

08-30-2002



RECORD 102206912 IEET
TRADEMARKS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

New 8/15/02

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 conveying parties attached

Name

DBA/AK/A/T/A

Composed of

Address (line 1)

Address (line 2)

Address (line 3)
City State/Country Zip Code

Individual General Partnership Limited Partnership Corporation Association

Corporation Association

Other

Citizenship/State of Incorporation/Organization

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)

FOR OFFICE USE ONLY

08/29/2002 DBYRNE 00000230 2588775
FC:481 40.00 DP

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TRADEMARK
REEL: 002573 FRAME: 0157

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

202-776-2929

Name Mitchell H. Stabbe, Esq.

Address (line 1) Dow, Lohnes & Albertson, PLLC

Address (line 2) 1200 New Hampshire Avenue, N.W.

Address (line 3) Suite 800

Address (line 4) Washington, DC 20036-6802

Pages Enter the total number of pages of the attached conveyance document including any attachments. # 10

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)

<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"/>

Registration Number(s)

2,588,775	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

Number of Properties

Enter the total number of properties involved.

1

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$ 40.00

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:

50-1699

Authorization to charge additional fees:

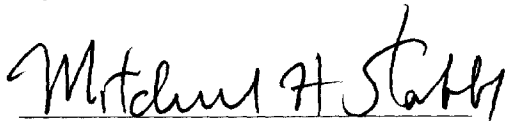
Yes

No

Statement and Signature

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

Mitchell H. Stabbe, Esq.



August 15, 2002

Name of Person Signing

Signature

Date Signed

--X

In re: Case No. 02-B-11032 (REG)

FINE FURNITURE DIRECT, INC.
d/b/a THE HOME COMPANY,

Debtor.

--X

**ORDER PURSUANT TO 11 U.S.C. §§ 105(a), 363, 365 AND 1146 (c):
(A) APPROVING ASSET PURCHASE AGREEMENT;
(B) AUTHORIZING SALE OF DEBTOR'S ASSETS;
(C) AUTHORIZING ASSUMPTION AND ASSIGNMENT OF
CERTAIN UNEXPIRED LEASES IN CONNECTION WITH
THE SALE; AND (D) GRANTING RELATED RELIEF**

Upon the motion (the "Motion"), dated March 26, 2002, of Fine Furniture Direct, Inc., the debtor and debtor-in-possession (the "Debtor") in the above captioned case, for an order, pursuant to sections 105, 363, 365 and 1146(c) of title 11, United States Code (the "Bankruptcy Code") and Federal Rules of Bankruptcy Procedure 2002, 6004, 6006 and 9014, authorizing the Debtor to sell substantially all of the assets of its estate and used in its business (the "Acquired Assets") and to assume and assign certain executory contracts and unexpired leases in connection therewith, all pursuant to the terms of a certain Asset Purchase Agreement (the "Proposed Purchase Agreement") with Home Fine Furniture Acquisition Corporation ("HAC") or such other successful bidder, a copy of which Proposed Purchase Agreement was appended as Exhibit "D" to the Motion; and upon the Order pursuant to 11 U.S.C. §§ 105(a), 363 and 365 and applicable Rules of Bankruptcy Procedure, dated April 4, 2002 (the

IMANAGE:56718.2

“Sale Procedures Order”), and the Court having been advised that the offer of HAC was withdrawn due to the failure to fulfill a contingency in the Proposed Purchase Agreement; and an informal auction having been held on April 15 and 16, 2002, and the highest and best offer for the Acquired Assets having been made by Fine Furniture Holdings, LLC (the “Buyer”) through its predecessor in interest, and an agreement having been entered into by the Debtor and the Buyer dated as of April 19, 2002 (the “Purchase Agreement”); a copy of which is annexed hereto as Exhibit “A”; and capitalized terms used but not otherwise defined herein having the meanings ascribed to them in the Purchase Agreement or the Motion; and a hearing having been held on April 16, 2002, to consider the Motion, and competing bids having been submitted in accordance with the Sales Procedures Order, and objections having been filed with the Court (“Objections”) by two (2) of the three (3) parties asserting purchase money security interests in certain inventory of the Debtor (the “PMSI Creditors”) which Objections have been resolved; and the Debtor having advised as to its belief that the value of the PMSI Inventory does not exceed the amount of the claim of the PMSI Creditors; and

