

01-08-2002

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the attached original documents or copy thereof.

1. Name of conveying party(ies):

Garnet Hill, Inc.

JAN 2 2002

- Individual(s)
- General Partnership
- Corporation-State New Hampshire
- Other
- Association
- Limited Partnership

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

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other Termination of Security Agreement
- Merger
- Change of Name

Execution Date: October 22, 2001

2. Name and address of receiving party(ies)

Name: Fleet Capital Corporation

Internal Address: 2nd Floor

Street Address: 1 Financial Plaza

City: Providence State: RI ZIP: 02903

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State Rhode Island
- 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 patent number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

GARNET HILL 1829433

Additional numbers attached?  Yes  No

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

Name: Robert R. Pierce, Esq,

Internal Address: Suite 800

Street Address: Pierce & Mandell, P.C.

11 Beacon Street

City: Boston State: MA ZIP: 02108

6. Total number of applications and registrations involved:  1

7. Total fee (37 CFR 3.41).....\$ 40.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

01/07/2002 TBIAZI 00000077 1829433  
01 FC:401 40.00 DP

DO NOT USE THIS SPACE

9. 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.

Robert R. Pierce  
Name of Person Signing

Signature

10/31/01  
Date

3

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

Renay L. McLeish  
Vice President



# Fleet Capital Leasing

Mail Stop: RI DE 03708C  
1 Financial Plaza  
Providence, RI 02903  
401 278.8573 tel  
401 278.8200 fax  
renay\_l\_mcleish@fleet.com

October 22, 2001

John Schaefer, Chief Financial Officer  
Cornerstone Brands, Inc. ("Lessee")  
Facsimile: 513-603-1020

RE: Lease Schedule No. 32893-00002, dated August 30, 1999; Lease Schedule No. 32893-00003, dated December 16, 1999; Lease Schedule No. 32893-00005, dated August 30, 1999, and Lease Schedule No. 32893-00007, dated December 15, 1999 (collectively, the "Lease Schedules"), each to Master Equipment Lease Agreement No. 32893, dated as of March 10, 1999, by and between Lessee and Fleet Capital Corporation, as amended through and including the date hereof (the "Master Lease"); and Letter Agreement dated as of June 6, 2001, as amended by First Amendment to Forbearance Agreement, dated as of September 20, 2001 (together, the "Forbearance Agreement").

Dear John:

All capitalized terms used herein and not defined herein shall have the meanings assigned or referred to them in the Lease Schedules and the Forbearance Agreement. This letter outlines the terms and conditions on which Fleet Capital Corporation ("FCC") will extend the Lessor Forbearance Termination Date under the Forbearance Agreement until October 23, 2001 and allow the early cancellation of the above referenced Lease Schedules and the purchase of the Equipment subject thereto by Lessee. Lessee acknowledges and agrees that the terms and conditions of that certain letter agreement dated September 5, 2001 and revised as of September 21, 2001, have not been met, and that said letter agreement is of no further force or effect.

Upon receipt of \$7,253,946.96 (comprised of the amounts described on Exhibit A attached hereto) plus an extension fee in the amount of \$100,000.00 in good and sufficient funds prior to 5:00pm on October 23, FCC will (i) cancel the Lease Schedules and transfer all of its rights, title and interests in and to the Equipment to Lessee or its designate for the amounts stated below, plus any sales, use, property or excise tax (any and all taxes paid are non-refundable) on or measured by such sale plus any other expenses of transfer; and (ii) release any lien in favor of FCC on all of the assets of the Lessee and each of the Guarantors pursuant to the terms of the Additional Security Agreements and the Pledge Agreements defined and described in the Forbearance Agreement.

The Equipment will be sold to the Lessee "AS IS, WHERE IS" without representation or warranty, of any kind, express or implied, and without recourse to FCC, except that the Equipment shall be free and clear of all liens created by FCC. All taxes and fees collected by FCC for others are estimates, if additional monies are due, Lessee agrees that it is responsible for and will pay directly or reimburse FCC. Lessee also agrees to pay Lessor upon demand any and all out-of-pocket costs, fees or expenses (including, without limitation, legal fees and disbursements, documentation, filing, and other fees) incurred or sustained by Lessor in connection with the negotiation, closing, administration or enforcement of the Master Lease, the Forbearance Agreement and this letter.

Promptly following receipt of the amounts described above in good and sufficient funds, FCC will execute and deliver any Uniform Commercial Code termination statements, lien releases, mortgage releases, re-assignments of trademarks, patents and copyrights, discharges of security interests, and other similar discharge or release documents (and if applicable, in recordable form) as are reasonably necessary to release, as of record, the security interests, financing statements, and all other notices of security interests and liens previously filed by FCC with respect to the Lease Schedules or any other assets of Lessee or Guarantors.

Nothing herein shall affect or impair any of Lessee's obligations under or in respect of Lease Schedule No. 32893-00006 and Lease Schedule No. 32893-00009 to the Master Lease which have been previously assigned to LaSalle National Bank (the "LaSalle Schedules") and any corporate or personal guaranties which relate to the LaSalle Schedules shall remain in full force and effect with respect to such other obligations, notwithstanding the cancellation of the Lease Schedules pursuant to this letter.

The Lessee, by paying the above stated amounts, agrees to the terms of this letter and to an early cancellation of the Lease Schedules and releases FCC of any and all of its obligations under the Lease Schedules.

Nothing contained in this letter shall be deemed a waiver of any rights and remedies FCC may have under the Lease Schedules (other than the rights, title and interests of FCC in the Equipment to be transferred hereunder upon FCC's receipt of good and sufficient funds in accordance with the terms set forth above), other related documents and instruments or applicable law, all of which rights and remedies are expressly reserved.

If you have any questions, please do not hesitate to call me at (401) 278-8573.

Sincerely,

Renay L. McLeish

The Cornerstone Brands, Inc.

Acknowledged and Agreed on behalf of  
Each of the Guarantors listed below:

By: \_\_\_\_\_  
Name: John Schaefer  
Title: Chief Financial Officer

By: \_\_\_\_\_  
Name: John Schaefer  
Title: A duly authorized officer or agent of each of the  
Guarantors listed below.

**Guarantors:**

1. The Cornerstone Brands Group, Inc.
2. Smith & Noble LLC
3. The Cornerstone Holdings Group, Inc.
4. Cinmar, Inc.
5. Cinmar, L.P.
6. Ballard Designs, Inc.
7. Garnet Hill, Inc.
8. Cornerstone Real Estate Company I, LLC
9. Cornerstone Consolidated Services Group, Inc.
10. The Territory Ahead, Inc.