

06-16-1999

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101066736 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
Execution Date
Month Day Year

Merger Change of Name

Other

Conveying Party

Mark if additional names of conveying parties attached

Name CHF Industries, Inc.

Execution Date
Month Day Year
May 07, 1999

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship/State of Incorporation/Organization: A Corporation of the State of Delaware

Receiving Party

Mark if additional names of receiving parties attached

Name The CIT Group/Commercial Services, Inc.

Address (line 1) 1211 Avenue of the Americas

Address (line 2)

Address (line 3) New York, City

New York State/Country

10036 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 the *Assignment*.

Citizenship/State of Incorporation/Organization State of NEW YORK, U.S.A.

FOR OFFICE USE ONLY

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

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TRADEMARK
REEL: 001912 FRAME: 0939

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 Numbers(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

Number of Properties

Enter the total number of properties involved:

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

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.

Akilah Njeri Folami, Esq.



June 8, 1999

Name of Person Signing

Signature

Date Signed

ADDITIONAL PROPERTIES:

Registration Number(s)

1852436

0753392

0606488

2128421

1213294

2038640

2212899

0975076

813506

1678593

1734063

0618865

1347986

0737966

Doc No. 215367

ASSIGNMENT FOR SECURITY

(TRADEMARKS)

WHEREAS, CHF INDUSTRIES, INC. or its predecessors-in-interest (collectively, the "Assignor") has adopted, intends to use or has used and is using the trademarks and service marks listed on the annexed Appendix, which trademarks and service marks are registered in the United States Patent and Trademark Office and/or trademark offices or the equivalent thereof in any State thereof, or any other country or political subdivision thereof or applications therefor have been filed (the "Trademarks");

WHEREAS, Assignor is obligated to The CIT Group/Commercial Services, Inc., a New York corporation, as agent (referred to herein as the "Assignee") for the lenders (the "Lenders") named in the Financing and Security Agreement, dated May 7, 1999, among Assignor, the Lenders and the Assignee, as agent (as the same may be amended, restated, modified or supplemented from time to time, the "Financing Agreement"), and Assignor has entered into a Security Agreement and Mortgage-Intellectual Property dated the date hereof (the "Security Agreement") in favor of Assignee; and

WHEREAS, pursuant to the Security Agreement, Assignor has assigned to Assignee and granted to Assignee a security interest in, and mortgage on, all right, title and interest of Assignor in and to the Trademark Collateral, together with the goodwill of the business symbolized by the Trademark Collateral and the applications and registrations thereof, and all proceeds thereof, including, without limitation, any and all causes of action which may exist by reason of infringement thereof (the "Collateral"), to secure the payment, performance and observance of the Obligations, as defined in the Security Agreement;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Assignor does hereby further assign unto Assignee and grant to Assignee a security interest in, and mortgage on, the Collateral to secure the prompt payment, performance and observance of the Obligations.

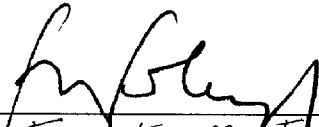
Assignor does hereby further acknowledge and affirm that the rights and remedies of Assignee with respect to the assignment of, security interest in and mortgage

on the Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are hereby incorporated herein by reference as if fully set forth herein.

Assignee's address is 1211 Avenue of the Americas, New York, New York 10036.

IN WITNESS WHEREOF, Assignor has caused this Assignment to be duly executed by its officer thereunto duly authorized as of the 7th day of May 1999.

CHF INDUSTRIES, INC.,
as Borrower,

By: 
Name: Frank M. Foley, Jr.
Title: President

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

On this 7th day of May 1999, before me personally appeared Frank M. Foley, Jr., to me known, who, being by me duly sworn, did depose and say that he resides at 114 E. 90th St. N.Y. N.Y. 10128 and that he is President of CHF INDUSTRIES, INC. described in and which executed the foregoing instrument and that he signed his name thereto pursuant to such authority.