IT APPEARING that a prompt closing of the transactions contemplated by the Purchase Agreement is essential and is in the best interests of the Debtor and its estate, that the terms of the Purchase Agreement are the best terms that are available, that there are no higher or better offers for the Debtor’s assets, and that the Purchase Agreement is the product of marketing efforts by the Debtor, during which the Debtor met and negotiated with interested parties; and

IT FURTHER APPEARING that upon the execution, delivery and closing of the Purchase Agreement, the assets to be sold and leases to be assumed and assigned will have been acquired by the Buyer in good faith and as the result of arm’s length negotiations; and

IT FURTHER APPEARING that the Buyer will not be purchasing the PMSI Inventory from the Debtor and that cause exists to grant relief from the automatic stay so as to allow the PMSI Inventory to be released by the Debtor to the PMSI Creditors; and

IT FURTHER APPEARING that notice of this Motion has been given to: (i) all persons and entities listed on the Debtor's lists of creditors and parties in interest, including the Internal Revenue Service, the United States Attorney for the Southern District of New York, and the taxing authorities for the states of Georgia, Maryland and Texas; (ii) the Office of the United States Trustee; (iii) all persons who have liens or other interests in the assets to be sold; (iv) all non-debtor parties to leases and executory contracts that the Debtor proposes to assume and assign pursuant to the terms of the Purchase Agreement; and (v) the Official Committee of Unsecured Creditors (the "Committee"); and

IT FURTHER APPEARING that the Buyer has provided adequate assurance of future performance, and adequate assurance that any outstanding default (the "Cure Amounts") as agreed to between the parties and put on the record before the Court on April 16, 2002 will be satisfied, with respect to all executory contracts to be assumed and assigned hereby (the "Acquired Agreements"); and

IT FURTHER APPEARING that the sale and related transactions are supported by good business reasons, and will serve the best interests of the Debtor, its estate and creditors by maximizing the values to be obtained from the Acquired Assets; and

IT FURTHER APPEARING that the sale, conveyance and assignment of the Acquired Assets to the Buyer pursuant to the Purchase Agreement will maximize the value of the Acquired Assets and thereby is necessary and essential to the consummation of any plan of liquidation or reorganization that

the Debtor may seek to confirm in this case and, accordingly, that such sale, conveyance and assignment is "under a plan" within the meaning of section 1146(c) of the Bankruptcy Code;

AND UPON the full record made before me at the hearing on the Motion conducted on April 16, 2002,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. The sale, conveyance and assignment of the Acquired Assets pursuant to the Purchase Agreement is approved, and the Debtor is authorized and directed to execute any and all documents, instruments and papers and to take all actions necessary and appropriate to effectuate, implement and consummate the transactions contemplated by the Purchase Agreement in consideration of the Purchase Price specified therein. Without limiting the foregoing, the Debtor is authorized:

(a) to close the Purchase Agreement and all other agreements and documents related to and contemplated thereby (collectively, the "Disposition Documents"); and

(b) to assume and to assign to the Buyer all of the Debtor's rights and obligations under the Acquired Agreements effective as of the Effective Date.

2. The sale, conveyance and assignment of the Acquired Assets pursuant to the Disposition Documents shall be free and clear of any and all liens, security interests, pledges, hypothecations, encumbrances or other interests or claims (collectively, "Liens"), including, but not limited to, any and all Liens of Wells Fargo Retail Finance, LLC ("Wells"), any and all "claims" as defined in section 101(5) of the Bankruptcy Code, and any and all rights and claims under any bulk transfer statutes and similar laws, whether arising by agreement, by statute or otherwise and whether arising before, on or after the date on which this Chapter 11 Case was commenced. Any and all such Liens shall attach to the

proceeds of the sale of the Acquired Assets, with the same priority, validity, force and effect as they now have against such Acquired Assets, and the Lien of Wells shall remain on the proceeds of the sale, including, without limitation, all payments made by Buyer pursuant to the Promissory Note until Wells has been indefeasibly paid in full for all amounts due other than the amounts due to Home Acquisition Corporation (the "Junior Participant"). Notwithstanding the foregoing, the Lien of the Junior Participant granted in the Final Financing Order shall remain on the Acquired Assets until such time as the Buyer has paid (a) \$100,000 to the Debtor pursuant to the Promissory Note for the benefit of Wells, and (b) \$225,000 to the Debtor pursuant to the Promissory Note to fund the Professional Fee Carve-Out (as defined in the Final Financing Order) and for the benefit of the Junior Participant, at which time such Lien of the Junior Participant shall be released.

