

06-06-2002

Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002) Tab settings



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U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

Resulans

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

1. Name of conveying party(ies):

Caye Upholstery, LLC
Caye International Furnishings, LLC

5-30-02

- Individual(s)
General Partnership
Corporation-State
Other Limited Liability Companies
Association
Limited Partnership

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

3. Nature of conveyance:

- Assignment
Security Agreement
Other
Merger
Change of Name

Execution Date: February 20, 2002

2. Name and address of receiving party(ies)

Name: Foothill Capital Corporation
Internal
Address:

Street Address: 1000 Abernathy Rd., Suite 1450

City: Atlanta State: GA Zip: 30328

- Individual(s) citizenship
Association
General Partnership
Limited Partnership
Corporation-State California
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

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

See Exhibit A attached

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Donna J. Hunter, Paralegal

Internal Address: Paul, Hastings, Janofsky & Walker LLP

Street Address: 600 Peachtree Street, N.E. Suite 2400

City: Atlanta State: GA Zip: 30308-2222

6. Total number of applications and registrations involved:

19

7. Total fee (37 CFR 3.41): \$ 490.00

- Enclosed
Authorized to be charged to deposit account

8. Deposit account number:

16-0752

OFFICE OF PUBLIC RECORDS
2002 MAY 30 AM 7:48
FINANCE SECTION

DO NOT USE THIS SPACE

9. Signature.

Donna J. Hunter
Name of Person Signing

Donna J. Hunter
Signature

May 30, 2002
Date

Total number of pages including cover sheet, attachments, and document:

18

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

**EXHIBIT A**  
**to Trademark Recordation Form**

Conveying Parties: Caye International Furnishings, LLC  
Caye Upholstery, LLC  
Receiving Party: Foothill Capital Corporation

| <b>PLEDGOR</b>                      | <b>COUNTRY</b> | <b>MARK</b>                  | <b>REGISTRATION NO.</b> | <b>APP/REG DATE</b> |
|-------------------------------------|----------------|------------------------------|-------------------------|---------------------|
| Caye International Furnishings, LLC | US             | Belcraft                     | 2188390                 | 8/18/98             |
|                                     | US             | Belcrest                     | 1361934                 | 9/24/85             |
|                                     | US             | Carillon Collection          | 2046511                 | 3/18/97             |
|                                     | US             | La Hacienda Rustica          | 2312157                 | 1/25/00             |
|                                     | US             | Rooms By Design (w/design)   | 1989213                 | 7/23/95             |
| Caye Upholstery, LLC                | US             | Avon                         | 1,705,043               | 8/4/92              |
|                                     | US             | Comfort Center               | 1,610,222               | 8/14/90             |
|                                     | US             | Comfortech                   | 2,088,231               | 8/12/97             |
|                                     | US             | Fin-A-Pelle                  | 2,295,151               | 11/30/99            |
|                                     | US             | Futorian                     | 1,609,119               | 8/7/90              |
|                                     | US             | (Stick figure design)        | 2323171                 | 2/29/00             |
|                                     | US             | Stratford                    | 0,944,672               | 10/10/72            |
|                                     | US             | Strato-Glide                 | 2350143                 | 5/16/00             |
|                                     | US             | Stratolounger (stylized)     | 0,679,602               | 6/2/59              |
|                                     | US             | Stratolounger Comfort Center | 1,672,860               | 1/21/92             |
|                                     | US             | Stratolounger Shiatsu        | 1,995,999               | 8/20/96             |
|                                     | US             | Stratopedic                  | 1,720,321               | 9/29/92             |
|                                     | US             | Stratorocker                 | 0,772,816               | 7/7/72              |
|                                     | US             | Stress-A-Way                 | 1,799,386               | 10/19/93            |

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03-27-2002

Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002) Tab settings

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U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

