

Form PTO-1594 (Rev. 03/05)  
OMB Collection 0651-0027, (exp. 6/30/2005)

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

### RECORDATION FORM COVER SHEET TRADEMARKS ONLY

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

**1. Name of conveying party(ies):**  
Flooring America Franchising, L.P. (Flooring America, Inc. sole General Partner)

- Individual(s)
- General Partnership
- Corporation- State: \_\_\_\_\_
- Other \_\_\_\_\_
- Association
- Limited Partnership

Citizenship (see guidelines) Georgia  
Additional names of conveying parties attached?  Yes  No

**3. Nature of conveyance )/Execution Date(s) :**  
Execution Date(s) December 13, 2000

- Assignment
- Security Agreement
- Other record to correct conveying party's name on assignment document R2943 P0562
- Merger
- Change of Name

**2. Name and address of receiving party(ies)**  
Additional names, addresses, or citizenship attached?  Yes  No

Name: Complete Floor Care Network LLC  
Internal  
Address: Suite 3500  
Street Address: 1201 West Peachtree Street  
City: Atlanta  
State: GA  
Country: USA Zip: 30339

- Association Citizenship \_\_\_\_\_
- General Partnership Citizenship \_\_\_\_\_
- Limited Partnership Citizenship \_\_\_\_\_
- Corporation Citizenship \_\_\_\_\_
- Other LLC Citizenship Georgia

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)

**4. Application number(s) or registration number(s) and identification or description of the Trademark.**

A. Trademark Application No.(s)

B. Trademark Registration No.(s)  
2192827 ; 2323077; 2192828

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):  
Image and word mark

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

Name: J. Timothy Arndt III, Esquire  
Internal Address: \_\_\_\_\_  
Street Address: 144 West Market Street  
City: West Chester  
State: PA Zip: 19382  
Phone Number: (610) 436-9300  
Fax Number: (610) 696-7962  
Email Address: tarndt@lcsllaw.com

**6. Total number of applications and registrations involved:** 3

**7. Total fee (37 CFR 2.6(b)(6) & 3.41)** \$ 165.00  
 Authorized to be charged by credit card  
 Authorized to be charged to deposit account  
 Enclosed

**8. Payment Information:**  
a. Credit Card Last 4 Numbers 1024  
Expiration Date 09/2005  
b. Deposit Account Number \_\_\_\_\_  
Authorized User Name \_\_\_\_\_

**9. Signature:** \_\_\_\_\_  
Signature Date  
J. Timothy Arndt III, Esquire April 5, 2005  
Name of Person Signing  
Total number of pages including cover sheet, attachments, and document: 64

Documents to be recorded (including cover sheet) should be faxed to (703) 306-5995, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

TRADEMARK ASSIGNMENT

Electronic Version v1.1  
Stylesheet: Version v1.1

09/23/2004  
900013218

SUBMISSION TYPE:	NEW ASSIGNMENT
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NATURE OF CONVEYANCE:	ASSIGNS THE ENTIRE INTEREST AND THE GOODWILL
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CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Carpetmax, LP		12/19/2000	LIMITED PARTNERSHIP: GEORGIA

RECEIVING PARTY DATA

Name:	Complete Floor Care Network, LLC
Composed Of:	COMPOSED OF Bob Wagner's Mill Carpet, Inc.;
Doing Business As:	Bob Wagner's Flooring America
Street Address:	1201 West Peachtree St.
Internal Address:	Ste. 3500
City:	Atlanta
State/Country:	GEORGIA
Postal Code:	30339
Entity Type:	Limited Liability Company: GEORGIA

PROPERTY NUMBERS Total: 6

Property Type	Number	Word Mark
Registration Number:	2192827	MAXCARE PROFESSIONAL CLEANING SYSTEMS MAX
Registration Number:	2323077	MAXCARE PROFESSIONAL CLEANING SYSTEMS MAX
Registration Number:	2192828	MAXCARE
Serial Number:	75259295	MAXCARE PROFESSIONAL CLEANING SYSTEMS MAX
Serial Number:	75477166	MAXCARE PROFESSIONAL CLEANING SYSTEMS MAX
Serial Number:	75259296	MAXCARE

CORRESPONDENCE DATA

Fax Number: (610)696-7962  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
Phone: (610)436-9300  
Email: tarndt@lcsllaw.com  
Correspondent Name: Lachall, Cohen & Sagnor

OP \$165.00 2192827

Address Line 1: 144 West Market Street  
Address Line 4: West Chester, PENNSYLVANIA 19382

NAME OF SUBMITTER:

J. Timothy Arndt III, Esquire

Total Attachments: 61

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**UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION**

In re:	)	Chapter 11
	)	Judge Bihary
	)	
FLOORING AMERICA, INC. et al.,	)	Case Nos.: 00-68370 through
	)	00-68391 and 00-68190
	)	
Debtors.	)	(Jointly Administered under
_____	)	Case No. 00-68370)

**ORDER GRANTING DEBTORS' MOTION FOR AN ORDER APPROVING  
SALE OF CERTAIN PROPERTY OF DEBTORS FREE AND CLEAR OF LIENS,  
ENCUMBRANCES, CLAIMS AND INTERESTS PURSUANT TO 11 U.S.C. § 363**

