would in any material respect affect the validity or enforcement of the rights transferred to Lender under this Agreement or the rights associated with those Trademarks and Patents which are material to the operation of Borrower's business.

4. New Trademarks and Patents.

(a) Trademarks. Borrower represents and warrants that the Trademarks and Trademark Licenses listed on Schedules A and B, respectively, include all of the trademarks, trademark registrations, trademark applications, tradenames, service marks, service mark registrations, service mark applications and license agreements in connection with trademarks, registered trademarks, trademark applications, tradenames, service marks, registered service marks and service mark applications now owned or held by Borrower. If, prior to the termination of this Agreement, Borrower shall (i) obtain rights to any new trademarks, trademark registrations, trademark applications, trade names, service marks, service mark registration, service mark applications or license agreements in connection with trademarks, registered trademarks, trademark applications, trade names, service marks, registered service marks or service mark applications or (ii) become entitled to the benefit of any trademark, trademark registration, trademark application, trade name, service mark, service mark registration or service mark application, the provisions of Section 2 shall automatically apply thereto and Borrower shall give to Lender prompt written notice thereof. Borrower hereby authorizes Lender to modify this Agreement by (i) amending Schedules A or B, as the case may be, to include any future trademarks, trademark registrations, trademark applications, trade names, service marks, service mark applications and license agreements in connection with trademarks, registered trademarks, trademark applications, service marks, service mark registrations, service mark applications and trade names that are Trademarks or Trademark Licenses under Section 2, or under this Section 4, and (ii) filing, in addition to and not in substitution for, this Agreement, a duplicate original of this Agreement containing on Schedules A or B, thereto, as the case may be, such future trade marks, trademark applications, trade names, service marks, service mark applications and license agreements in connection with trademarks, registered trademarks, trademark applications,

service marks, registered service marks, service mark applications and trade names which are Trademarks or Licenses under Section 2 or this Section 4.

(b) Patents. Borrower represents and warrants that the Patents and Patent Licenses listed on Schedules C and D, respectively, include all of the patents, patent applications and license agreements in connection with patents or patent applications now owned or held by Borrower. If prior to the termination of this Agreement, Borrower shall (i) obtain rights to any new patentable inventions or license agreements in connection with patents or patent applications or (ii) become entitled to the benefit of any patent, patent application or patent for any reissue, division, continuation, renewal, extension or continuation-in-part of any Patent or any improvement on any Patent, the provisions of Section 2 shall automatically apply thereto and Borrower shall give to Lender prompt written notice thereof. Borrower hereby authorizes Lender to modify this Agreement by (a) amending Schedules C or D, as the case may be, to include any future patents, patent applications and license agreements in connection with patents and patent applications that are Patents or Patent Licenses under Section 2 or under this Section 4 and (b) filing, in addition to and not in substitution for, this Agreement, a duplicate original of this Agreement containing on Schedules C or D thereto, as the case may be, such future patents, patent applications and license agreements which are Patents or Patent Licenses, as the case may be, under Section 2 or this Section 4.

5. Royalties. Borrower hereby agrees that the use by Lender of the Trademarks, Patents and Licenses as authorized hereunder shall be co-extensive with Borrower's rights thereunder and with respect thereto and without any liability for royalties or other related charges from Lender to Borrower.

6. Nature and Continuation of Lender's Security Interest. This Agreement is made for collateral security purposes only. This Agreement shall create a continuing security interest in the Trademarks, the Patents and Licenses and shall remain in full force and effect until the Obligations have been paid in full and the Credit Agreement terminates.

