11/21/03

11-21-2003

Form PTO-1594
(Rev. 10/02)
OMB No. 0651-0027 (exp. 6/30/2005)

102606091

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):

John M. Smyth Company

- [ ] Individual(s)
- [ ] Association
- [ ] General Partnership
- [ ] Limited Partnership
- [x] Corporation- Illinois
- [ ] Other

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

2. Name and address of receiving party(ies)

Name: M.D. SASS Corporate Resurgence Partners III, L.P.

Internal Address: c/o Resurgence Asset Management, L.L.C.

Street Address: 10 New King Street

City: White Plains State: NY Zip: 10604

- [ ] Individual(s) citizenship
- [ ] Association
- [ ] General Partnership
- [x] Limited Partnership Delaware
- [ ] Corporation-State
- [ ] 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 [x] No

3. Nature of conveyance:

- [ ] Assignment
- [ ] Merger
- [x] Security Agreement
- [ ] Change of Name
- [ ] Other

Execution Date: 06/19/2003

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

A. Trademark Application No.(s) -N/A-

B. Trademark Registration No.(s) 1922052

Additional number(s) attached [ ] Yes [x] No

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

Name: Susan Richardson, Esq.

Internal Address: O'Melveny & Myers LLP

Street Address: 1625 Eye Street, N.W.

City: Washington State: DC Zip: 20006

6. Total number of applications and registrations involved: 1

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

- [x] Enclosed
- [ ] Authorized to be charged to deposit account

8. Deposit account number:

-N/A-

DO NOT USE THIS SPACE

9. Signature.

Susan Richardson, Esq.	Susan Richardson	November 21 2003
Name of Person Signing	Signature	Date

Total number of pages including cover sheet, attachments, and document: 33

11/21/2003 EDOOPER 00000203 1922052
01 FC:8521 40.00 OP

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

This Agreement and the rights and obligations evidenced hereby are subordinate in the manner and to the extent set forth in that certain Capital Call Subordination and Intercreditor Agreement (the "Capital Call Subordination Agreement"), dated as of June 19, 2003, by and among the Grantee, the GECC Agent, the Term Agent, the Deferred Agent and the Ableco Guarantor Agent (the "Senior Agents"), to the indebtedness (including interest) owed by Borrowers to the Senior Agents and the other lenders from time to time under the Senior Debt Documents (as such term is defined therein), in each case as such Senior Debt Documents have been and hereafter may be amended, supplemented or otherwise modified from time to time and to indebtedness refinancing the indebtedness under those documents as contemplated by the Capital Call Subordination Agreement; and each holder of this Agreement, by its acceptance hereof, irrevocably agrees to be bound by the provisions of the Capital Call Subordination Agreement.

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (the "Agreement") made as of this 14th day of November, 2003 by **JOHN M. SMYTH COMPANY**, an Illinois corporation ("Grantor") in favor of **M.D. SASS CORPORATE RESURGENCE PARTNERS III, L.P.**, a Delaware limited partnership ("Grantee"):

W I T N E S S E T H

WHEREAS, Grantor is party to the Joinder Agreement and Affirmation, dated as of the date hereof (the "Joinder Agreement"), in connection with that certain Amended and Restated Capital Call Agreement, dated as of June 19, 2003, by and among Levitz Furniture, LLC, a Delaware limited liability company ("Levitz"), Seaman Furniture Company, Inc., a Delaware corporation ("Seaman"), Levitz Home Furnishings, Inc., a Delaware corporation ("LHFI"), and certain of LHFI's subsidiaries (together with Grantor, Levitz, Seaman, and LHFI, the "Obligors", and each individually an "Obligor") and Grantee, as lender (as the same may be amended or otherwise modified from time to time, the "Amended and Restated Capital Call Agreement");

WHEREAS, in order to secure its obligations under the Amended and Restated Capital Call Agreement, Grantor has entered into the Joinder Agreement in connection with that certain Security Agreement, dated as of June 19, 2003, among Levitz, Seamans, LHFI, certain of LHFI's Subsidiaries and Grantee (as the same may be amended, supplemented or otherwise modified from time to time, the "Security Agreement");

WHEREAS, pursuant to the terms of the Joinder Agreement and the Security Agreement, Grantor has granted to Grantee a security interest in substantially all of the assets of Grantor including all right title and interest of Grantor in, to and under all now owned and hereafter acquired or arising (a) trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all registrations and recordings thereof, and all applications in connection therewith (other than

"intent to use" applications until a verified statement of use or an amendment to alleged use is filed with respect to such applications); (b) all renewals thereof; (c) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing including, without limitation, damages and payments for past, present and future infringements of any of the foregoing; (d) the right to sue for past, present and future infringements of any of the foregoing; (e) all rights corresponding to any of the foregoing throughout the world; and (f) all goodwill associated with and symbolized by any of the foregoing (collectively, "Trademarks") and all products and proceeds thereof, to secure the Obligations of Grantor under the Amended and Restated Capital Call Agreement;

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

1. Incorporation of Security Agreement. The Security Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All terms capitalized but not otherwise defined herein shall have the same meanings herein as in the Amended and Restated Capital Call Agreement, as in effect as of the date hereof.

2. Grant and Reaffirmation of Grant of Security Interests. To secure the complete and timely payment and satisfaction of the Obligations, Grantor hereby grants to Grantee and hereby reaffirms its grant pursuant to the Security Agreement of, a continuing security interest in Grantor's entire right, title and interest in and to the following (all of the following items or types of property being herein collectively referred to as the "Trademark Collateral"), whether now owned or existing or hereafter created or acquired:

   (i) each Trademark listed on Schedule 1 annexed hereto, together with any reissues, continuations or extensions thereof, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark; and

   (ii) all products and proceeds of the forgoing, including without limitation, any claim by Grantor against third parties for past, present or future (a) infringement or dilution of any Trademark, or (b) injury to the goodwill associated with any Trademark.