Marion Figuer

Notary Public

MARION F. FIGUR
Notary Public, State of New York
No. 31-4734652
Qualified in New York County
Commission Expires May 31, 2001

APPENDIX A

TRADEMARKS

<u>ENTITY</u>	<u>COUNTRY</u>	<u>REG NO./APP NO.</u>	<u>MARK</u>
CHF Industries, Inc.	U.S.	2163915	ABERDEEN
	U.S.	539954	CAMEO
	U.S.	1685368	CAMEO
	U.S.	923917	CAMEO
	U.S.	2077672	CAMEO
	U.S.	1173285	CORONADO
	U.S.	1347999	DECOTUCK
	U.S.	971928	DESIGN ONLY
	U.S.	1853681	E-Z STYLE
	U.S.	1852436	E-Z SCARF
	U.S.	753392	E-Z SHIR
	U.S.	75/556,175	IN GOOD FAITH
	U.S.	75/556,176	IN GOOD FAITH
	U.S.	606488	JAKSON
	U.S.	2128421	JAKSON
	U.S.	1213294	JAKSON
	U.S.	2038640	JAKSON FIRST IN BATH FASHIONS
	U.S.	2212899	JASMINE
	Canada	TMA 222765	JUST PULL THE TAPE FOR A PERFECT DRAPE
	U.S.	975076	JUST PULL THE TAPE FOR A PERFECT DRAPE
	U.S.	75/410,162	MI CASA ES SU CASA
	U.S.	813506	PRESTIGE
	G Britain	1474851	SHIR-BACK
	U.S.	1678593	SHIR-BACK
	Canada	UCA028697	SHIR-BACK
	Germany	2056061	SHIR-BACK
	France	1702368	SHIR-BACK
U.S.	1734063	SHOWER-DRI	
U.S.	618865	SHOWERINGS	
U.S.	1347986	WINDECOR	
U.S.	737966	WUNDA LINER	

CHF Holdings, Inc. none

SECURITY AGREEMENT AND
MORTGAGE-INTELLECTUAL PROPERTY

SECURITY AGREEMENT AND MORTGAGE-INTELLECTUAL PROPERTY (this "Agreement"), dated as of May 7, 1999, made jointly and severally by CHF INDUSTRIES, INC., a Delaware corporation ("Borrower"), CHF HOLDINGS, INC. ("Guarantor"), jointly and severally (Borrower and Guarantor together referred to as the "Grantors"), in favor of THE CIT GROUP/COMMERCIAL SERVICES, INC., as agent for the Lenders party to the Financing and Security Agreement referred to below (the "Agent").

W I T N E S S E T H:

WHEREAS, the Grantors, the Agent and certain financial institutions from time to time party thereto (the "Lenders") are parties to a Financing and Security Agreement, dated as of May 7, 1999 (as amended, restated, supplemented or otherwise modified from time to time, the "Financing Agreement");

WHEREAS, it is a condition precedent to the Lenders making any Loan or assisting the Grantors in obtaining the issuance of any Letter of Credit pursuant to the Financing Agreement that each Grantor shall have executed and delivered to the Agent this Agreement providing for the grant to the Agent for the benefit of the Lenders of a security interest in all of the Collateral (as hereinafter defined);

WHEREAS, each Grantor owns or has rights, title and interest in and to all of the patents, patent applications, trademarks, trademark applications, service marks, service mark applications, trade dress, logos, trade names, domain names, corporate names, copyright registrations, copyright applications, mask work registrations, mask work applications, and licenses or agreements, that are identified in Appendix A attached hereto and incorporated herein by reference as well as all other Collateral.

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, each Grantor agrees, for the benefit of each Lender, as follows:

1. Defined Terms. Capitalized terms, that are not otherwise defined herein, shall have the respective meanings ascribed to them in the Financing Agreement, and the following terms shall have the following meanings:

"Collateral" means collectively the Copyright Collateral, the Patent Collateral, the Trademark Collateral and the Other Intellectual Property

Collateral, all goodwill associated therewith, wherever located, and all proceeds thereof.

