

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Arc One, LLC		06/27/2006	LIMITED LIABILITY COMPANY: DELAWARE

RECEIVING PARTY DATA

Name:	Wachovia Capital Finance Corporation (Central), as Agent
Street Address:	150 South Wacker Drive
Internal Address:	Suite 2200
City:	Chicago
State/Country:	ILLINOIS
Postal Code:	60606
Entity Type:	CORPORATION:

PROPERTY NUMBERS Total: 7

Property Type	Number	Word Mark
Registration Number:	2287820	
Registration Number:	1929086	HCI/CRAFTSMEN
Registration Number:	2060232	PLEASANTS CONTRACT HARDWARE
Registration Number:	1769022	HSI
Registration Number:	2312036	BSH
Registration Number:	2341003	BUILDERS SPECIALTIES & HARDWARE
Serial Number:	78718419	ARC ONE

CORRESPONDENCE DATA

Fax Number: (312)863-7812
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
 Email: nathaniel.panek@goldbergkohn.com
 Correspondent Name: Nathaniel Panek
 Address Line 1: 55 East Monroe St.

OP \$190.00 2287820

Address Line 2: Ste. 3700
Address Line 4: Chicago, ILLINOIS 60603

ATTORNEY DOCKET NUMBER:	2563.158
NAME OF SUBMITTER:	Nathaniel Panek
Signature:	/nathaniel panek/
Date:	06/29/2006

Total Attachments: 13
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PATENT, TRADEMARK, COPYRIGHT AND LICENSE MORTGAGE

THIS PATENT, TRADEMARK, COPYRIGHT AND LICENSE MORTGAGE (this "Mortgage") is made as of this 27th day of June, 2006, by Arc One, LLC, a Delaware limited liability company, with its principal place of business and chief executive office at 1010 Northwest Boulevard, Winston-Salem, North Carolina 27101 ("Mortgagor") in favor of Wachovia Capital Finance Corporation (Central), as Agent, with an office at 150 South Wacker Drive, Suite 2200, Chicago, Illinois 60606 ("Mortgagee"):

W I T N E S S E T H

WHEREAS, Mortgagor, Wachovia Capital Finance Corporation (Central), as a lender, and Mortgagee are parties to a certain Loan and Security Agreement of even date herewith (as amended, restated and supplemented from time to time, the "Loan Agreement") and other related loan documents of even date herewith (collectively with the Loan Agreement, the "Financing Agreements"), which Financing Agreements provide, among other things, (i) for Mortgagee and Lenders to, from time to time, extend credit to or for the account of Mortgagor and (ii) for the grant by Mortgagor to Mortgagee, for its benefit and the benefit of the Lenders, of a security interest in certain of Mortgagor's assets, including, without limitation, its patents, patent applications, trademarks, trademark applications, trade names, service marks, service mark applications, copyrights, goodwill and licenses;

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

1. Incorporation of Financing Agreements. The Financing Agreements and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All terms capitalized but not otherwise defined herein shall have the same meanings herein as in the Financing Agreements.

2. Mortgage of Patents, Trademarks, Copyrights and Licenses. To secure the complete and timely satisfaction of all of the Obligations, Mortgagor hereby grants, bargains, assigns, mortgages, pledges, sells, creates a security interest in, transfers and conveys to Mortgagee, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale upon the occurrence of an Event of Default, to the extent permitted by law, in all of Mortgagor's right, title and interest in and to all of its now existing and hereafter created or acquired:

(i) (a) patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, and those patents listed on Exhibit A attached hereto and hereby made a part hereof, and the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof (all of the foregoing are sometimes hereinafter referred to individually as a "Patent" and, collectively, as the "Patents"), (b) all income,

damages and payments now and hereafter due or payable under or with respect thereto, including, without limitation, 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;

(ii) (a) trademarks, trademark registrations, trademark applications, trade names and tradestyles, service marks, service mark registrations, service mark applications and brand names, including, without limitation, the trademarks, trade names, service marks and applications and registrations thereof listed on Exhibit B attached hereto and hereby made a part hereof, and all renewals or extensions thereof (all of the foregoing are sometimes hereinafter referred individually as a "Trademark" and, collectively, as the "Trademarks"), (b) all income, damages and payments now and hereafter due or payable with respect thereto, including, without limitation, 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;