3. Warranties and Representations. Grantor warrants and represents to Grantee that:

   (i) Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each Trademark, free and clear of any liens, charges and encumbrances, including without limitation licenses and covenants by Grantor not to sue third persons except as otherwise permitted by the GECC Credit Agreement, the Term Loan

TRADEMARK
REEL: 002867 FRAME: 0533

Agreement, the Resurgence I Loan Agreement, the Resurgence III Reimbursement Agreement, the Ableco Guarantor Reimbursement Agreement or the Deferred Financing Agreement, each as in effect as of the date hereof, or except for Permitted Encumbrances or as indicated on Schedule 1;

(ii) Grantor has no notice of any suits or actions commenced or threatened with reference to any Trademark; and

(iii) Grantor has the unqualified right to execute and deliver this Agreement and perform its terms.

4. Restrictions on Future Agreements. Grantor agrees that until the Obligors' Obligations shall have been satisfied in full and the Amended and Restated Capital Call Agreement shall have been terminated, Grantor shall not, without the prior written consent of Grantee, sell or assign its interest in, or grant any license under (other than to any Obligor or for fair market consideration in the ordinary course of business), any Trademark or enter into any other agreement with respect to any Trademark, and Grantor further agrees that it shall not take any action or permit any action to be taken by others subject to its control, including licensees, or fail to take any action which would affect the validity or enforcement of the rights transferred to Grantee under this Agreement.

5. Product Quality. Grantor agrees (i) (except in circumstances where in the reasonable opinion of Grantor it would be commercially imprudent to do so) to maintain the quality of any and all material products in connection with which the Trademarks are used, consistent with commercially reasonable business practices, and (ii) to provide Grantee, upon Grantee's reasonable request from time to time, with a certificate of an officer of Grantor certifying Grantor's compliance with the foregoing. Upon the occurrence and during the continuation of an Event of Default, Grantor agrees that Grantee, or a conservator appointed by Grantee, shall have the right to establish such additional product quality controls as Grantee, or said conservator, in its reasonable judgment, may deem necessary to assure maintenance of the quality of products sold by Grantor under the Trademarks.

6. New Trademarks. If, before the Obligors' Obligations shall have been satisfied in full or before the Amended and Restated Capital Call Agreement has been terminated, Grantor shall (i) become aware of any existing Trademarks of which Grantor has not previously informed Grantee, or (ii) become entitled to the benefit of any Trademarks, which benefit is not in existence on the date hereof, the provisions of this Agreement above shall automatically apply thereto and Grantor shall give to Grantee prompt written notice thereof. Grantor hereby authorizes Grantee to modify this Agreement by amending Schedule 1 to include any such Trademarks.

7. Duties of Grantor. Grantor shall (i) file and pursue diligently any material trademark applications pending as of the date hereof or hereafter, (ii) preserve and

TRADEMARK
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maintain all rights in the material Trademarks, as reasonably deemed appropriate by Grantor and (iii) ensure that the material Trademarks are and remain enforceable.

8. Grantee's Right to Sue. After the occurrence and during the continuation of an Event of Default, Grantee shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Trademarks and, if Grantee shall commence any such suit, Grantor shall, at the request of Grantee, do any and all lawful acts and execute any and all proper documents required by Grantee in aid of such enforcement and Grantor shall promptly, upon demand, reimburse and indemnify Grantee for all costs and expenses (including reasonable attorney's fees) incurred by Grantee in the exercise of its rights under this Section 8.

9. Cumulative Remedies; Power of Attorney. Grantee hereby acknowledges and affirms that the rights and remedies with respect to the Trademarks, whether established hereby or by the Security Agreement or the Amended and Restated Capital Call Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Grantor hereby authorizes Grantee upon the occurrence of an Event of Default, to make, constitute and appoint any officer or agent of Grantee as Grantee may select, in its sole discretion, as Grantor's true and lawful attorney-in-fact, with power to (i) endorse Grantor's name on all applications, documents, papers and instruments necessary or desirable for Grantee in the use of the Trademarks or (ii) (save to the extent prohibited by law or equity) take any other actions with respect to the Trademarks as Grantee deems to be in the best interest of Grantee, or (iii) (save to the extent prohibited by law or equity) grant or issue any exclusive or non-exclusive license under the Trademarks to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone, except as otherwise permitted by the GECC Credit Agreement, the Term Loan Agreement, the Resurgence I Loan Agreement, the Resurgence III Reimbursement Agreement, the Ableco Guarantor Reimbursement Agreement or the Deferred Financing Agreement. Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until the Obligors' Obligations shall have been paid in full and the Amended and Restated Capital Call Agreement has been terminated. Grantor hereby further acknowledges and agrees that the use by Grantee of the Trademarks shall be worldwide, except as limited by their terms, and without any liability for royalties or related charges from Grantee to Grantor.

10. 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 and delivered, will be deemed an original and all of which shall together constitute one and the same instrument.

11. Termination of Security Interests; Release of Collateral. Upon payment in full of all Obligations (other than contingent indemnification obligations to the extent no unsatisfied claim giving rise thereto has been asserted) and the termination of all Obligations under the Amended and Restated Capital Call Agreement, this Agreement shall terminate. Upon such termination of the security interests or release of any

TRADEMARK
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Collateral, Grantee will, at the expense of the Grantor, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence the termination of the security interests or the release of such Collateral, as the case may be.

12. **APPLICABLE LAW. THIS TRADEMARK SECURITY AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.**

[remainder of page intentionally left blank;
signature page follows]

TRADEMARK
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IN WITNESS WHEREOF, Grantor has duly executed this Agreement as of the date first written above.