7. Right to Inspect; Further Assignments and Security Interests. Lender shall have the right, at any reasonable time and from time to time, to inspect Borrower's premises and to examine Borrower's books, records and operations relating to the Trademarks and the Patents, including, without limitation, Borrower's quality control processes; provided, that in conducting such inspections and examinations, Lender shall use its best efforts not to disturb unnecessarily the conduct of Borrower's ordinary business operations and provided further, that if no Event of Default has occurred and is continuing, Lender shall give Borrower at least 24 hours prior written notice of such inspection. From and after the occurrence of an Event of Default, and subject to the terms of the Credit Agreement, Borrower agrees that Lender or a conservator appointed by Lender shall have the right to establish such reasonable additional product quality controls as Lender or such conservator, in its reasonable judgment, may deem necessary to assure maintenance of the quality of products sold by Borrower under the Trademarks and Patents. Borrower agrees (i) not to sell or assign its respective interests in, or grant any license under, the Trademarks and Patents without the prior written consent of Lender, (ii) to maintain the quality of any and all products in connection with which the Trademarks and Patents are

used, consistent with the quality of said products as of the date hereof, and (iii) not to change the quality of such products in any material respect without the prior written consent of Lender.

8. Duties of Borrower. Borrower shall have the duty, to the extent desirable in the normal conduct of Borrower's business and consistent with Borrower's current business practices (i) to prosecute diligently any trademark applications, service mark or patent applications that are part of the Trademarks or Patents (as the case may be) pending as of the date hereof or thereafter until the termination of this Agreement, (ii) to make applications for trademarks and service marks applications and to make application on such unpatented but patentable inventions as Borrower deems appropriate, and (iii) to take reasonable steps to preserve and maintain all of Borrower's rights in the trademark applications, service mark applications, patent applications and trademark and service mark registrations that are part of the Trademarks and the Patents. Any expenses incurred in connection with the foregoing shall be borne by Borrower. Borrower shall not abandon any material trademark or service mark which is the subject of a registered trademark, service mark or application therefor or patent applications or the right to file patent applications or pending patent applications, and which is or, to Borrower's knowledge, shall be necessary or economically desirable in the operation of the Borrower's business. Lender shall not have any duty with respect to the Trademarks, Patents or Licenses. Without limiting the generality of the foregoing, Lender shall not be under any obligation to take any steps necessary to preserve rights in the Trademarks, Patents and Licenses against any other parties, but may do so at its option during the continuance of an Event of Default, and all reasonable expenses incurred in connection therewith shall be for the sole account of Borrower and added to the Obligations secured hereby.

9. Lender's Right to Sue. From and after the occurrence and during the continuance of an Event of Default, and subject to the terms of the Credit Agreement, Lender shall have the right but shall not be obligated, to bring suit to enforce the Trademarks, Patents and the Licenses and, if Lender shall commence any such suit, Borrower shall, at the request of Lender, do any and all lawful acts and execute any and all proper documents required by Lender in aid of such enforcement. Borrower shall, upon demand, promptly reimburse and indemnify Lender for all costs and reasonable expenses incurred by Lender in the exercise of its rights under this Section 9, (including, without limitation, all reasonable attorneys' and paralegals' fees). If, for any reason whatsoever, Lender is not reimbursed with respect to the costs and expenses referred to in the preceding sentence, such costs and expenses shall be added to the Obligations secured hereby.

10. Waivers. No course of dealing between Borrower and Lender, and no failure to exercise or delay in exercising on the part of Lender any right, power or privilege hereunder or under the Credit Agreement shall operate as a waiver of any of Lender's rights, powers or privileges. No single or partial exercise of any right, power or privilege hereunder or under the Credit Agreement shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

11. Lender's Exercise of Rights and Remedies upon Default. Notwithstanding anything set forth herein to the contrary, it is hereby expressly agreed that upon the occurrence and during the continuance of an Event of Default, Lender may exercise any of the rights and remedies provided in this Agreement, the Credit Agreement, or any other agreement executed in

connection therewith. Without limiting the generality of the foregoing, Borrower acknowledges and agrees that (i) the Trademarks, Patents and Licenses comprise a portion of the Collateral and Lender shall have the right to exercise its rights under the Credit Agreement with respect to the Trademarks, Patents and Licenses to the same extent as with respect to all other items of Collateral described therein, and (ii) from and after the occurrence and during the continuance of an Event of Default, Lender or its nominee may use the Trademarks, Patents and Licenses to complete the manufacture of, assemble, package, distribute, prepare for sale and sell the Inventory, or otherwise in connection with the conduct of Borrower's business.