3. The assumption of the Acquired Agreements and the sale, conveyance and assignment of the Acquired Assets pursuant to this Order and the Disposition Documents shall be binding upon the Debtor, the Buyer, all creditors and shareholders of the Debtor, all persons having or asserting a claim against, or an interest in, the Debtor or any of the Acquired Assets, all parties to the Acquired Agreements, and all parties to any actions or proceedings that directly or indirectly contest the power or authority of the Debtor to assume or assign the Acquired Agreements or to sell, assign and convey the Acquired Assets to be transferred or that seek to enjoin any such assumption, sale, assignment or conveyance.

4. In connection with the assumption and assignment of the Acquired Agreements, the Buyer shall satisfy all Cure Amounts as specified in the Purchase Agreement. All non-Debtor parties

to Leases that are Acquired Agreements are hereby enjoined and forever barred from asserting any claim or default which may exist under such Leases except as specified in the Purchase Agreement.

5. The Acquired Agreements are hereby deemed to have been assumed by the Debtor and assigned to the Buyer effective as of the Effective Date.

6. The Buyer has not acquired any liabilities of the Debtor except those expressly specified in the Purchase Agreement or existing or arising under the Acquired Agreements. Except for such obligations expressly assumed by the Buyer, all persons are hereby enjoined from asserting or prosecuting any claim against the Buyer to recover on any claim such person had, has or may have against the Debtor, its estate or the Acquired Assets.

7. This Order and all provisions of the Disposition Documents shall be binding upon any successors and assigns of the Debtor, including without limitation, any trustee appointed for the Debtor in its Chapter 11 Case or in any superseding proceeding under Chapter 7 of the Bankruptcy Code.

8. The Buyer has acted in good faith and is a good faith purchaser within the meaning of section 363(m) of the Bankruptcy Code.

9. This Order shall take effect immediately and shall not be stayed pursuant to Bankruptcy Rule 7062 or otherwise and the requirements of Bankruptcy Rule 6004(g) are hereby waived.

10. On the Closing Date, the Debtor shall grant an officer of the Buyer to be identified in writing to the Debtor, a power of attorney to execute and deliver on behalf of the Debtor all further instruments and documents that may be necessary or desirable to effect the transfer of any intellectual property constituting the Acquired Assets purchased by the Buyer pursuant to the Purchase Agreement; and the Debtor shall execute and deliver all instruments and documents that may be necessary or desirable

to effect the transfer of all other Acquired Assets, including all licenses, permits and entitlements with respect thereto.

11. The Debtor is hereby authorized upon prior notice to the Committee to promptly release all PMSI Inventory to the PMSI Creditors and the automatic stay is hereby lifted to allow such release of the PMSI Inventory.

12. Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of a security, or the making or delivery of an instrument of transfer, pursuant to the Disposition Documents or in connection with, or in furtherance of, any transaction contemplated by any such document shall not be taxed under any law imposing a stamp tax or similar tax.

13. All Objections to the entry of this Order which have not otherwise been withdrawn or resolved are overruled.

14. This Court shall retain exclusive jurisdiction with regard to any and all disputes arising in connection with the relief granted herein.

15. Debtor is hereby authorized and directed to execute and deliver to Wells the Pay-Off Letter substantially in the form attached hereto as Exhibit B.