"Copyright Collateral" means:

(a) all of the following to the extent either Grantor now or hereafter has any right, title or interest: (i) all copyrightable works, all copyrights, whether statutory or common law, registered or unregistered and all registrations and applications therefor in all countries, including, without limitation, any referred to in Appendix A hereto; (ii) all extensions and renewals of such copyrights; (iii) all computer software (including data and related documentation); and (iv) all mask works and all applications, registrations, and renewals in connection therewith;

(b) any written agreement naming either Grantor, as licensor or licensee, granting any right in any country to use any Copyright Collateral referred to in clause (a) including, without limitation, any referred to in Appendix A hereto;

(c) the right to sue for past, present and future infringements of any of the Copyright Collateral referred to in clauses (a) and to the extent applicable clause (b); and

(d) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit and all rights corresponding thereto.

"Other Intellectual Property Collateral" means:

(a) all of the following to the extent either Grantor now or hereafter has any right, title or interest: (i) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, methods, schematics, technology, technical data, designs, drawings, flowcharts, block diagrams, specifications, customer and supplier lists, pricing and cost information and business and marketing plans and proposals); and (ii) all other proprietary rights;

(b) any written agreement naming either Grantor, as licensor or licensee, granting any right in any country to use any Other Intellectual Property Collateral referred to in clause (a);

(c) the right to sue for past, present and future infringements of any of the Other Intellectual Property Collateral referred to in clause (a) and, to the extent applicable, clause (b); and

(d) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit and all rights corresponding thereto.

"Patent Collateral" means:

(a) all of the following to the extent either Grantor now or hereafter has any right title or interest (i) all letters patent of the United States and all reissues and extensions thereof, including, without limitation, any such letters patent of the United States and all reissues, reexaminations and extensions thereof, now existing or hereafter acquired, including those patents referred to in Appendix A hereto; (ii) all inventions (whether patentable or unpatentable and whether not reduced to practice), all improvements thereon, all applications for letters patent of the United States all patent disclosures and all divisions, continuations and continuations-in-part thereof, including, without limitation, any such applications for letters patent of the United States and all divisions, reexaminations, extensions, continuations, and continuations-in-part thereof or any other country referred to in Appendix A hereto;

(b) all agreements, whether written or oral, providing for the grant by or to either Grantor of any right to make, use or sell any invention covered by Patent Collateral referred to in clause (a), including, without limitation, any such agreements referred to in Appendix A hereto;

(c) the right to sue third parties for past, present or future infringements of any Patent Collateral described in clauses (a) (i) and (ii) and, to the extent applicable, clause (b); and

(d) all proceeds of, and rights associated with, the foregoing (including license royalties and proceeds of infringement suits), and all rights corresponding thereto.

"Trademark Collateral" means:

(a) all of the following to the extent either Grantor now or hereafter has any right title or interest all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, service marks, logos, domain names, and

other sources of business identifiers of either Grantor, and the goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, all renewals in connections therewith, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state thereof or any other country or any political subdivision thereof, or otherwise, including, without limitation, any such items referred to in Appendix A hereto, and all renewals thereof;

(b) any agreement, written or oral, providing for the grant by or to either Grantor or any right to use any of the Trademark Collateral referred to in clauses (a) and/or (b), including, without limitation, any such agreements referred to in Appendix A hereto;

(c) all of the goodwill of the business connected with the use of, and symbolized by the items described in, clause (a);

(d) the right to sue third parties for past, present and future infringements of any Trademark Collateral described in clause (a) and, to the extent applicable, clause (b); and

(e) all proceeds of, and rights associated with, the foregoing, including any claim by either Grantor against third parties for past, present or future infringement or dilution of any of the Trademark Collateral referred to in clauses (a) and/or (b), or for any injury to the goodwill associated with the use of any such Trademark Collateral or for breach or enforcement of any Trademark Collateral.

2. Grant of Security Interest. As collateral security for prompt payment in full of all Loans made and to be made to the Grantors from time to time by the Lenders, as well as to secure the prompt and complete performance when due of the Obligations, each Grantor hereby grants to the Agent for the benefit of the Lenders, their successors and assigns, an undivided, first priority, continuing lien upon and security interest in the Collateral.