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

1. Name of conveying party(ies): Caye Upholstery, LLC Caye International Furnishings, LLC

2. Name and address of receiving party(ies): Name: Foothill Capital Corporation Internal Address: Street Address: 1000 Abernathy Rd., Suite 1450 City: Atlanta State: GA Zip: 30328

3. Nature of conveyance:  Security Agreement

Execution Date: February 20, 2002

4. Application number(s) or registration number(s): A. Trademark Application No.(s) B. Trademark Registration No.(s) See Exhibit A attached

Additional number(s) attached  Yes  No

5. Name and address of party to whom correspondence concerning document should be mailed: Name: Donna J. Hunter, Paralegal Internal Address: Paul, Hastings, Janofsky & Walker LLP Street Address: 600 Peachtree Street, N.E. Suite 2400 City: Atlanta State: GA Zip: 30308

6. Total number of applications and registrations involved: 19

7. Total fee (37 CFR 3.41): \$ 490.00  Enclosed  Authorized to be charged to deposit account

8. Deposit account number: 16-0752

9. Signature: Donna J. Hunter February 27, 2002

Name of Person Signing Signature Date

DO NOT USE THIS SPACE

Total number of pages including cover sheet, attachments, and document: 18

03/22/2002 6TON11 00000130 2188390

01 FC:481 40.00 OP

02 FC:482 450.00 OP

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

TRADEMARK REEL: 002519 FRAME: 0201

## INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (this "Agreement") is made as of February 20, 2002, by each of the parties listed on the signature pages hereof, as pledgors (collectively, the "Pledgors", and individually, a "Pledgor") and Foothill Capital Corporation, a California corporation, as lender (the "Lender").

### WITNESSETH:

WHEREAS, Caye Upholstery, LLC, a Mississippi limited liability company (the "Borrower"), Caye Home Furnishings, LLC, a Delaware limited liability company ("Parent"), as a guarantor, Caye International Furnishings, LLC, a Mississippi limited liability company, as a guarantor (together with Borrower and Parent, collectively the "Borrower Parties" and individually a "Borrower Party") and the Lender are parties to that certain Loan and Security Agreement of even date herewith (as the same may be hereafter amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"); and

WHEREAS, each Pledgor has determined that its execution, delivery and performance of this Agreement directly benefits, and is within the corporate or other purposes and in the best interests of, such Pledgor; and

WHEREAS, the Lender is willing to make loans and other financial accommodations to the Borrower as provided for in the Loan Agreement and the other Loan Documents (as defined in the Loan Agreement), but only upon the condition, among others, that each Pledgor shall have executed and delivered this Agreement, to secure the prompt and complete payment, observance and performance of, among other things, (a) the obligations of the Pledgors arising from this Agreement and each of the other Loan Documents which any of the Pledgors is a party, (b) all Obligations (as defined in the Loan Agreement) of the Borrower arising under the Loan Agreement and the other Loan Documents, in each case under clauses (a), and (b) of this sentence including, without limitation, any interest, fees and other charges in respect thereof that would accrue but for the filing of an Insolvency Proceeding (as defined in the Loan Agreement) with respect to any Pledgor, whether or not such claim is allowed in such Insolvency Proceeding and whether such obligations, now exist or are hereafter incurred, are absolute or contingent, or are matured or unmatured ((a), and (b) (including in each case any renewals or extensions thereof) being hereinafter collectively, referred to as the "Secured Obligations") by the granting of the security interest contemplated by this Agreement;

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms.

(a) Capitalized terms used herein shall have the meanings ascribed to such terms in the Loan Agreement to the extent not otherwise defined or limited herein.

(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 paragraph 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. Incorporation of Premises. The premises set forth above are incorporated into this Agreement by this reference thereto and are made a part hereof.