JOHN M. SMYTH COMPANY, an Illinois corporation

By: _____

Its: VICE PRESIDENT, ASSISTANT SECRETARY

Agreed and Accepted
As of the Date First Written Above

M.D. SASS CORPORATE RESURGENCE PARTNERS III, L.P.,
a Delaware limited partnership

By: RESURGENCE ASSET MANAGEMENT, L.L.C.,
as Investment Manager

By: _____

Name: ROBERT T. SYMINGTON

Title: MANAGING DIRECTOR

TRADEMARK
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SCHEDULE 1

TRADEMARK REGISTRATIONS

SCHEDULE I
TO
TRADEMARK SECURITY AGREEMENT

TRADEMARK REGISTRATIONS

Registered Owner	U.S. Service Mark/ Trademark Description	Registration or Application Number (Serial No.)	Registration or Application Date (Date Filed)	Status
John M. Smyth Company	"Not Low Priced Furniture, But Good Furniture at Low Prices"	Illinois – 42799	09/05/73	Inactive
John M. Smyth Company	"Homemakers"	Illinois – 42797	09/04/73	Inactive
John M. Smyth Company	"H"	Illinois – 42798	N/A	Inactive
John M. Smyth Company	"John M. Smyth"	Illinois – 74,244	03/18/94	Registered
John M. Smyth Company	"John M. Smyth's Homemakers"	Illinois – 74,243	03/18/94	Registered
John M. Smyth Company	"John M. Smyth's* Homemakers"	1922052	09/26/95	Registered

* License granted.

This Agreement and the rights and obligations evidenced hereby are subordinate in the manner and to the extent set forth in that certain Subordination and Intercreditor Agreement (the "Deferred Term Subordination Agreement"), dated as of June 19, 2003, among Grantee and the GECC Agent, the Term Agent and the Ableco Guarantor Agent ("Senior Agents"), to the indebtedness (including interest) owed by Borrowers to Senior Agents and the other lenders from time to time under the Senior Debt Documents (as such term is defined therein), in each case as such Senior Debt Documents have been and hereafter may be amended, supplemented or otherwise modified from time to time and to indebtedness refinancing the indebtedness under those documents as contemplated by the Deferred Term Subordination Agreement; and each holder of this agreement, by its acceptance hereof, irrevocably agrees to be bound by the provisions of the Deferred Term Subordination Agreement.

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (the "Agreement") made as of this 14th day of November, 2003 by **JOHN M. SMYTH COMPANY**, an Illinois corporation ("Grantor") in favor of **M.D. SASS CORPORATE RESURGENCE PARTNERS III, L.P.**, a Delaware limited partnership ("Grantee"):

W I T N E S S E T H

WHEREAS, Grantor is party to the Joinder Agreement and Affirmation, dated as of the date hereof (the "Joinder Agreement"), in connection with that certain Amended and Restated Financing Agreement, dated as of June 19, 2003, by and among Levitz Furniture, LLC, a Delaware limited liability company ("Levitz"), Seaman Furniture Company, Inc., a Delaware corporation ("Seaman"), Levitz Home Furnishings, Inc., a Delaware corporation ("LHFI"), and certain of LHFI's subsidiaries (together with Grantor, Levitz, Seaman, and LHFI, the "Obligors", and each individually an "Obligor") and Grantee, as the administrative agent for itself and the entities identified on the signature pages thereto as the lenders (as the same may be amended or otherwise modified from time to time, the "Deferred Term Financing Agreement");

WHEREAS, in order to secure its obligations under the Deferred Term Financing Agreement, Grantor has entered into the Joinder Agreement in connection with that certain Security Agreement, dated as of June 19, 2003, among Levitz, Seamans, LHFI, certain of LHFI's subsidiaries and Grantee (as the same may be amended, supplemented or otherwise modified from time to time, the "Security Agreement");

WHEREAS, pursuant to the terms of the Joinder Agreement and the Security Agreement, Grantor has granted to Grantee a security interest in substantially all of the assets of Grantor including all right title and interest of Grantor in, to and under all now owned and hereafter acquired or arising (a) trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all registrations and recordings thereof, and all applications in connection therewith (other than "intent to use" applications until a verified statement of use or an amendment to alleged use is

filed with respect to such applications); (b) all renewals thereof; (c) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing including, without limitation, damages and payments for past, present and future infringements of any of the foregoing; (d) the right to sue for past, present and future infringements of any of the foregoing; (e) all rights corresponding to any of the foregoing throughout the world; and (f) all goodwill associated with and symbolized by any of the foregoing (collectively, "Trademarks") and all products and proceeds thereof, to secure the Obligations of Grantor under the Deferred Term Financing Agreement;

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

1. Incorporation of Security Agreement. The Security Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All terms capitalized but not otherwise defined herein shall have the same meanings herein as in the Deferred Term Financing Agreement, as in effect as of the date hereof.

2. Grant and Reaffirmation of Grant of Security Interests. To secure the complete and timely payment and satisfaction of the Obligations, Grantor hereby grants to Grantee and hereby reaffirms its grant pursuant to the Security Agreement of, a continuing security interest in Grantor's entire right, title and interest in and to the following (all of the following items or types of property being herein collectively referred to as the "Trademark Collateral"), whether now owned or existing or hereafter created or acquired:

   (i) each Trademark listed on Schedule 1 annexed hereto, together with any reissues, continuations or extensions thereof, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark; and

   (ii) all products and proceeds of the forgoing, including without limitation, any claim by Grantor against third parties for past, present or future (a) infringement or dilution of any Trademark, or (b) injury to the goodwill associated with any Trademark.