16. As part of the Closing of the sale approved hereby, the Debtor or its counsel shall pay to Wells, in accordance with the Pay-Off Letter the amount of \$2,779,402.34, plus a Holdback Amount in the amount of \$359,500, which shall include (a) \$10,000 for Hughes & Luce (b) \$55,000 for Otterbourg, Steindler, Houston & Rosen, P.C., (c) \$67,000 for a Sales Tax Reserve, (d) \$75,000 for a Federal Payroll Tax Reserve, (e) \$2,500 for release preparation, and (f) \$150,000 as additional security for legal fees and disbursements incurred by Lender and to secure other indemnity claims. The amount of

\$225,000 representing the Junior Participant's share (exclusive of any funds advanced to the Junior Participant by Mills Enterprises, Inc., which amount has been waived) shall be paid out of the Promissory Note after payment for the Professional Fee Carve-Out pursuant to paragraph 17 below. Each of the Debtor and the Committee do hereby release Wells except for the Debtor's and the Committee's right to investigate and challenge legal fees, charges and disbursements (which have not been previously approved) asserted by Wells. Wells shall provide the Debtor, the Committee and their respective counsel with copies of all bills, invoices and statements relating to legal fees and disbursements charged to the Debtor. In the event neither the Debtor nor the Committee objects to the same, within ten (10) days of the transmission of the statements, Wells is authorized to remit from the Holdback Amount the amounts due to its counsel. At the time the Debtor requires funds to pay sales and payroll taxes, Debtor shall request, and Lender shall remit to Debtor from the Holdback Amount, the funds requested up to the sum of \$142,000 in the aggregate for such purpose. At such time as (a) all of Wells' fees, charges and disbursements and indemnification claims have been paid in full, and (b) all Sales Taxes and Federal Payroll Taxes have been paid in full, then the balance of the Holdback Amount shall be disbursed by Wells to or on behalf of the Debtor upon consent of the Committee, which consent shall not be unreasonably withheld, or order of the Bankruptcy Court. The funds retained by Wells as a reserve for Sale Taxes and Federal Payroll Taxes may be utilized at Debtor's request to pay such obligations.

17. Buyer is hereby directed to remit by wire transfer to the Debtor for the benefit of Wells the first \$100,000 of proceeds paid under the Promissory Note, which sum represents the amount of the early termination premium due and payable by the Debtor to Wells (the amount and the right of Wells

to receive such early termination premium has been and is hereby acknowledged and consented to by the Debtor and the Committee).

18. Buyer is hereby directed to remit by wire transfer to counsel for the Debtor the next \$75,000 of proceeds paid under the Promissory Note, which sum shall be held by counsel for the Debtor in escrow in full satisfaction of the Professional Fee Carve-Out (as defined in the Final Financing Order) and Wells is released from any obligation to fund the Professional Fee Carve-Out.

19. Subject only to the right to review the legal fees and disbursements incurred by Wells, each of the Debtor and the Committee (collectively, the "Releasors") hereby releases, discharges and acquits Wells, its participants, officers, directors, agents and employees and its and their respective successors and assigns, from all obligations to Debtor (and its or their respective successors and assigns) and from any and all claims, demands, debts, accounts, contracts, liabilities, actions and causes of actions, whether in law or in equity, that each Releasor at any time had or has, or that its successors and assigns hereafter can or may have against Wells, its participants, officers, directors, agents or employees and its and their respective successors and assigns.

20. Notwithstanding anything to the contrary in the Sale Order or the Purchase Agreement, (a) Wells shall be entitled to all of its rights, benefits, protections and liens under the Final Financing Order with respect to (i) the Excluded Assets (as defined in the Purchase Agreement) other than the PMSI Inventory, and (ii) the proceeds from the sale of the Acquired Assets (which proceeds shall constitute additional collateral security for payment of the \$100,000 early termination premium pursuant to Paragraph 16 above), except that upon the full payment in cash to Wells of the Lender Debt (as defined in the Final Financing Order), the Lien of Wells shall be released; and (b) the Junior Participant hereby

stipulates and agrees that the Junior Participant shall receive payment of its portion of the Lender Debt as provided under this Order, without any recourse against Wells, and such treatment is hereby approved by this Court.

21. Neither the consummation of the transactions contemplated by the Purchase Agreement nor anything contained in this Order shall in any way prejudice the rights, if any, regarding an alleged demand for reclamation dated March 13, 2002 of Baker, Knapp & Tubbs, Inc.

Dated: New York, New York
April 23, 2002

/s/ Robert E. Gerber
HONORABLE ROBERT E. GERBER
United States Bankruptcy Judge