3. Incorporation of the Loan Agreement. The Loan Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto.

4. Grant of Security Interest in Trademarks, Patents, Copyrights and Licenses. To secure the complete and timely payment, performance and satisfaction of all of the Obligations, each Pledgor hereby grants to the Lender, a continuing security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale to the extent permitted by applicable law, in all of such Pledgor’s right, title and interest in and to such Pledgor’s now owned or existing and hereafter acquired or arising:

(a) (i) trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including, without limitation, trade names, registered trademarks, trademark applications, registered service marks and service mark applications listed on Schedule 1 attached hereto and made a part hereof, and (A) all renewals 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 or dilutions thereof, (C) the right to sue for past, present and future infringements and dilutions thereof, (D) the goodwill of such Pledgor’s business symbolized by the foregoing and connected therewith, and (E) all of such Pledgor’s rights corresponding thereto throughout the world (all of the foregoing trademarks, trade names, registered trademarks and trademark applications, service marks, registered service marks and service mark applications, together with the items described in clauses (A)-(E) in this paragraph 4(a)(i), are sometimes hereinafter individually and/or collectively referred to as the “Trademarks”); and (ii) all proceeds of any and all of the foregoing, including, without limitation, license royalties and proceeds of infringement suits.

(b) (i) patents and patent applications, including, without limitation, the patents and patent applications listed on Schedule 2 attached hereto and made a part hereof, and (A) all renewals 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 or dilutions thereof, (C) the right to sue for past, present and future infringements and dilutions thereof, and (D) all of such Pledgor's rights corresponding thereto throughout the world (all of the foregoing patents and patent applications, together with the items described in clauses (A)-(D) in this paragraph 4(b)(i), are sometimes hereinafter individually and/or collectively referred to as the "Patents"); and (ii) all proceeds of any and all of the foregoing, including, without limitation, license royalties and proceeds of infringement suits.

(c) (i) copyrights and copyright registrations, including, without limitation, the copyright registrations and recordings thereof and all applications in connection therewith listed on Schedule 3 attached hereto and made a part hereof, and (A) all reissues, continuations, extensions or renewals 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 or dilutions thereof, (C) the right to sue for past, present and future infringements and dilutions thereof, (D) the goodwill of such Pledgor's business symbolized by the foregoing and connected therewith, and (E) all of such Pledgor's rights corresponding thereto throughout the world (all of the foregoing copyrights and copyright registrations, together with the items described in clauses (A)-(E) in this paragraph 4(c)(i), are sometimes hereinafter individually and/or collectively referred to as the "Copyrights"); and (ii) all products and proceeds of any and all of the foregoing, including, with limitation, licensed royalties and proceeds of infringement suits.

(d) rights under or interest in any patent, trademark, copyright or other intellectual property, including software license agreements with any other party, whether such Pledgor is a licensee or licensor under any such license agreement, including, without limitation, the license agreements listed on Schedule 4 attached hereto and made a part hereof, and the right to use the foregoing in connection with the enforcement of the Lender's rights under the Loan Agreement, including without limitation, the right to prepare for sale and sell any and all Inventory and Equipment now or hereafter owned by such Pledgor and now or hereafter covered by such licenses (all of the foregoing are hereinafter referred to collectively as the "Licenses"). Notwithstanding the foregoing provisions of this paragraph 4(d), the grant of a security interest in the Licenses shall not include any license agreement in effect as of the date hereof which by its terms prohibits the grant of the security interest contemplated by this Agreement; provided, however, that upon the termination of such prohibitions for any reason whatsoever, the provisions of this paragraph 4(d) shall be deemed to apply thereto automatically; and provided, further however, that such Pledgor shall fully disclose to the Lender all such prohibitions

contained in the Licenses listed on Schedule 4 and shall promptly notify the Lender upon the termination of such prohibitions.

5. Restrictions on Future Agreements. Each Pledgor shall not, without the Lender's prior written consent, enter into any agreement, including, without limitation, any license agreement, which is inconsistent with this Agreement, and each Pledgor 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, without limitation, licensees, or fail to take any action, which would in any material respect adversely affect the validity or enforcement of the rights granted to the Lender under this Agreement or the rights associated with the Trademarks, Patents, Copyrights or Licenses.