12. Severability. 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.

13. Modification. This Agreement cannot be altered, amended or modified in any way, except as specifically provided in Sections 2 and 4 hereof or by a writing signed by the parties hereto.

14. Cumulative Remedies; Power of Attorney. All of Lender's rights and remedies with respect to the Trademarks, Patents and the Licenses, whether established hereby, by any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently. Borrower hereby irrevocably appoints Lender as Borrower's attorney-in-fact, with full authority in the place and stead of Borrower and in the name of Borrower or otherwise to carry out the acts described below. Subject to the terms of the Credit Agreement, upon the occurrence and during the continuance of an Event of Default and the giving by Lender of written notice to Borrower of Lender's intention to enforce its rights and claims against Borrower, Borrower hereby authorizes Lender to, in its sole discretion (i) endorse Borrower's name on all applications, documents, papers and instruments necessary or desirable for Lender in the use of the Trademarks, Patents and the Licenses, (ii) take any other actions with respect to the Trademarks, Patents and the Licenses as Lender deems is in its best interest, (iii) grant or issue any exclusive or nonexclusive license under the Trademarks or Patents to anyone on commercially reasonable terms, and (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone on commercially reasonable terms. Lender shall take no action pursuant to subsection (i), (ii), (iii) or (iv) of this Section 14 without taking like action with respect to the entire goodwill of Borrower's business and related assets connected with the use of, and symbolized by, such Trademarks. Borrower hereby ratifies all that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable until this Agreement shall have been terminated pursuant to Section 6. Borrower acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of Lender under the Credit Agreement, but rather is intended to facilitate the exercise of such rights and remedies. Lender shall have, in addition to all other rights and remedies given it by the terms of this Agreement, all rights and remedies allowed by law and the rights and remedies of a Lender under the Uniform Commercial Code as enacted in any jurisdiction in which the Trademarks or Patents may be located or deemed located.

15. Binding Effect; Benefits. This Agreement shall be binding upon Borrower and its successors and assigns, and shall inure to the benefit of Lender and its nominees, successors and assigns. Borrower's successors and assigns shall include, without limitation, a receiver, trustee or debtor-in-possession of or for Borrower; provided, however, that Borrower shall not voluntarily assign its obligations hereunder without the prior written consent of Lender.

16. Governing Law. Except where Delaware law mandatorily applies, this Agreement shall be governed by and construed in accordance with the internal laws (as distinguished from the conflicts of law provisions) and decisions of the State of Minnesota.

17. Notices. All notices or other communications hereunder shall be given in the manner and to the addresses set forth in the Credit Agreement.

18. Section Headings. The section headings herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

19. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto 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.

**(The signature page follows.)**





Schedule A

Trademarks

Trademarks:

“Kitchen-aire”

Domain Names:

<u>Domain Name</u>	<u>Registrar</u>	<u>Registrant</u>
hoffco.biz	Enom, Inc.	D. Hoff; Hoffco, Inc.
hoffco.info	Enom, Inc.	D. Hoff; Hoffco, Inc.
hoffcoinc.biz	Enom, Inc.	D. Hoff; Hoffco, Inc.
hoffcoinc.com	Network Solutions	Hoffco, Inc.
hoffcoinc.info	Enom, Inc.	D. Hoff; Hoffco, Inc.
kitchenaccessories.com	Network Solutions	Hoffco, Inc.
reversearack.com	Network Solutions	Hoffco, Inc.
reverse-a-rack.com	Network Solutions	Hoffco, Inc.
woodhoods.com	Network Solutions	Hoffco, Inc.
woodhoods.biz	Network Solutions	Hoffco, Inc.
cabinetaccessories.com	Network Solutions	Hoffco, Inc.

Schedule B

Trademark Licenses

None.

Schedule C

Patents

<u>Inventor</u>	<u>Description</u>	<u>Filed</u>	<u>Granted</u>	<u>Pat. No.</u>
David Hoff	Control mechanism for tambour-style door closures	04/26/02	01/06/04	6,672,691
David Hoff	Reversible shelving unit	08/23/01	11/19/02	6,481,586

Schedule D

Patent Licenses

None.