3. Warranties and Representations. Grantor warrants and represents to Grantee that:

   (i) Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each Trademark, free and clear of any liens, charges and encumbrances, including without limitation licenses and covenants by Grantor not to sue third persons except as otherwise permitted by the GECC Credit Agreement, the Ableco Financing Agreement, the Resurgence I Loan Agreement, the Resurgence

TRADEMARK
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III Reimbursement Agreement, the Ableco Guarantor Reimbursement Agreement or the Capital Call Loan Agreement, each as in effect as of the date hereof, or except for Permitted Encumbrances or as indicated on Schedule 1;

(ii) Grantor has no notice of any suits or actions commenced or threatened with reference to any Trademark; and

(iii) Grantor has the unqualified right to execute and deliver this Agreement and perform its terms.

4. Restrictions on Future Agreements. Grantor agrees that until the Obligors' Obligations shall have been satisfied in full and the Deferred Term Financing Agreement shall have been terminated, Grantor shall not, without the prior written consent of Grantee, sell or assign its interest in, or grant any license under (other than to any Obligor or for fair market consideration in the ordinary course of business), any Trademark or enter into any other agreement with respect to any Trademark, and Grantor further agrees that it shall not take any action or permit any action to be taken by others subject to its control, including licensees, or fail to take any action which would affect the validity or enforcement of the rights transferred to Grantee under this Agreement.

5. Product Quality. Grantor agrees (i) (except in circumstances where in the reasonable opinion of Grantor it would be commercially imprudent to do so) to maintain the quality of any and all material products in connection with which the Trademarks are used, consistent with commercially reasonable business practices, and (ii) to provide Grantee, upon Grantee's reasonable request from time to time, with a certificate of an officer of Grantor certifying Grantor's compliance with the foregoing. Upon the occurrence and during the continuation of an Event of Default, Grantor agrees that Grantee, or a conservator appointed by Grantee, shall have the right to establish such additional product quality controls as Grantee, or said conservator, in its reasonable judgment, may deem necessary to assure maintenance of the quality of products sold by Grantor under the Trademarks.

6. New Trademarks. If, before the Obligors' Obligations shall have been satisfied in full or before the Deferred Term Financing Agreement has been terminated, Grantor shall (i) become aware of any existing Trademarks of which Grantor has not previously informed Grantee, or (ii) become entitled to the benefit of any Trademarks, which benefit is not in existence on the date hereof, the provisions of this Agreement above shall automatically apply thereto and Grantor shall give to Grantee prompt written notice thereof. Grantor hereby authorizes Grantee to modify this Agreement by amending Schedule 1 to include any such Trademarks.

7. Duties of Grantor. Grantor shall (i) file and pursue diligently any material trademark applications pending as of the date hereof or hereafter, (ii) preserve and maintain all rights in the material Trademarks, as reasonably deemed appropriate by Grantor and (iii) ensure that the material Trademarks are and remain enforceable.

TRADEMARK
REEL: 002867 FRAME: 0542

8. Grantee's Right to Sue. After the occurrence and during the continuation of an Event of Default, Grantee shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Trademarks and, if Grantee shall commence any such suit, Grantor shall, at the request of Grantee, do any and all lawful acts and execute any and all proper documents required by Grantee in aid of such enforcement and Grantor shall promptly, upon demand, reimburse and indemnify Grantee for all costs and expenses (including reasonable attorney's fees) incurred by Grantee in the exercise of its rights under this Section 8.

9. Cumulative Remedies; Power of Attorney. Grantee hereby acknowledges and affirms that the rights and remedies with respect to the Trademarks, whether established hereby or by the Security Agreement or the Deferred Term Financing Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Grantor hereby authorizes Grantee upon the occurrence of an Event of Default, to make, constitute and appoint any officer or agent of Grantee as Grantee may select, in its sole discretion, as Grantor's true and lawful attorney-in-fact, with power to (i) endorse Grantor's name on all applications, documents, papers and instruments necessary or desirable for Grantee in the use of the Trademarks or (ii) (save to the extent prohibited by law or equity) take any other actions with respect to the Trademarks as Grantee deems to be in the best interest of Grantee, or (iii) (save to the extent prohibited by law or equity) grant or issue any exclusive or non-exclusive license under the Trademarks to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone, except as otherwise permitted by the GECC Credit Agreement, the Ableco Financing Agreement, the Resurgence I Loan Agreement, the Resurgence III Reimbursement Agreement, the Ableco Guarantor Reimbursement Agreement or the Capital Call Loan Agreement. Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until the Obligors' Obligations shall have been paid in full and the Deferred Term Financing Agreement has been terminated. Grantor hereby further acknowledges and agrees that the use by Grantee of the Trademarks shall be worldwide, except as limited by their terms, and without any liability for royalties or related charges from Grantee to Grantor.

10. 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 and delivered, will be deemed an original and all of which shall together constitute one and the same instrument.

11. Termination of Security Interests; Release of Collateral. Upon payment in full of all Obligations (other than contingent indemnification obligations to the extent no unsatisfied claim giving rise thereto has been asserted) and the termination of all Obligations under the Deferred Term Financing Agreement, this Agreement shall terminate. Upon such termination of the security interests or release of any Collateral, Grantee will, at the expense of the Grantor, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence the termination of the security interests or the release of such Collateral, as the case may be.

TRADEMARK
REEL: 002867 FRAME: 0543

12. **APPLICABLE LAW. THIS TRADEMARK SECURITY AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.**

TRADEMARK
REEL: 002867 FRAME: 0544

IN WITNESS WHEREOF, Grantor has duly executed this Agreement as of the date first written above.