(iii) copyrights, rights and interests in copyrights, works protectable by copyrights, copyright registrations and copyright applications, including, without limitation, the copyright registrations and applications listed on Exhibit C attached hereto and made a part hereof, and all renewals of any of the foregoing (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Copyrights"), all income, royalties, damages and payments now and hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing;

(iv) license agreements (to the extent such license agreements may be assigned without violating the terms of any such license agreement) with respect to any of the Patents or the Trademarks or any other patent, trademark, service mark or any application or registration thereof or any other trade name or tradestyle between Mortgagor and any other party, whether Mortgagor is a licensor or licensee under any such license agreement, including, without limitation, the licenses listed on Exhibit D attached hereto and hereby made a part hereof (all of the foregoing license agreements and Mortgagor's rights thereunder are referred to collectively as the "Licenses"); and

(v) the goodwill of Mortgagor's business connected with and symbolized by the Trademarks.

3. Warranties and Representations. Mortgagor warrants and represents to Mortgagee that:

(i) no Patent, Trademark, Copyright or License has been adjudged invalid or unenforceable nor has any such Patent, Trademark, Copyright or License been cancelled, in whole or in part and each such Patent, Trademark, Copyright and License is presently subsisting;

(ii) each Patent, Trademark, Copyright and License is valid and enforceable;

(iii) Mortgagor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each Patent, Trademark, Copyright and License, free and clear of any liens, charges and encumbrances, including without limitation licenses, shop rights and covenants by Mortgagor not to sue third persons, other than security interests and liens of Patriarch, granted pursuant to the Patriarch Agreements;

(iv) Mortgagor has adopted, used and is currently using all of the Trademarks;

(v) Mortgagor has no notice of any suits or actions commenced or threatened with reference to the Patents, Trademarks, Copyrights or Licenses; and

(vi) Mortgagor has the unqualified right to execute and deliver this Mortgage and perform its terms.

4. Restrictions on Future Agreements. Mortgagor agrees that until the Obligations shall have been satisfied in full and the Financing Agreements shall have been terminated, Mortgagor shall not, without the prior written consent of Mortgagee, sell or assign its interest in, or grant any license or sublicense under, the Patents, Trademarks, Copyrights or Licenses, or enter into any other agreement with respect to the Patents, Trademarks, Copyrights or Licenses (other than any Patriarch Agreement), and Mortgagor further agrees that it shall not take any action or permit any action to be taken by others subject to its control, including licensees, or fail to take any action which would affect the validity or enforcement of the rights transferred to Mortgagee under this Mortgage.

5. New Patents, Trademarks, Copyrights and Licenses. Mortgagor represents and warrants that the Patents, Trademarks, Copyrights and Licenses listed on Exhibits A, B, C and D, respectively, constitute all of the Patents, Trademarks, Copyrights and Licenses now owned by Mortgagor. If, before the Obligations shall have been satisfied in full or before the Financing Agreements have been terminated, Mortgagor shall (i) become aware of any existing Patents, Trademarks, Copyrights or Licenses of which Mortgagor has not previously informed Mortgagee or (ii) become entitled to the benefit of any Patents, Trademarks, Copyrights or Licenses which benefit is not in existence on the date hereof, the

provisions of this Mortgage above shall automatically apply thereto and Mortgagor shall give to Mortgagee prompt written notice thereof. Mortgagor hereby authorizes Mortgagee to modify this Mortgage by amending Exhibits A, B, C and D, as applicable, to include any such Patents, Trademarks, Copyrights and Licenses.

6. Royalties; Terms. The term of the mortgages granted herein shall extend until the earlier of (i) the expiration of each of the respective Patents, Trademarks, Copyrights and Licenses assigned hereunder, and (ii) the payment in full of the Obligations and the termination of the Financing Agreements. Mortgagor agrees that upon the occurrence of an Event of Default, the use by Mortgagee of all Patents, Trademarks, Copyrights and Licenses shall be worldwide, except as limited by their terms, and without any liability for royalties or other related charges from Mortgagee to Mortgagor.

7. Product Quality. Mortgagor agrees (i) to maintain the quality of any and all products in connection with which the Trademarks are used, consistent with commercially reasonable business practices, and (ii) to provide Mortgagee, upon Mortgagee's request from time to time, with a certificate of an officer of Mortgagor certifying Mortgagor's compliance with the foregoing. Upon the occurrence of an Event of Default, Mortgagor agrees that Mortgagee, or a conservator appointed by Mortgagee, shall have the right to establish such additional product quality controls as Mortgagee, or said conservator, in its reasonable judgment, may deem necessary to assure maintenance of the quality of products sold by Mortgagor under the Trademarks.