6. New Trademarks, Copyrights, Patents and Licenses. Each Pledgor represents and warrants that, from and after the date hereof, (a) the Trademarks listed on Schedule 1 under such Pledgor's name include all of the trade names, registered trademarks, trademark applications, registered service marks and service mark applications now owned or held by such Pledgor, (b) the Patents listed on Schedule 2 under such Pledgor's name include all of the patents and patent applications now owned or held by such Pledgor, (c) the Copyrights listed on Schedule 3 under such Pledgor's name include all of the copyright registrations now owned or held by such Pledgor in whole or in part and that the Copyrights are subsisting and have not been adjudged invalid or unenforceable, (d) the Licenses listed on Schedule 4 under such Pledgor's name include all of the patent, trademark, copyright or other intellectual property license agreements under which such Pledgor is the licensee or licensor other than licenses permitting a Pledgor to use any third-party off-the-shelf software that is not material to such Pledgor's business, and (e) no Liens, claims or security interests, charges or encumbrances in such Trademarks, Patents, Copyrights or Licenses have been granted by such Pledgor to any Person other than the Lender and except as disclosed in the Loan Agreement. If, prior to the termination of this Agreement, such Pledgor shall (i) obtain rights to or become entitled to the benefit of any new trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks or service mark applications, (ii) obtain rights to or become entitled to the benefit of any new patent or patent application or any reissue, division, continuation, renewal, extension or continuation-in-part of any Patent or any improvement on any Patent, (iii) obtain rights to or become entitled to the benefit of any new copyrights or copyright registrations, (iv) obtain rights to or become entitled to the benefit of any new trademark, patent, copyright or other intellectual property license agreements, whether as licensee or licensor, or license renewals, or (v) enter into any new license agreement, the provisions of paragraph 4 above shall automatically apply thereto (to the extent permitted by licensors under agreements in connection with the granting of such licenses). Each Pledgor shall give to the Lender prompt written notice of events described in clauses (i), (ii), (iii), (iv) and (v) of the preceding sentence. Each Pledgor hereby authorizes the Lender to modify this Agreement unilaterally (i) by amending Schedule 1 to include any future trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications that are Trademarks under paragraph 4

above or under this paragraph 6, (ii) by amending Schedule 2 to include any future patents and patent applications, which are Patents under paragraph 4 above or under this paragraph 6, (iii) by amending Schedule 3 to include any future copyrights and copyright registrations and recordings thereof and all applications in connection therewith, which are Copyrights under paragraph 4 above or under this paragraph 6, (iv) by amending Schedule 4 to include any future trademark, patent, copyright or other intellectual property license agreements that are Licenses under paragraph 4 above or under this paragraph 6 and not otherwise excluded from the security interest granted under paragraph 4, and (v) by filing, in addition to and not in substitution for this Agreement, a duplicate original of this Agreement containing on Schedule 1 thereto, as the case may be, such future trademarks, tradenames, registered trademarks, trademark applications, service marks, registered service marks and service mark applications and containing on Schedule 2 thereto, as the case may be, such future patents and patent applications, and containing on Schedule 3, as the case may be, such future copyrights and copyright registrations, and containing on Schedule 4 thereto, as the case may be, such future license agreements.

7. Royalties. Each Pledgor hereby agrees that the use by the Lender of the Trademarks, Patents, Copyrights and Licenses as authorized hereunder in connection with the Lender's exercise of its rights and remedies under paragraph 16 or pursuant to any Loan Document shall be coextensive with such Pledgor's rights thereunder and with respect thereto and without any liability for royalties or other related charges from the Lender to such Pledgor.