JOHN M. SMYTH COMPANY, an Illinois corporation

By: _____
Its: _____

Agreed and Accepted
As of the Date First Written Above

M.D. SASS CORPORATE RESURGENCE PARTNERS III, L.P.,
a Delaware limited partnership, as Agent

By: RESURGENCE ASSET MANAGEMENT, L.L.C.,
as Investment Manager

By: _____
Name: Robert T Symington
Title: Managing Director

SCHEDULE 1

TRADEMARK REGISTRATIONS

SCHEDULE I
TO
TRADEMARK SECURITY AGREEMENT

TRADEMARK REGISTRATIONS

Registered Owner	U.S. Service Mark/ Trademark Description	Registration or Application Number (Serial No.)	Registration or Application Date (Date Filed)	Status
John M. Smyth Company	"Not Low Priced Furniture, But Good Furniture at Low Prices"	Illinois – 42799	09/05/73	Inactive
John M. Smyth Company	"Homemakers"	Illinois – 42797	09/04/73	Inactive
John M. Smyth Company	"H"	Illinois – 42798	N/A	Inactive
John M. Smyth Company	"John M. Smyth"	Illinois – 74,244	03/18/94	Registered
John M. Smyth Company	"John M. Smyth's Homemakers"	Illinois – 74,243	03/18/94	Registered
John M. Smyth Company	"John M. Smyth's* Homemakers"	1922052	09/26/95	Registered

* License granted.

This Agreement and the rights and obligations evidenced hereby are subordinate in the manner and to the extent set forth in that certain Subordination and Intercreditor Agreement (the "RAM III Subordination Agreement"), dated as of June 19, 2003, among Grantee and the GECC Agent, the Term Agent and the Deferred Agent ("Senior Agents"), to the indebtedness (including interest) owed by Borrowers (as such term is defined therein) to Senior Agents and the other lenders from time to time under the Senior Debt Documents (as such term is defined therein), in each case as such Senior Debt Documents have been and hereafter may be amended, supplemented or otherwise modified from time to time and to indebtedness refinancing the indebtedness under those documents as contemplated by the RAM III Subordination Agreement; and each holder of this agreement, by its acceptance hereof, irrevocably agrees to be bound by the provisions of the RAM III Subordination Agreement.

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (the "Agreement") made as of this 14th day of November, 2003 by **JOHN M. SMYTH COMPANY**, an Illinois corporation ("Grantor") in favor of **M.D. SASS CORPORATE RESURGENCE PARTNERS III, L.P.**, a Delaware limited partnership ("Grantee"):

W I T N E S S E T H

WHEREAS, Grantor is party to the Joinder Agreement and Affirmation, dated as of the date hereof (the "Joinder Agreement"), in connection with that certain Amended and Restated Reimbursement Agreement, dated as of June 19, 2003, by and among Levitz Furniture, LLC, a Delaware limited liability company ("Levitz"), Seaman Furniture Company, Inc., a Delaware corporation ("Seaman"), Levitz Home Furnishings, Inc., a Delaware corporation ("LHFI"), and certain of LHFI's subsidiaries (together with Grantor, Levitz, Seaman, and LHFI, the "Obligors", and each individually an "Obligor") and Grantee (as the same may be amended or otherwise modified from time to time, the "Amended and Restated Reimbursement Agreement");

WHEREAS, in order to secure its obligations under the Amended and Restated Reimbursement Agreement, Grantor has entered into the Joinder Agreement in connection with that certain Security Agreement, dated as of June 19, 2003, among Levitz, Seamans, LHFI, certain of LHFI's Subsidiaries and Grantee (as the same may be amended, supplemented or otherwise modified from time to time, the "Security Agreement");

WHEREAS, pursuant to the terms of the Joinder Agreement and the Security Agreement, Grantor has granted to Grantee a security interest in substantially all of the assets of Grantor including all right title and interest of Grantor in, to and under all now owned and hereafter acquired or arising (a) trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all registrations and recordings thereof, and all applications in connection therewith (other than "intent to use" applications until a verified statement of use or an amendment to alleged use is filed with respect to such applications); (b) all renewals thereof; (c) all income, royalties,

damages and payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing including, without limitation, damages and payments for past, present and future infringements of any of the foregoing; (d) the right to sue for past, present and future infringements of any of the foregoing; (e) all rights corresponding to any of the foregoing throughout the world; and (f) all goodwill associated with and symbolized by any of the foregoing (collectively, "Trademarks") and all products and proceeds thereof, to secure the Obligations of Grantor under the Amended and Restated Reimbursement Agreement;

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

1. Incorporation of Security Agreement. The Security Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All terms capitalized but not otherwise defined herein shall have the same meanings herein as in the Amended and Restated Reimbursement Agreement, as in effect as of the date hereof.

2. Grant and Reaffirmation of Grant of Security Interests. To secure the complete and timely payment and satisfaction of the Obligations, Grantor hereby grants to Grantee and hereby reaffirms its grant pursuant to the Security Agreement of, a continuing security interest in Grantor's entire right, title and interest in and to the following (all of the following items or types of property being herein collectively referred to as the "Trademark Collateral"), whether now owned or existing or hereafter created or acquired:

   (i) each Trademark listed on Schedule 1 annexed hereto, together with any reissues, continuations or extensions thereof, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark; and

   (ii) all products and proceeds of the forgoing, including without limitation, any claim by Grantor against third parties for past, present or future (a) infringement or dilution of any Trademark, or (b) injury to the goodwill associated with any Trademark.

3. Warranties and Representations. Grantor warrants and represents to Grantee that:

   (i) Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each Trademark, free and clear of any liens, charges and encumbrances, including without limitation licenses and covenants by Grantor not to sue third persons except as otherwise permitted by the GECC Credit Agreement, the Term Loan Agreement, the Resurgence I Loan Agreement, the Ableco Guarantor Reimbursement Agreement, the Deferred Financing Agreement or the

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Capital Call Loan Agreement, each as in effect as of the date hereof, or except for Permitted Encumbrances or as indicated on Schedule 1;

(ii) Grantor has no notice of any suits or actions commenced or threatened with reference to any Trademark; and

(iii) Grantor has the unqualified right to execute and deliver this Agreement and perform its terms.