8. Release of Mortgage. This Mortgage is made for collateral purposes only. Upon payment in full of the Obligations and termination of the Financing Agreements, Mortgagee shall execute and deliver to Mortgagor all deeds, assignments and other instruments, and shall take such other actions, as may be necessary or proper to re-vest in Mortgagor full title to the Patents, Trademarks, Copyrights and Licenses, subject to any disposition thereof which may have been made by Mortgagee pursuant to the Financing Agreements.

9. Expenses. All expenses incurred in connection with the performance of any of the agreements set forth herein shall be borne by Mortgagor. All fees, costs and expenses, of whatever kind or nature, including attorneys' fees and legal expenses, incurred by Mortgagee in connection with the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise in protecting, maintaining or preserving the Patents, Trademarks, Copyrights and Licenses, or in defending or prosecuting any actions or proceedings arising out of or related to the Patents, Trademarks, Copyrights and Licenses, shall be borne by and paid by Mortgagor and shall be charged against the Obligations.

10. Duties of Mortgagor. Mortgagor shall have the duty (i) to file and prosecute diligently any patent, trademark, copyright or service mark applications pending as of the date hereof or hereafter until the Obligations shall have been paid in full and the

Financing Agreements have been terminated, (ii) to make application on unpatented but patentable inventions, on all uncopyrighted but copyrightable works and on trademarks and service marks, as commercially reasonable, (iii) to preserve and maintain all rights in the Patents, Trademarks, Copyrights and Licenses, as commercially reasonable and (iv) to ensure that the Patents, Trademarks, Copyrights and Licenses are and remain enforceable, as commercially reasonable. Any expenses incurred in connection with Mortgagor's obligations under this Section 10 shall be borne by Mortgagor.

11. Mortgagee's Right to Sue. After an Event of Default, and subject to any restrictions set forth in the Patriarch Agreements, Mortgagee shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Patents, Trademarks, Copyrights and Licenses, and, if Mortgagee shall commence any such suit, Mortgagor shall, at the request of Mortgagee, do any and all lawful acts and execute any and all proper documents required by Mortgagee in aid of such enforcement and Mortgagor shall promptly, upon demand, reimburse and indemnify Mortgagee for all costs and expenses incurred by Mortgagee in the exercise of its rights under this Section 11.

12. Waivers. No course of dealing between Mortgagor and Mortgagee, nor any failure to exercise, nor any delay in exercising, on the part of Mortgagee, any right, power or privilege hereunder or under the Financing Agreements shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

13. Severability. The provisions of this Mortgage 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 Mortgage in any jurisdiction.

14. Modification. This Mortgage cannot be altered, amended or modified in any way, except as specifically provided in Section 5 hereof or by a writing signed by the parties hereto.

15. Cumulative Remedies; Power of Attorney; Effect on Financing Agreements. All of Mortgagee's rights and remedies with respect to the Patents, Trademarks, Copyrights and Licenses, whether established hereby or by the Financing Agreements, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Mortgagor hereby authorizes Mortgagee upon the occurrence of an Event of Default, to make, constitute and appoint any officer or agent of Mortgagee as Mortgagee may select, in its sole discretion, as Mortgagor's true and lawful attorney-in-fact, with power to (i) endorse Mortgagor's name on all applications, documents, papers and instruments necessary or desirable for Mortgagee in the use of the Patents, Trademarks, Copyrights and Licenses, or (ii) take any other actions with respect to the Patents, Trademarks, Copyrights

and Licenses as Mortgagee deems to be in the best interest of Mortgagee, or (iii) grant or issue any exclusive or non-exclusive license under the Patents, Trademarks, Copyrights or Licenses to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Patents, Trademarks, Copyrights or Licenses to anyone. Mortgagor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until the Obligations shall have been paid in full and the Financing Agreements, have been terminated. Mortgagor acknowledges and agrees that this Mortgage is not intended to limit or restrict in any way the rights and remedies of Mortgagee under the Financing Agreements but rather is intended to facilitate the exercise of such rights and remedies. Mortgagee shall have, in addition to all other rights and remedies given it by the terms of this Mortgage and the Financing Agreements, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in Illinois.