3. Representations, Warranties and Covenants. Each Grantor hereby represents, warrants, covenants and agrees as follows:

(a) Each Grantor has the sole, full and clear title to its Collateral and except as set forth in Appendix A hereto:

(i) Each item of Collateral is valid and subsisting and in full force and effect and is not subject to any taxes or

other fees except for annual filing and maintenance fees;

- (ii) There is no notice, claim or assertion that any item of Collateral is invalid and is not aware of any facts that would cause a reasonable person to conclude that any item of Collateral is invalid;
- (iii) Each Grantor has the sole and exclusive right to use all of the Collateral in all jurisdictions in which it conducts or proposes to conduct its business, and the consummation of the transactions contemplated hereby will not alter or impair any such rights;
- (iv) The Collateral is all the Intellectual Property that is necessary for the ownership, maintenance and operation of the properties and assets of the Grantors;
- (v) Each Grantor has taken all necessary and desirable action to maintain and protect each item of Collateral;
- (vi) Neither of the Grantors have interfered with, infringed upon, misappropriated or otherwise come into conflict with any Intellectual Property rights of third parties, and the Grantors have not received any charge, complaint, claim, demand or notice alleging any such interference, infringement, misappropriation or violation (including any claim that any of the Grantors must license or refrain from using any Intellectual Property rights of any third party). Other than as set forth on Appendix A, no third party has interfered with, infringed upon, misappropriated or otherwise come into conflict with any Collateral;
- (vii) Each Grantor possesses all right, title and interest in and to the item, free and clear of any encumbrance, license or other restriction;
- (viii) Each item of Collateral is not subject to any outstanding injunction, judgment, order, decree, ruling or charge;

- (ix) No action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand is pending or is threatened which challenges the legality, validity, enforceability, use or ownership of any item of Collateral;
- (x) Neither of the Grantors have ever agreed to indemnify any Person for or against any interference, infringement, misappropriation or other conflict with respect to any item of Collateral;
- (xi) Each license, sublicense, agreement or permission covering each item of Collateral is legal, valid, binding, enforceable and in full force and effect;
- (xii) Each license, sublicense, agreement or permission will continue to be legal, valid, binding, enforceable and in full force and effect on identical terms following the Closing Date;
- (xiii) No party to any license, sublicense, agreement or permission is in breach or default, and no event has occurred which with notice or lapse of time would constitute a breach or default or permit termination, modification or acceleration thereunder;
- (xiv) No party to any license, sublicense, agreement or permission has repudiated any provision thereof;
- (xv) With respect to any sublicense, the representations and warranties set forth in subsections (xi) through (xiv) above are true and correct with respect to the underlying license;
- (xvi) With respect to the each license, sublicense, agreement or permission, the underlying item of Intellectual Property is not subject to any outstanding injunction, judgment, order, decree, ruling or charge;
- (xvii) With respect to the each license, sublicense, agreement or permission, no action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand is pending or is threatened which challenges the legality,

validity or enforceability of the underlying item of Intellectual Property;

- (xviii) With respect to the each license, sublicense, agreement or permission, the Grantors have not granted any sublicense or similar right with respect to the license, sublicense, agreement or permission;
- (xix) Each of the Grantors has no knowledge of any new products, inventions, procedures or methods of manufacturing or processing that any competitors or other third parties have developed or marketed which reasonably could be expected to supersede or make obsolete any product or process of the Grantors;
- (xx) The continued operation of the businesses of the Grantors as presently conducted and as presently proposed to be conducted will not interfere with, infringe upon, misappropriate, or otherwise come into conflict with, any Intellectual Property rights of third parties;
- (xxi) The Grantors are not aware that any of their employees are obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use such employee's best efforts to promote the interest of the Grantors or that would conflict with the businesses of the Grantors as presently conducted or the Collateral;
- (xxii) Neither the execution nor delivery of this Agreement nor the carrying on of the businesses of the Grantors by their employees, nor the conduct of the businesses of the Grantors as presently conducted, will conflict with or result in a breach of the terms, conditions of provisions of, or constitute a default under, any contract, covenant or instrument under which any or such employees is now obligated; and

(xxiii) The Grantors do not and will not need, in order to conduct the Grantors' businesses as presently conducted and as presently proposed to be conducted, to utilize any inventions of any of their employees, former employees (or persons they currently intend to hire) made while not employed by the Grantors and the rights to which have not been fully assigned to the Grantors.

