

12-11-2000



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RECORDATION FORM 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

Merger

Change of Name

Other

Effective Date
Month Day Year

Conveying Party

Mark if additional names of conveying parties attached

Name Execution Date
Month Day Year

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)
City State/Country Zip Code

Individual General Partnership Limited Partnership 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 Assignment.)

Corporation Association

Other

Citizenship/State of Incorporation/Organization

FOR OFFICE USE ONLY

RECORDED
SERIALIZED

40.00 OP
125.00 OP

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Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20503

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 Number(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(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

<input type="text" value="2188390"/>	<input type="text" value="1630083"/>	<input type="text"/>
<input type="text" value="1361934"/>	<input type="text" value="2312157"/>	<input type="text"/>
<input type="text" value="2046511"/>	<input type="text" value="1989213"/>	<input type="text"/>

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

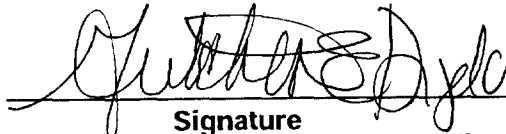
No

Statement and Signature

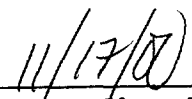
To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Gretchen E. von Dwingelo

Name of Person Signing



Signature



Date Signed

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (this "Agreement") is made as of November 2, 2000, between STRATFORD INTERNATIONAL FURNISHINGS, LLC, a Delaware limited liability company (the "Pledgor") and FOOTHILL CAPITAL CORPORATION, a California corporation (the "Lender").

W I T N E S S E T H:

WHEREAS, the Pledgor, Stratford Upholstery Company, L.L.C., a Delaware limited liability company ("Stratford"), Simmons Upholstery, L.L.C., a Delaware limited liability company ("Simmons"), Heath Home Furnishings, L.L.C., a Delaware limited liability company ("Parent" and together with the Pledgor, Stratford and Simmons, the "Borrowers"), and the Lender have entered into that certain Loan and Security Agreement dated as of June 2, 1999 (as the same may hereafter be amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), pursuant to which the Lender has agreed to extend credit to the Borrowers from time to time, and the Borrowers have granted a security interest in all of their respective assets to the Lender; and

WHEREAS, the Lender has required the Pledgor to execute and deliver this Agreement (i) in order to secure the prompt and complete payment, observance and performance of all of the Obligations (as defined in the Loan Agreement) and (ii) as a condition precedent to any continued extension of credit under the Loan Agreement;

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

1. Defined Terms.

(a) Unless otherwise defined herein, each capitalized term used herein that is defined in the Loan Agreement shall have the meaning specified for such term in the Loan Agreement.

(b) The words "hereof," "herein" and "hereunder" and words of like import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and 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. Security Interest in Trademarks. To secure the complete and timely payment, performance and satisfaction of all of the Obligations, the Pledgor hereby grants to the Lender a 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, all of the Pledgor's now owned or existing and hereafter acquired or arising: (i) trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including, without limitation, the trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications listed on Schedule 1 attached hereto and made a part hereof and all rights of the Pledgor under or interest in any license agreements with any other party, whether the Pledgor is a licensee or licensor under any such license agreement (the "Trademark Licenses"), including, without limitation, those license agreements 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, (d) the goodwill of the Pledgor's business symbolized by the foregoing and connected therewith, and (e) all of the 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(i), are sometimes hereinafter individually and/or collectively referred to as the "Trademarks"); and (ii) the goodwill of the Pledgor's business connected with and symbolized by the Trademarks. Notwithstanding the foregoing provisions of this paragraph 4, the Trademark Licenses shall not include any license agreement which by its terms prohibits the grant of the type of security interest contemplated in this Agreement.

5. Restrictions on Future Agreements. The Pledgor will 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 the 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 affect the validity or enforcement of the rights transferred to the Lender under this Agreement or the rights associated with the Trademarks.

6. New Trademarks. The Pledgor represents and warrants that, from and after the Second Amendment Date, (a) the Trademarks listed on Schedule 1 include all of the trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications now owned or held by the Pledgor, (b) the Trademark Licenses listed on Schedule 2 include all of the license agreements under which the Pledgor is the licensee or the licensor, and (c) no Liens, claims or security interests in such Trademarks have been granted by the Pledgor to any Person other than the Lender and except as disclosed in the Loan Agreement. If, prior to the termination of this Agreement, the Pledgor shall (i) obtain rights to any new trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks or service mark applications, (ii) obtain rights to any new license agreements, (iii) become entitled to the benefit of any trademarks, trade names, registered trademarks, trademark applications, trademark licenses, trademark license renewals, service marks, registered service marks, service mark applications, service mark licenses or service mark license renewals or license agreements whether as licensee or licensor or (iv) 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). The Pledgor shall give to the Lender written notice of events described in clauses (i) through (iv) of the preceding sentence promptly after the occurrence thereof. The Pledgor and Lender agree to modify this Agreement from time to time (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, or which are Trademarks under paragraph 4 above or under this paragraph 6, (ii) by amending Schedule 2 to include any future Trademark Licenses, and (iii) 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, trade names, 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 Trademark Licenses.

7. Royalties. The Pledgor hereby agrees that the use by the Lender of the Trademarks and Trademark Licenses as authorized hereunder in connection with the Lender's exercise of its rights and remedies under paragraph 15 or pursuant to any Loan Document shall be coextensive with the Pledgor's rights thereunder and with respect thereto and without any liability for royalties or other related charges from the Lender to the Pledgor.