4. Restrictions on Future Agreements. Grantor agrees that until the Obligors' Obligations shall have been satisfied in full and the Amended and Restated Reimbursement Agreement shall have been terminated, Grantor shall not, without the prior written consent of Grantee, sell or assign its interest in, or grant any license under (other than to any Obligor or for fair market consideration in the ordinary course of business), any Trademark or enter into any other agreement with respect to any Trademark, and Grantor further agrees that it shall not take any action or permit any action to be taken by others subject to its control, including licensees, or fail to take any action which would affect the validity or enforcement of the rights transferred to Grantee under this Agreement.

5. Product Quality. Grantor agrees (i) (except in circumstances where in the reasonable opinion of Grantor it would be commercially imprudent to do so) to maintain the quality of any and all material products in connection with which the Trademarks are used, consistent with commercially reasonable business practices, and (ii) to provide Grantee, upon Grantee's reasonable request from time to time, with a certificate of an officer of Grantor certifying Grantor's compliance with the foregoing. Upon the occurrence and during the continuation of an Event of Default, Grantor agrees that Grantee, or a conservator appointed by Grantee, shall have the right to establish such additional product quality controls as Grantee, or said conservator, in its reasonable judgment, may deem necessary to assure maintenance of the quality of products sold by Grantor under the Trademarks.

6. New Trademarks. If, before the Obligors' Obligations shall have been satisfied in full or before the Amended and Restated Reimbursement Agreement has been terminated, Grantor shall (i) become aware of any existing Trademarks of which Grantor has not previously informed Grantee, or (ii) become entitled to the benefit of any Trademarks, which benefit is not in existence on the date hereof, the provisions of this Agreement above shall automatically apply thereto and Grantor shall give to Grantee prompt written notice thereof. Grantor hereby authorizes Grantee to modify this Agreement by amending Schedule 1 to include any such Trademarks.

7. Duties of Grantor. Grantor shall (i) file and pursue diligently any material trademark applications pending as of the date hereof or hereafter, (ii) preserve and maintain all rights in the material Trademarks, as reasonably deemed appropriate by Grantor and (iii) ensure that the material Trademarks are and remain enforceable.

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8. Grantee's Right to Sue. After the occurrence and during the continuation of an Event of Default, Grantee shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Trademarks and, if Grantee shall commence any such suit, Grantor shall, at the request of Grantee, do any and all lawful acts and execute any and all proper documents required by Grantee in aid of such enforcement and Grantor shall promptly, upon demand, reimburse and indemnify Grantee for all costs and expenses (including reasonable attorney's fees) incurred by Grantee in the exercise of its rights under this Section 8.

9. Cumulative Remedies; Power of Attorney. Grantee hereby acknowledges and affirms that the rights and remedies with respect to the Trademarks, whether established hereby or by the Security Agreement or the Amended and Restated Reimbursement Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Grantor hereby authorizes Grantee upon the occurrence of an Event of Default, to make, constitute and appoint any officer or agent of Grantee as Grantee may select, in its sole discretion, as Grantor's true and lawful attorney-in-fact, with power to (i) endorse Grantor's name on all applications, documents, papers and instruments necessary or desirable for Grantee in the use of the Trademarks or (ii) (save to the extent prohibited by law or equity) take any other actions with respect to the Trademarks as Grantee deems to be in the best interest of Grantee, or (iii) (save to the extent prohibited by law or equity) grant or issue any exclusive or non-exclusive license under the Trademarks to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone, except as otherwise permitted by the GECC Credit Agreement, the Term Loan Agreement, the Resurgence I Loan Agreement, the Ableco Guarantor Reimbursement Agreement, the Deferred Financing Agreement or the Capital Call Loan Agreement. Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until the Obligors' Obligations shall have been paid in full and the Amended and Restated Reimbursement Agreement has been terminated. Grantor hereby further acknowledges and agrees that the use by Grantee of the Trademarks shall be worldwide, except as limited by their terms, and without any liability for royalties or related charges from Grantee to Grantor.

10. 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 and delivered, will be deemed an original and all of which shall together constitute one and the same instrument.

11. Termination of Security Interests; Release of Collateral. Upon payment in full of all Obligations (other than contingent indemnification obligations to the extent no unsatisfied claim giving rise thereto has been asserted) and the termination of all Obligations under the Amended and Restated Reimbursement Agreement, this Agreement shall terminate. Upon such termination of the security interests or release of any Collateral, Grantee will, at the expense of the Grantor, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence the termination of the security interests or the release of such Collateral, as the case may be.

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12. **APPLICABLE LAW. THIS TRADEMARK SECURITY AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.**

[remainder of page intentionally left blank;
signature page follows]

IN WITNESS WHEREOF, Grantor has duly executed this Agreement as of the date first written above.

JOHN M. SMYTH COMPANY, an Illinois corporation

By: _____
Its: _____

Agreed and Accepted
As of the Date First Written Above

M.D. SASS CORPORATE RESURGENCE PARTNERS III, L.P.,
a Delaware limited partnership

By: RESURGENCE ASSET MANAGEMENT, L.L.C.,
as Investment Manager

By: _____
Name: ROBERT T. SYMINGTON
Title: MANAGING DIRECTOR

SCHEDULE 1

TRADEMARK REGISTRATIONS

SCHEDULE I
TO
TRADEMARK SECURITY AGREEMENT

TRADEMARK REGISTRATIONS

Registered Owner	U.S. Service Mark/ Trademark Description	Registration or Application Number (Serial No.)	Registration or Application Date (Date Filed)	Status
John M. Smyth Company	"Not Low Priced Furniture, But Good Furniture at Low Prices"	Illinois – 42799	09/05/73	Inactive
John M. Smyth Company	"Homemakers"	Illinois – 42797	09/04/73	Inactive
John M. Smyth Company	"H"	Illinois – 42798	N/A	Inactive
John M. Smyth Company	"John M. Smyth"	Illinois – 74,244	03/18/94	Registered
John M. Smyth Company	"John M. Smyth's Homemakers"	Illinois – 74,243	03/18/94	Registered
John M. Smyth Company	"John M. Smyth's* Homemakers"	1922052	09/26/95	Registered

* License granted.