(b) None of the Copyright Collateral has been abandoned or dedicated, and, except to the extent that the Agent, upon prior written notice by a Grantor, shall consent in writing, such Grantor will not do any act, or omit to do any act, whereby any of the Copyright Collateral may become abandoned or dedicated, or the remedies available against potential infringers materially weakened, and such Grantor shall notify the Agent promptly if it knows of any reason or has reason to know that any such Copyright Collateral may become abandoned or dedicated.

(c) Each Grantor will perform all acts and execute all documents, including, without limitation, assignments for security in form suitable for filing with the United States Patent and Trademark Office and the United States Copyright Office, substantially in the form of Exhibits 1 through 4 hereof, respectively, requested by the Agent at any time to evidence, perfect, maintain, record and enforce the Agent's interest in the Collateral, or otherwise in furtherance of the provisions of this Agreement, and each Grantor hereby authorizes the Agent to execute and file one or more financing statements (and similar documents) or copies thereof or of this Agreement with respect to the Collateral signed only by the Agent.

(d) Except to the extent to which the Agent shall consent in writing upon prior written request by the Grantor, each Grantor will continue to maintain the Trademark Collateral on each and every International Class of goods and/or services in full force free from any claim of abandonment for nonuse and such Grantor will not (and will not grant its consent to any licensee thereof to) do any act or knowingly omit to do any act whereby any Trademark Collateral may become invalidated.

(e) Each Grantor will promptly pay the Agent for any and all sums, costs, and expenses which the Agent may pay or incur pursuant to the provisions of this Agreement or in enforcing the Obligations, the Collateral or the security interest granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, travel and

reasonable attorneys' fees, all of which together with interest at the highest rate then payable on the Obligations shall be part of the Obligations and be payable on demand.

(f) In no event shall either Grantor, either itself or through any agent, employee, licensee or designee, (i) file an application for the registration of any Collateral with the United States Patent and Trademark Office, United States Copyright Office or any similar office or agency of the United States, any State thereof, any other country or any political subdivision thereof or (ii) file any assignment of any Collateral, which a Grantor may acquire from a third party, with the United States Patent and Trademark Office, United States Copyright Office or any similar office or agency of the United States, any State thereof, any other country or any political subdivision thereof, unless such Grantor shall, on or prior to the date of such filing, notify the Agent thereof, and, upon request of the Agent, execute and deliver any and all assignments, agreements, instruments, documents and papers as the Agent may request to evidence the Agent's interest in such Collateral and the goodwill and general intangibles of such Grantor relating thereto or represented thereby, and each Grantor hereby appoints the Agent as its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power being coupled with an interest which is irrevocable until the Obligations are indefeasibly paid in full in cash.

(g) Each Grantor has the right and power to make the assignment and to grant the security interest herein granted; and the Collateral is not now, and at all times hereafter will not be, subject to any liens, mortgages, assignments, security interests or encumbrances of any nature whatsoever, except in favor of the Agent and the Permitted Liens, and none of the Collateral is subject to any claim other than the Permitted Liens.

(h) Except to the extent that the Agent shall consent in writing or is otherwise permitted under the Financing Agreement, the Grantors will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive License (that does not expressly in writing contain licensee's acknowledgment of an agreement to be bound by the interest of the Agent), or otherwise dispose of any of the Collateral, and nothing in this Agreement shall be deemed a consent by the Agent to any such action except as expressly permitted herein.

(i) As of the date hereof, neither Grantor owns registrations or applications in respect of any trademarks, or patents or in respect of any copyright registrations, whether filed in the United States Patent and Trademark Office, United States Copyright Office, any similar office or agency of the United States, any State thereof, any other country or any political subdivision thereof, other than those described or listed, as of the Closing Date, on Appendix A hereto. Except as set forth on Appendix A hereto, each of the trademarks registered in a state office are also registered in the United States Patent and Trademark Office.