16. Binding Effect; Benefits. This Mortgage shall be binding upon Mortgagor and its respective successors and assigns, and shall inure to the benefit of Mortgagee, its successors, nominees and assigns.

17. Governing Law. This Mortgage shall be governed by and construed in accordance with the laws of the State of Illinois.

18. Headings. Paragraph headings used herein are for convenience only and shall not modify the provisions which they precede.

19. Further Assurances. Mortgagor agrees to execute and deliver such further agreements, instruments and documents, and to perform such further acts, as Mortgagee shall reasonably request from time to time in order to carry out the purpose of this Mortgage and agreements set forth herein.

20. Survival of Representations. All representations and warranties of Mortgagor contained in this Mortgage shall survive the execution and delivery of this Mortgage and shall be remade on the date of each borrowing under the Financing Agreements.

[Signature Page Follows]

IN WITNESS WHEREOF, Mortgagor has duly executed this Mortgage in favor of Mortgagee as of the date first written above.

ARC ONE, LLC

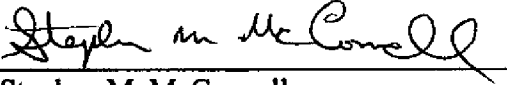
By 
Name: Stephen M. McConnell
Title: Executive Vice President, Chief Financial
Officer and Secretary

EXHIBIT A

PATENTS

None

EXHIBIT B

TRADEMARKS

MARK	STATUS	SERIAL NO.	REG. NO.
None (Design Only)	Registered	75/548743	2287820
HCI/Craftsmen	Registered	74/475217	1929086
Pleasants Contract Hardware	Registered	74/475272	2060232
HIS	Registered	74/317894	1769022
BSH	Registered	75/674050	2312036
Builders Specialties & Hardware	Registered	75/694399	2341003

TRADEMARK APPLICATIONS

MARK	STATUS	SERIAL NO.	FILING DATE:
Arc One	Pending Application	78/718419	9/22/05

EXHIBIT C

COPYRIGHTS

None

EXHIBIT D

LICENSE AGREEMENTS

License Agreements

	<u>Name of Document</u>	<u>Date of Document</u>	<u>Licensor</u>	<u>Term</u>	<u>Licensed Intellectual Property</u>
	International Program License Agreement	01/26/05	Microsoft Business Solutions Corporation		Microsoft Business Solutions – Axapta 3.0
	Dynamics License Agreement and Registration	April 27, 1998	Great Plains Software, Inc.	Indefinite term	Dynamics (financial accounting)
	AHM Software License Agreement	August 6, 1998	Comsense Inc.	Terminates by breach of the customer	AHM Software
	Software Support Agreement	August 6, 1998	Comsense Inc.	Automatic one year renewals unless either party terminates with 90 days prior notice	AHM Software Support
	Database Subscription Agreement	August 6, 1998	Comsense Inc.	Automatic one year renewals unless either party terminates with 90 days prior notice	AHM Database (price database)
	DSI Technology Escrow Services Flexsafe Escrow Agreement	March 18, 1998	DSI	One year term with one year automatic renewals	Software
	Software License Agreement	Based on date Desktop PC was purchased	Autodesk	Indefinite	Autocad LT

	<u>Name of Document</u>	<u>Date of Document</u>	<u>Licensor</u>	<u>Term</u>	<u>Licensed Intellectual Property</u>
	International Program License Agreement	01/26/05	Microsoft Business Solutions Corporation		Microsoft Business Solutions – Axapta 3.0
	Software Escrow Agreement		Lincoln-Parry Assoc.	5 year term with one year automatic renewals	Software
	Software License Agreement	Based on date Desktop PC was purchased	Microsoft Corp.	Indefinite	Microsoft Office
	Software Support Agreement	Date of Installation of Software	Comsense Inc.	Automatic one year renewals unless either party terminates with 90 days prior notice	AHM Software Support
	Database Subscription Agreement		Comsense Inc.	Indefinitely unless and until Customer is in breach	AHM Database (price database)
	AHM Software License Agreement		Comsense Inc.	Terminates by breach of the customer	AHM Software (inventory)
	eEnterprise License Agreement		Microsoft Corp.	Terminates upon breach of Licensee	Microsoft Great Plains Business Solutions