This Agreement and the rights and obligations evidenced hereby are subordinate in the manner and to the extent set forth in that certain Ableco Reimbursement Subordination and Intercreditor Agreement (the "Ableco Reimbursement Subordination Agreement"), dated as of June 19, 2003, among Grantee and Term Agent and GECC Agent ("Senior Agents"), to the indebtedness (including interest) owed by Borrowers (as such term is defined therein) to Senior Agents and the other lenders from time to time under the Senior Debt Documents (as such term is defined therein), in each case as such Senior Debt Documents have been and hereafter may be amended, supplemented or otherwise modified from time to time and to indebtedness refinancing the indebtedness under those documents as contemplated by the Ableco Reimbursement Subordination Agreement; and each holder of this agreement, by its acceptance hereof, irrevocably agrees to be bound by the provisions of the Ableco Reimbursement Subordination Agreement.

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (the "Agreement") made as of this 14th day of November, 2003 by **JOHN M. SMYTH COMPANY**, an Illinois corporation ("Grantor") in favor of **M.D. SASS CORPORATE RESURGENCE PARTNERS III, L.P.**, a Delaware limited partnership ("Grantee"):

W I T N E S S E T H

WHEREAS, Grantor is party to the Joinder Agreement and Affirmation, dated as of the date hereof (the "Joinder Agreement"), in connection with that certain Reimbursement Agreement, dated as of June 19, 2003, by and among Levitz Furniture, LLC, a Delaware limited liability company ("Levitz"), Seaman Furniture Company, Inc., a Delaware corporation ("Seaman"), Levitz Home Furnishings, Inc., a Delaware corporation ("LHFI"), certain of LHFI's subsidiaries (together with Grantor, Levitz, Seaman, and LHFI, the "Obligors", and each individually an "Obligor") and Grantee, as the administrative and collateral agent for itself and the entities identified on the signature pages thereto as the Ableco Guarantors (as the same may be amended or otherwise modified from time to time, the "Reimbursement Agreement");

WHEREAS, in order to secure its obligations under the Reimbursement Agreement, Grantor has entered into the Joinder Agreement in connection with that certain Security Agreement, dated as of June 19, 2003, among Levitz, Seamans, LHFI, certain of LHFI's subsidiaries and Grantee (as the same may be amended, supplemented or otherwise modified from time to time, the "Security Agreement");

WHEREAS, pursuant to the terms of the Joinder Agreement and the Security Agreement, Grantor has granted to Grantee a security interest in substantially all of the assets of Grantor including all right title and interest of Grantor in, to and under all now owned and hereafter acquired or arising (a) trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all registrations and recordings thereof, and all applications in connection therewith (other than "intent to use" applications until a verified statement of use or an amendment to alleged use is

filed with respect to such applications); (b) all renewals thereof; (c) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing including, without limitation, damages and payments for past, present and future infringements of any of the foregoing; (d) the right to sue for past, present and future infringements of any of the foregoing; (e) all rights corresponding to any of the foregoing throughout the world; and (f) all goodwill associated with and symbolized by any of the foregoing (collectively, "Trademarks") and all products and proceeds thereof, to secure the Obligations of Grantor under the Reimbursement Agreement;

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

1. Incorporation of Security Agreement. The Security Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All terms capitalized but not otherwise defined herein shall have the same meanings herein as in the Reimbursement Agreement, as in effect as of the date hereof.

2. Grant and Reaffirmation of Grant of Security Interests. To secure the complete and timely payment and satisfaction of the Obligations, Grantor hereby grants to Grantee and hereby reaffirms its grant pursuant to the Security Agreement of, a continuing security interest in Grantor's entire right, title and interest in and to the following (all of the following items or types of property being herein collectively referred to as the "Trademark Collateral"), whether now owned or existing or hereafter created or acquired:

   (i) each Trademark listed on Schedule 1 annexed hereto, together with any reissues, continuations or extensions thereof, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark; and

   (ii) all products and proceeds of the forgoing, including without limitation, any claim by Grantor against third parties for past, present or future (a) infringement or dilution of any Trademark, or (b) injury to the goodwill associated with any Trademark.

3. Warranties and Representations. Grantor warrants and represents to Grantee that:

   (i) Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each Trademark, free and clear of any liens, charges and encumbrances, including without limitation licenses and covenants by Grantor not to sue third persons except as otherwise permitted by the GECC Credit Agreement, the Term Loan Agreement, the Deferred Financing Agreement, the Resurgence I Loan

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Agreement, the Resurgence III Reimbursement Agreement or the Capital Call Loan Agreement, each as in effect as of the date hereof, or except for Permitted Encumbrances or as indicated on Schedule 1;

(ii) Grantor has no notice of any suits or actions commenced or threatened with reference to any Trademark; and

(iii) Grantor has the unqualified right to execute and deliver this Agreement and perform its terms.

4. Restrictions on Future Agreements. Grantor agrees that until the Obligors' Obligations shall have been satisfied in full and the Reimbursement Agreement shall have been terminated, Grantor shall not, without the prior written consent of Grantee, sell or assign its interest in, or grant any license under (other than to any Obligor or for fair market consideration in the ordinary course of business), any Trademark or enter into any other agreement with respect to any Trademark, and Grantor further agrees that it shall not take any action or permit any action to be taken by others subject to its control, including licensees, or fail to take any action which would affect the validity or enforcement of the rights transferred to Grantee under this Agreement.