(j) Each Grantor will take all necessary steps to maintain the value, validity and enforceability of the Collateral, including all necessary steps in any proceeding before the United States Patent and Trademark Office, United States Copyright Office or any similar office or agency of the United States, any State thereof, any other country or any political subdivision thereof, to maintain each application and registration of the Collateral, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings.

(k) Each Grantor assumes all responsibility and liability arising from the use of the Collateral, and each Grantor hereby indemnifies and holds the Agent and the Lenders harmless from and against any claim, suit, action, cost, cost of defense, loss, damage or expense (including reasonable attorneys' fees) arising out of any alleged defect in any product manufactured, promoted or sold by the Grantors (or any affiliate or subsidiary thereof) in connection with any Collateral or out of the manufacture, promotion, labeling, use, sale or advertisement of any such product by the Grantors (or any affiliate or subsidiary thereof). Each Grantor agrees that the Agent does not assume, and shall have no responsibility for, the payment of any sums due or to become due under any agreement or contract included in the Collateral or the performance of any obligations to be performed under or with respect to any such agreement or contract by the Grantors, and each Grantor hereby agrees to indemnify and hold the Agent harmless with respect to any and all claims by any person relating thereto (including, without limitation, fees and expenses of counsel (including allocated costs of in-house counsel)).

(l) The Agent may, in its sole and absolute discretion, pay any amount or do any act required of a Grantor hereunder or requested by the Agent to preserve, defend, protect, maintain, record or enforce a Grantor's obligations contained herein, the Obligations, the Collateral, or the right,

title and interest granted the Agent herein, and which a Grantor fails to do or pay, and any such payment shall be deemed an advance by the Agent to the Grantors and shall be payable on demand together with interest at the highest rate then payable on the Obligations.

(m) Each Grantor agrees that if it, or any affiliate or subsidiary thereof, learns of any actual suspected infringement of the Collateral, it shall promptly notify the Agent in writing of any available evidence thereof and shall cooperate with the Agent and make available to the Agent all personnel, witnesses, books, records, documents or other information within its control that is necessary or appropriate for such defense, and, if requested by the Agent, shall join with the Agent, in such of the action as the Agent, in its sole and absolute discretion, may deem advisable for the protection of the Agent's interest in and to such Collateral.

4. Events of Default. Upon the occurrence (and during the continuance) of an Event of Default, in addition to all other rights and remedies of the Agent, whether under law, the Financing Agreement or otherwise, all such rights and remedies being cumulative, not exclusive and enforceable alternatively, successively or concurrently, without notice to, or consent by, the Grantors, the Agent shall on behalf of the Lenders have the following rights and remedies: (a) upon one (1) Business Days' prior notice in writing by the Agent to the Grantors, the Grantors shall not make any further use of the Collateral for any purpose; (b) the Agent may, at any time and from time to time, license, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, any of the Collateral, throughout the world for such term or terms, on such conditions, and in such manner, as the Agent shall in its sole and absolute discretion determine; (c) the Agent may (without assuming any obligations or liability thereunder), at any time, enforce (and shall have the exclusive right to enforce) against any licensee or sublicensee all rights and remedies of the Grantors in, to and under any one or more license agreements with respect to the Collateral, and take or refrain from taking any action under any license thereof, and each Grantor hereby releases the Agent from, and agrees to hold the Agent free and harmless from and against any claims arising out of, any action taken or omitted to be taken with respect to any such license agreement (including, without limitation, fees and expenses of counsel (including allocated cost of in-house counsel)); (d) the Agent may, at any time and from time to time, assign, sell, or otherwise dispose of, all or part of the Collateral, either with or without special or other conditions or stipulations, with power to buy the Collateral or any part of it, and with power also to execute assurances, and do all other acts and things for completing the assignment, sale or disposition which the Agent shall, in its sole and absolute discretion, deem appropriate or proper; and (e) in addition to the foregoing, in order to implement the assignment, sale or other disposal of any of the Collateral pursuant to subparagraph 4(d) hereof, the Agent may, at any time, pursuant to the authority granted in the Powers of