8. Further Assignments and Security Interest. Each Pledgor agrees (a) not to sell or assign any of its interests in, or grant any security interest in or license under, the Trademarks, Copyrights or Patents in favor of any Person other than the Lender without the prior and express written consent of the Lender and (b) not to sell or assign its respective interests in the Licenses without the prior and express written consent of the Lender; provided, however, that the Pledgors shall be permitted to grant non-exclusive licenses to the Pledgors' customers in the ordinary course of business for the use of the Pledgors' software by such customers in the ordinary course of business.

9. Nature and Continuation of the Lender's Security Interest; Termination of the Lender's Security Interest. This Agreement is made for collateral security purposes only. This Agreement shall create a continuing security interest in the Trademarks, Patents, Copyrights and Licenses and shall terminate only when the Obligations have been paid in full in cash and the Loan Agreement has been terminated. When this Agreement has terminated, the Lender shall promptly execute and deliver to the appropriate Pledgor, at the appropriate Pledgor's expense, all termination statements and other instruments as may be necessary or proper to terminate the Lender's security interest in the Trademarks, Patents, Copyrights and Licenses, subject to any disposition thereof which may have been made by the Lender pursuant to this Agreement or any other agreement between the Pledgors and the Lender.



10. Duties of each Pledgor. Each Pledgor shall have the duty, to the extent desirable by such Pledgor in the normal conduct of such Pledgor's business, (a) to prosecute diligently any trademark application or service mark application that is part of the Trademarks pending as of the date hereof or hereafter until the termination of this Agreement, (b) to prosecute diligently any patent application that is part of the Patents pending as of the date hereof or hereafter until the termination of this Agreement, and (c) to take all reasonable and necessary action to preserve and maintain all of such Pledgor's rights in the Trademarks, Patents, Copyrights and Licenses. Each Pledgor further agrees (i) not to abandon any Trademark, Patent, Copyright or License that is necessary or economically desirable in the operation of such Pledgor's business without the prior written consent of the Lender, and (ii) to use its commercially reasonable efforts to maintain in full force and effect the Trademarks, Patents, Copyrights and Licenses that are or shall be necessary or economically desirable in the operation of such Pledgor's business. Any expenses incurred in connection with the foregoing shall be borne by the appropriate Pledgor. The Lender shall have no duties with respect to the Trademarks, Patents, Copyrights or Licenses. Without limiting the generality of the foregoing, the Lender shall not be under any obligation to take any steps necessary to preserve rights in the Trademarks, Patents, Copyrights or Licenses against any other Person, but the Lender may do so at its option from and after the occurrence and during the continuance of a Default or an Event of Default, and all expenses incurred in connection therewith (including, without limitation, reasonable fees and expenses of attorneys and other professionals for the Lender) shall be for the sole account of the appropriate Pledgor and shall be added to the Obligations secured hereby.

11. Indemnification by the Pledgors. Each Pledgor hereby agrees to indemnify and hold harmless the Lender for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (including, without limitation, attorneys' fees) of any kind whatsoever which may be imposed on, incurred by or asserted against the Lender in connection with or in any way arising out of or related to any or all of the Trademarks, Patents, Copyrights or Licenses (including, without limitation, whether brought by any Pledgor or any other Person, suits, proceedings or other actions in which an allegation of liability, strict or otherwise, is or may be made by any Person who alleges or may allege having suffered damages as a consequence of alleged improper, imprudent, reckless, negligent, willful, faulty, defective or substandard design, testing, specification, manufacturing supervision, manufacturing defect, manufacturing deficiency, publicity or advertisement or improper use, howsoever arising or by whomsoever caused, of any inventions disclosed and claimed in the Patents or any of them); unless with respect to any of the above, such Person to be indemnified is judicially determined to have acted or failed to act with gross negligence or willful misconduct. The indemnification in this paragraph shall survive the termination of this Agreement.