8. Right to Inspect; Further Assignments and Security Interest. The Lender may from time to time hereafter have access to, examine, audit, make copies (at the Pledgor's expense) and extracts from and inspect the Pledgor's premises and examine the Pledgor's books, records and operations relating to the Trademarks and Trademark

Licenses. The Pledgor agrees not to sell or assign its respective interests in, or grant any license under, the Trademarks and Trademark Licenses without the prior and express written consent of the Lender, which consent shall not be unreasonably withheld, conditioned or delayed.

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 and the Trademark Licenses and shall terminate only when the Obligations have been paid in full and the Loan Agreement has been terminated. When this Agreement has terminated, the Lender shall promptly execute and deliver to the Pledgor, at the 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 and the Trademark Licenses, subject to any disposition thereof which may have been made by the Lender pursuant to this Agreement.

10. Duties of the Pledgor. The Pledgor shall, to the extent desirable in the normal conduct of the Pledgor's business, prosecute 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. The Pledgor further agrees (i) not to abandon any Trademark without the prior written consent of the Lender, which consent shall not be unreasonably withheld, conditioned or delayed, and (ii) to use its best efforts to maintain in full force and effect the Trademarks that are or shall be necessary or economically desirable in the operation of the Pledgor's business as determined by the Pledgor in its reasonable discretion. Any expenses incurred in connection with the foregoing shall be borne by the Pledgor. The Lender shall not have any duty with respect to the Trademarks. 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 against any other parties, but the Lender may do so at its option from and after the occurrence of an Event of Default, and all expenses incurred in connection therewith shall be for the sole account of the Pledgor and shall be added to the Obligations secured hereby.

11. The Lender's Right to Sue. From and after the occurrence 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 and the Trademark Licenses and, if the Lender shall commence any such suit, the 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 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 11 (including, without limitation, fees and expenses of attorneys and paralegals for the Lender).

12. Waivers. The Lender's failure, at any time or times hereafter, to require strict performance by the 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 the 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 the 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 specifying such suspension or waiver.

13. 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.

14. Modification. This Agreement cannot be altered, amended or modified in any way, except as specifically provided in paragraph 6 hereof or by a writing signed by the parties hereto.

15. Power of Attorney; Cumulative Remedies. (a) The 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 the Pledgor's true and lawful attorney-in-fact, and authorizes the Lender and any of the Lender's designees, in the 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 the Pledgor's name on all applications, documents, papers and instruments necessary or reasonably desirable for the Lender in the use of the Trademarks, (ii) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone (subject to the restrictions set forth in any Trademark License), (iii) grant or issue any exclusive or nonexclusive license under the Trademarks to anyone, and (iv) take any other actions with respect to the Trademarks and the Trademark Licenses as the Lender reasonably deems in its best interest for the payment of the Obligations. The 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. The 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

convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

20. 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.

21. Merger. This Agreement, together with the other Loan Documents, represents the final agreement of the Pledgor 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 the Pledgor and the Lender.

22. Effectiveness. This Agreement shall become effective on the Second Amendment Date.

[Remainder of this page 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 2nd day of November, 2000

Todd Whitney Bunkle
NOTARY PUBLIC
My Commission Expires: 1/27/2002

STRATFORD INTERNATIONAL FURNISHINGS, LLC

By: KaDW [Signature]
Its: Manager

Sworn to and subscribed before me this ____ day of _____, 2000

NOTARY PUBLIC
My Commission Expires:

FOOTHILL CAPITAL CORPORATION

By: _____
Its: _____

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 2nd day
of November, 2000

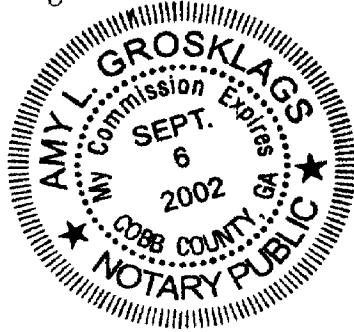
Dana J. Jolly
NOTARY PUBLIC

My Commission Expires:
MISSISSIPPI STATEWIDE NOTARY PUBLIC
MY COMMISSION EXPIRES JAN. 29, 2002

Sworn to and subscribed
before me this 8 day
of November, 2000

Amy L. Grosklags
NOTARY PUBLIC

My Commission Expires:
9/6/02



STRATFORD INTERNATIONAL
FURNISHINGS, LLC

By: Donald M. [Signature]
Its: Member/Manager

FOOTHILL CAPITAL CORPORATION

By: [Signature]
Its: Vice President

SCHEDULE 1

Current Trademarks

<u>COUNTRY</u>	<u>MARK</u>	<u>STATUS</u>	<u>REG. NO.</u>	<u>REG. DATE</u>
U.S.	BELCRAFT	Registered	2188390	9/24/1985
U.S.	BELCREST	Registered	1361934	8/8/1998
U.S.	CARILLON COLLECTION	Registered	2046511	3/18/1997
U.S.	COROLLA CLASSICS	Registered	1630083	1/1/1991
U.S.	LA HACIENDA RUSTICA	Registered	2312157	1/25/2000
U.S.	ROOMS BY DESIGN	Registered	1989213	7/23/1995

Trade Names

Stratford-Bell

Trademarks Not Currently In Use

None

Trademark Applications

None