5. Product Quality. Grantor agrees (i) (except in circumstances where in the reasonable opinion of Grantor it would be commercially imprudent to do so) to maintain the quality of any and all material products in connection with which the Trademarks are used, consistent with commercially reasonable business practices, and (ii) to provide Grantee, upon Grantee's reasonable request from time to time, with a certificate of an officer of Grantor certifying Grantor's compliance with the foregoing. Upon the occurrence and during the continuation of an Event of Default, Grantor agrees that Grantee, or a conservator appointed by Grantee, shall have the right to establish such additional product quality controls as Grantee, or said conservator, in its reasonable judgment, may deem necessary to assure maintenance of the quality of products sold by Grantor under the Trademarks.

6. New Trademarks. If, before the Obligors' Obligations shall have been satisfied in full or before the Reimbursement Agreement has been terminated, Grantor shall (i) become aware of any existing Trademarks of which Grantor has not previously informed Grantee, or (ii) become entitled to the benefit of any Trademarks, which benefit is not in existence on the date hereof, the provisions of this Agreement above shall automatically apply thereto and Grantor shall give to Grantee prompt written notice thereof. Grantor hereby authorizes Grantee to modify this Agreement by amending Schedule 1 to include any such Trademarks.

7. Duties of Grantor. Grantor shall (i) file and pursue diligently any material trademark applications pending as of the date hereof or hereafter, (ii) preserve and maintain all rights in the material Trademarks, as reasonably deemed appropriate by Grantor and (iii) ensure that the material Trademarks are and remain enforceable.

8. Grantee's Right to Sue. After the occurrence and during the continuation of an Event of Default, Grantee shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Trademarks and, if Grantee shall commence any such suit, Grantor shall, at the request of Grantee, do any and all lawful acts and execute any and all proper documents required by Grantee in aid of such enforcement and Grantor shall promptly, upon demand, reimburse and indemnify Grantee for all costs and expenses (including reasonable attorney's fees) incurred by Grantee in the exercise of its rights under this Section 8.

9. Cumulative Remedies; Power of Attorney. Grantee hereby acknowledges and affirms that the rights and remedies with respect to the Trademarks, whether established hereby or by the Security Agreement or the Reimbursement Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Grantor hereby authorizes Grantee upon the occurrence of an Event of Default, to make, constitute and appoint any officer or agent of Grantee as Grantee may select, in its sole discretion, as Grantor's true and lawful attorney-in-fact, with power to (i) endorse Grantor's name on all applications, documents, papers and instruments necessary or desirable for Grantee in the use of the Trademarks or (ii) (save to the extent prohibited by law or equity) take any other actions with respect to the Trademarks as Grantee deems to be in the best interest of Grantee, or (iii) (save to the extent prohibited by law or equity) grant or issue any exclusive or non-exclusive license under the Trademarks to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone, except as otherwise permitted by the GECC Credit Agreement, the Term Loan Agreement, the Deferred Financing Agreement, the Resurgence I Loan Agreement, the Resurgence III Reimbursement Agreement or the Capital Call Loan Agreement. Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until the Obligors' Obligations shall have been paid in full and the Reimbursement Agreement has been terminated. Grantor hereby further acknowledges and agrees that the use by Grantee of the Trademarks shall be worldwide, except as limited by their terms, and without any liability for royalties or related charges from Grantee to Grantor.

10. 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 and delivered, will be deemed an original and all of which shall together constitute one and the same instrument.

11. Termination of Security Interests; Release of Collateral. Upon payment in full of all Obligations (other than contingent indemnification obligations to the extent no unsatisfied claim giving rise thereto has been asserted) and the termination of all Obligations under the Reimbursement Agreement, this Agreement shall terminate. Upon such termination of the security interests or release of any Collateral, Grantee will, at the expense of the Grantor, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence the termination of the security interests or the release of such Collateral, as the case may be.

12. **APPLICABLE LAW. THIS TRADEMARK SECURITY AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.**

[remainder of page intentionally left blank;
signature page follows]

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IN WITNESS WHEREOF, Grantor has duly executed this Agreement as of the date first written above.

JOHN M. SMYTH COMPANY, an Illinois corporation

By: _____
Its: _____

Agreed and Accepted
As of the Date First Written Above

M.D. SASS CORPORATE RESURGENCE PARTNERS III, L.P.,
a Delaware limited partnership, as Agent

By: RESURGENCE ASSET MANAGEMENT, L.L.C.,
as Investment Manager

By: _____
Name: ROBERT T. SYMINGTON
Title: MANAGING DIRECTOR

SCHEDULE 1

TRADEMARK REGISTRATIONS

SCHEDULE I
TO
TRADEMARK SECURITY AGREEMENT

TRADEMARK REGISTRATIONS

Registered Owner	U.S. Service Mark/ Trademark Description	Registration or Application Number (Serial No.)	Registration or Application Date (Date Filed)	Status
John M. Smyth Company	"Not Low Priced Furniture, But Good Furniture at Low Prices"	Illinois – 42799	09/05/73	Inactive
John M. Smyth Company	"Homemakers"	Illinois – 42797	09/04/73	Inactive
John M. Smyth Company	"H"	Illinois – 42798	N/A	Inactive
John M. Smyth Company	"John M. Smyth"	Illinois – 74,244	03/18/94	Registered
John M. Smyth Company	"John M. Smyth's Homemakers"	Illinois – 74,243	03/18/94	Registered
John M. Smyth Company	"John M. Smyth's* Homemakers"	1922052	09/26/95	Registered

* License granted.