Attorney described in paragraph 6 hereof (such authority becoming effective on the occurrence or continuation as hereinabove provided of an Event of Default), execute and deliver on behalf of the Grantors, one or more instruments of assignment of the Grantors' Collateral (or any application or registration thereof), in form suitable for filing, recording or registration in any country. Each Grantor agrees to pay when due all reasonable costs incurred in any such transfer of its Collateral (or any application or registration thereof), including any taxes, fees and attorneys' fees and expenses (including, without limitation, the allocated costs and expenses of an in-house counsel), and to otherwise cooperate in any such registration or recordation and all such costs shall be added to the Obligations. The Agent may apply the proceeds actually received from any such license, assignment, sale or other disposition to the costs and expenses thereof, including, without limitation, attorneys' fees and expenses and all legal, travel and other expenses which may be incurred by the Agent, and then to the Obligations, in such order as to principal or interest as the Agent may desire; and the Grantors shall remain liable and will pay the Agent on demand any deficiency remaining, together with interest thereon at a rate equal to the highest rate then payable on the Obligations and the balance of any expenses unpaid. Nothing herein contained shall be construed as requiring the Agent to take any such action at any time. In the event of any such license, assignment, sale or other disposition of all or part of the Collateral, after the occurrence or continuation as hereinabove provided of an Event of Default, each Grantor shall supply its know-how and expertise relating to the manufacture and sale of the products bearing or in connection with its Collateral and to the distribution of said products, to the Agent or its designee.

The proceeds of any sale of Collateral, as well as any Collateral consisting of cash, shall be applied by the Agent in accordance with the Financing Agreement.

5. Additional Collateral. Each Grantor agrees that it is also hereby conveying to the Agent for the benefit of the Lenders a first priority security interest in any additional Collateral which may hereafter be adopted or acquired by the Grantors, and such additional Collateral shall be deemed to be included within the definition of "Collateral" and shall be included in the grant of the security interest pursuant to Section 2 automatically from the date upon which the Grantors first obtain rights in such additional Collateral without further action of the parties. Upon request of the Agent, the Grantors further agree to execute and file such documents and instruments and to take such other and further actions as may be required (in Agent's sole and absolute discretion) to amend the attached Appendices to reflect all of both Grantors' Collateral as in effect from time to time.

6. Agent's Appointment as Attorney-in-Fact. Upon the occurrence of an Event of Default and during the continuance of such Event of Default, each Grantor hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable

power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, from time to time, in the Agent's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement.

7. Release of Security Interest; Revocation of Agent's Appointment as Attorney-in-fact. Upon the indefeasible payment in full in cash of all Loans and Obligations, or as otherwise provided in the Financing Agreement, the Agent shall, at the Grantors' expense, execute and deliver to the Grantors all instruments and other documents as may be necessary or proper to release the Lien on and security interest in the Collateral which has been granted hereunder and to revoke the appointment of the Agent as the Grantors' attorney-in-fact as set forth in Section 6.

8. Loan Document, etc. This Agreement is a Loan Document executed pursuant to the Financing Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions of the Financing Agreement and in the event that the terms and provisions herein conflict with those of the Financing Agreement, the terms and provisions of the Financing Agreement shall govern.


9. Counterparts. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

10. Governing Law. THIS AGREEMENT AND THE OBLIGATIONS HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED FOR ALL PURPOSES IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED THEREIN.

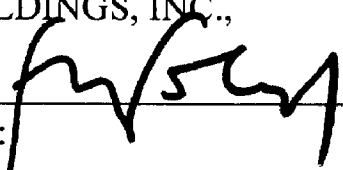
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers hereunto duly authorized as of the day and year first above written.

GRANTORS:

CHF INDUSTRIES, INC.

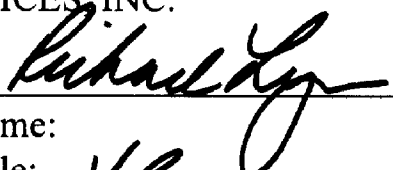
By: 
Name:
Title:

CHF HOLDINGS, INC.,

By: 
Name:
Title:

AGENT AND LENDER:

THE CIT GROUP/COMMERCIAL SERVICES, INC.

By: 
Name:
Title: VP