12. The Lender's Right to Sue. From and after the occurrence and during the continuance of an Event of Default, the Lender shall have the right, but shall not be obligated, to bring suit in its own name to enforce the Trademarks, Patents, Copyrights

and Licenses and, if the Lender shall commence any such suit, the appropriate Pledgor shall, at the request of the Lender, do any and all lawful acts and execute any and all proper documents reasonably required by the Lender in aid of such enforcement. The appropriate Pledgor shall, upon demand, promptly reimburse the Lender for all costs and expenses incurred by the Lender in the exercise of its rights under this paragraph 12 (including, without limitation, fees and expenses of attorneys and other professionals for the Lender).

13. Waivers. The Lender's failure, at any time or times hereafter, to require strict performance by any Pledgor of any provision of this Agreement shall not waive, affect or diminish any right of the Lender thereafter to demand strict compliance and performance therewith nor shall any course of dealing between any Pledgor and the Lender have such effect. No single or partial exercise of any right hereunder shall preclude any other or further exercise thereof or the exercise of any other right. None of the undertakings, agreements, warranties, covenants and representations of any Pledgor contained in this Agreement shall be deemed to have been suspended or waived by the Lender unless such suspension or waiver is in writing signed by an officer of the Lender, and directed to the Pledgor to which such suspension or waiver applies and specifying such suspension or waiver.

14. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but 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 hereof, 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.

15. Modification. Neither this Agreement nor any provision hereof may be altered, amended or modified in any way, except as specifically provided in paragraph 6 hereof or in a written instrument signed by the parties hereto.

16. Power of Attorney; Cumulative Remedies.

(a) Each Pledgor hereby irrevocably designates, constitutes and appoints the Lender (and all officers and agents of the Lender designated by the Lender in its sole and absolute discretion) as such Pledgor's true and lawful attorney-in-fact, and authorizes the Lender and any of the Lender's designees, in such Pledgor's or the Lender's name, upon the occurrence and during the continuation of an Event of Default to take any action and execute any instrument necessary or reasonably advisable to accomplish the purposes of this Agreement, including, without limitation, to (i) endorse such Pledgor's name on all applications, documents, papers and instruments necessary or desirable for the Lender in the use of the Trademarks, Patents, Copyrights or Licenses, (ii) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks, the Patents, the Copyrights or the Licenses to any Person, (iii) grant or issue any exclusive or nonexclusive license under the Trademarks, Patents, Copyrights or Licenses to any

Person, and (iv) take any other actions with respect to the Trademarks, Patents, Copyrights or Licenses as the Lender deems in its best interest for the payment of the Obligations. Each Pledgor hereby ratifies all that such attorney 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 is terminated. Each Pledgor acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of the Lender under the Loan Agreement or any other Loan Document, but rather is intended to facilitate the exercise of such rights and remedies.

(b) The 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 secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Trademarks, Patents, Copyrights or Licenses may be located or deemed located. Upon the occurrence and during the continuance of an Event of Default and the election by the Lender to exercise any of its rights and remedies under Section 9-504 or Section 9-505 of the Uniform Commercial Code, or Section 9-610, Section 9-620 or other equivalent provisions of revised Article 9 of the Uniform Commercial Code as in effect in any jurisdiction, with respect to the Trademarks, Patents, Copyrights or Licenses, each Pledgor agrees to assign, convey and otherwise transfer title in and to the Trademarks, Patents, Copyrights and Licenses, to the Lender or any transferee of the Lender and to execute and deliver to the Lender or any such transferee all such agreements, documents and instruments as may be necessary, in the Lender's sole discretion, to effect such assignment, conveyance and transfer. All of the Lender's rights and remedies with respect to the Trademarks, Patents, Copyrights and Licenses, whether established hereby, by the Loan Agreement or by any other agreements or by law, shall be cumulative and may be exercised separately or concurrently. 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, the Lender may exercise any of the rights and remedies provided in this Agreement, the Loan Agreement or any of the other Loan Documents. To the extent permitted by applicable law, each Pledgor agrees that any notification of intended disposition of any of the Trademarks, Patents, Copyrights or Licenses required by law shall be deemed reasonably and properly given if given at least ten (10) days before such disposition; provided, however, that the Lender may give any shorter notice that is commercially reasonable under the circumstances.

17. Successors and Assigns. This Agreement shall be binding upon each Pledgor its respective successors and assigns, and shall inure to the benefit of the Lender and its nominees, successors and assigns. Each Pledgor's successors and assigns shall include, without limitation, a receiver or a trustee; provided, however, that such Pledgor shall not voluntarily assign or transfer its rights or obligations hereunder without the Lender's prior written consent.

18. Governing Law. This Agreement shall be construed and enforced and the rights and duties of the parties shall be governed by in all respects in accordance with the

laws and decisions of the State of Georgia without reference to the conflicts or choice of law principles thereof.

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

20. Paragraph Titles. The paragraph titles herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

21. 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. Delivery of a counterpart hereof via facsimile transmission shall be effective as delivery of a manually executed counterpart of this Agreement hereof.

22. Merger. This Agreement, together with the other Loan Documents, represents the final agreement of each of the Pledgors and the Lender with respect to the matters contained herein and may not be contradicted by evidence of prior or contemporaneous agreements, or subsequent oral agreements, between any Pledgor and the Lender.

23. Effectiveness. This Agreement shall become effective on the date and year first written above.

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

Sworn to and subscribed before me this 20<sup>th</sup> day of Feb., 2002

CAYE UPHOLSTERY, LLC,  
as a Pledgor

By: Karl W. Leo  
Name: Karl W. Leo  
Title: CEO

Donna J. Hunter  
NOTARY PUBLIC  
My Commission Expires:

**DONNA J. HUNTER**  
Notary Public, Gwinnett County, Georgia  
My Commission Expires April 7, 2005

Sworn to and subscribed before me this 20<sup>th</sup> day of Feb., 2002

CAYE HOME FURNISHINGS, LLC,  
as a Pledgor

By: Karl W. Leo  
Name: Karl W. Leo  
Title: CEO

Donna J. Hunter  
NOTARY PUBLIC  
My Commission Expires:

**DONNA J. HUNTER**  
Notary Public, Gwinnett County, Georgia  
My Commission Expires April 7, 2005

Sworn to and subscribed before me this 20<sup>th</sup> day of Feb., 2002

CAYE INTERNATIONAL  
FURNISHINGS, LLC  
as a Pledgor

By: Karl W. Leo  
Name: Karl W. Leo  
Title: CEO

Donna J. Hunter  
NOTARY PUBLIC  
My Commission Expires:

**DONNA J. HUNTER**  
Notary Public, Gwinnett County, Georgia  
My Commission Expires April 7, 2005

Sworn to and subscribed  
before me this 20<sup>th</sup> day  
of Feb., 2002

FOOTHILL CAPITAL CORPORATION,  
as Lender

By: [Signature]  
Name: \_\_\_\_\_  
Title: VP

Donna J. Hunter  
NOTARY PUBLIC  
My Commission Expires:

My Commission Expires April 7, 2005  
Notary Public, Gwinnett County, Georgia  
DONNA J. HUNTER

**SCHEDULE 1****Current Trademarks and Trademark Applications**

| <b><u>PLEDGOR</u></b>               | <b><u>COUNTRY</u></b> | <b><u>MARK</u></b>           | <b><u>REGISTRATION NO.</u></b> | <b><u>APP/REG DATE</u></b> |
|-------------------------------------|-----------------------|------------------------------|--------------------------------|----------------------------|
| Caye International Furnishings, LLC | US                    | Belcraft                     | 2188390                        | 8/18/98                    |
|                                     | US                    | Belcrest                     | 1361934                        | 9/24/85                    |
|                                     | US                    | Carillon Collection          | 2046511                        | 3/18/97                    |
|                                     | US                    | La Hacienda Rustica          | 2312157                        | 1/25/00                    |
|                                     | US                    | Rooms By Design (w/design)   | 1989213                        | 7/23/95                    |
| Caye Upholstery, LLC                | US                    | Avon                         | 1,705,043                      | 8/4/92                     |
|                                     | US                    | Comfort Center               | 1,610,222                      | 8/14/90                    |
|                                     | US                    | Comfortech                   | 2,088,231                      | 8/12/97                    |
|                                     | US                    | Fin-A-Pelle                  | 2,295,151                      | 11/30/99                   |
|                                     | US                    | Futorian                     | 1,609,119                      | 8/7/90                     |
|                                     | US                    | (Stick figure design)        | 2323171                        | 2/29/00                    |
|                                     | US                    | Stratford                    | 0,944,672                      | 10/10/72                   |
|                                     | US                    | Strato-Glide                 | 2350143                        | 5/16/00                    |
|                                     | US                    | Stratolounger (stylized)     | 0,679,602                      | 6/2/59                     |
|                                     | US                    | Stratolounger Comfort Center | 1,672,860                      | 1/21/92                    |
|                                     | US                    | Stratolounger Shiatsu        | 1,995,999                      | 8/20/96                    |
|                                     | US                    | Stratopedic                  | 1,720,321                      | 9/29/92                    |
|                                     | US                    | Stratorocker                 | 0,772,816                      | 7/7/72                     |
|                                     | US                    | Stress-A-Way                 | 1,799,386                      | 10/19/93                   |

## Foreign Trademarks

| <u>PLEDGOR</u>          | <u>COUNTRY</u> | <u>MARK</u>    | <u>SERIAL NO. OR<br/>REGISTRATION<br/>NO.</u> | <u>APP/REG DATE</u> |
|-------------------------|----------------|----------------|---|---------------------|
| Caye Upholstery,<br>LLC | Australia      | Stratolounger  | 620737*                                       | 1/18/94             |
|                         | Australia      | Relax Center   | 620740*                                       | 1/18/94             |
|                         | Australia      | Comfort Center | 620739*                                       | 1/18/94             |
|                         | Canada         | Stratolounger  | 160,625*                                      | 1/17/69             |
|                         | Canada         | Stratorester   | 168,972*                                      | 5/8/70              |
|                         | France         | Stratolounger  | 94 501983*                                    | 1/18/94             |
|                         | France         | Relax Center   | 94 509104*                                    | 3/2/94              |
|                         | France         | Comfort Center | 94 509105*                                    | 3/2/94              |
|                         | Germany        | Stratolounger  | 39509449*                                     | 11/9/95             |
|                         | Germany        | Relax Center   | 39509448*                                     | 1/8/97              |
|                         | Israel         | Stratolounger  | 90873*  | 3/4/97              |
|                         | Israel         | Relax Center   | 90871*  | 4/1/96              |
|                         | Israel         | Comfort Center | 90872*  | 1/3/95              |
|                         | Italy          | Stratolounger  | 94 457692203*                                 | 11/19/96            |
|                         | Italy          | Relax Center   | 94 458692204*                                 | 11/19/96            |
|                         | Italy          | Comfort Center | 94 459692205*                                 | 11/19/96            |

\* With respect to all foreign trademark registrations, the status of the title is unknown. Borrower Parties make no representations concerning the status of the title to the foreign trademark registrations set forth above.

### Trade Names

None.

### Trademarks Not Currently In Use

None.



**SCHEDULE 2**

**Patents**

None.

**Patent Applications**

None.

**SCHEDULE 3**

**Copyrights**

None.

## SCHEDULE 4

### Licenses

License Agreement between Caye Upholstery, LLC (as assignee of Simmons Upholstery, L.L.C.) and Simmons Company dated February 12, 2002: BORROWER HAS NOT YET OBTAINED THE REQUIRED CONSENT FROM SIMMONS COMPANY FOR THE ASSIGNMENT OF THIS LICENSE TO BORROWER. Borrower also currently lacks a license to use the Beautyrest trademark of Simmons Company which was formerly used by the Prior Borrowers.