On December 13, 2000, this Court held a hearing on the Debtors' **MOTION FOR (i) ASSUMPTION AND ASSIGNMENT OF CERTAIN FRANCHISE AGREEMENTS AND EXECUTORY CONTRACTS OF THE DEBTORS AND (ii) THE SALE OF CERTAIN ASSETS OF DEBTORS RELATED TO MAXCARE**" (the "Sale Motion"). In attendance were, *inter alia*, counsel for the Debtors, counsel for the Official Committee of Unsecured Creditors (the "Creditor Committee"), counsel for an Ad Hoc Committee of the Holders of the Senior Subordinated Notes (the "Bondholders Committee"), counsel for the Official Committee of Franchisees (the "Franchisee Committee"), counsel for Foothill Capital Corporation ("Foothill Capital") and counsel for Complete Floor Care Network, LLC, a Georgia limited liability company ("CFCN"), which had submitted an offer to purchase certain assets of the Debtors associated with the MaxCare Franchise System ("MaxCare"). After consideration of the Motion, the arguments of counsel, offers of proof, due notice of the Motion and the hearing having been

given, and it appearing that granting the relief requested in the Motion is in the best interests of the Debtors, their estates and all creditors, the Court finds and orders as follows:

1. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a "core" proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
2. The MaxCare Assets consist of certain assets of the Debtors associated with the MaxCare Franchise System, a nationwide franchise network of independent floor cleaning and refinishing businesses. The sale Motion contained as an exhibit a Letter of Intent from Creative Carpet Care, Inc. ("Creative Carpet Care") including several schedules that specified the property that Creative Carpet Care believed to be the MaxCare Assets.
3. Subsequent to the filing of the Sale Motion, Creative Carpet Care, the designated purchaser under the Sale Motion, elected not to pursue its contemplated purchase of the MaxCare Assets, as outlined in the Letter of Intent.
4. Prior to the hearing, principals and representatives of CFCN negotiated with the Debtors and concluded an acceptable bid and offer whereby CFCN would serve as the substitute purchaser under the Sale Motion.
5. CFCN is composed of 54 of the 60 current MaxCare Franchisees (the "Participating Franchisees"). There remain as many as six (6) existing MaxCare franchisees that are not participating in this Sales Transaction as a Member of CFCN (the "Non-Participating Franchisees").
6. On December 13, 2000, CFCN filed its **"NOTICE OF INTENT TO SUBMIT COMPETING BID"**, including a proposed Asset Purchase Agreement for the purchase of the MaxCare Assets.

7. The Debtors seek approval, pursuant to Sections 363 and 365 of the Bankruptcy Code, to consummate the sale of the MaxCare Assets to CFCN (the "Proposed Sale"), pursuant to the Asset Purchase Agreement (the "Agreement") that has been negotiated by and between CFCN, the Debtors and the Creditors Committee, a form of which is attached hereto as Exhibit "A." The Agreement contemplates a total purchase price of \$1,480,000 for all of the MaxCare Assets.

8. The Notice of Hearing dated November 13, 2000 (the "Notice"), which was served on those parties directed by this Court, provided proper, timely, adequate and sufficient notice of, and an opportunity to be heard in connection with, the Proposed Sale of the MaxCare Assets contemplated by the Motion and the hearing thereon. Such notice and opportunity for hearing were adequate and appropriate in the circumstances of this case, comport with all due process requirements, and satisfy the requirements of the Federal Rules of Bankruptcy Procedure. The Debtors have followed the procedures for notice set forth in the Motion and the Notice with respect to the Proposed Sale of the MaxCare Assets.

9. Three objections to the Sale Motion were received prior to the hearing. The objection of SAP, Inc. was withdrawn as moot, as the Proposed Sale did not involve the SAP software licenses. The objection of the Bondholders Committee was sustained, to the extent that there are proceeds from the Proposed Sale in excess of the Debtors' obligations to Foothill Capital (the "Excess Proceeds"). The Debtors shall reserve any Excess Proceeds on behalf of the Indenture Trustee and the Bondholders, and the claim of lien asserted by the Indenture Trustee and the Bondholders (which is disputed by the Debtors) shall be attached to the Excess Proceeds to the extent that the claim of the Indenture Trustee and the Bondholders is determined to be valid, perfected and enforceable. The objection of the Franchisee Committee was essentially

rendered moot, as Creative Carpet Care had withdrawn as the intended purchaser. Counsel for the Franchisee Committee therefore presented arguments in support of the sale of the MaxCare Assets to CFCN.

10. The Proposed Sale of the Debtors' interest in the MaxCare Assets shall be "as is, where is", without any representations or warranties except those specified in the Asset Purchase Agreement. The Purchase Price represents the highest and best bid for the MaxCare Assets in light of the totality of the circumstances of this case.

11. The terms of the Proposed Sale of the MaxCare Assets to CFCN are more fully set forth in the Asset Purchase Agreement.

12. The Proposed Sale meets the requirements of Sections 363(b) and (f) of the Bankruptcy Code, and is fair, reasonable and equitable and in the best interests of the Estate and creditors of the Estate because it represents the maximum value that the Debtors can expect to reasonably receive for the MaxCare Assets.

13. The Creditors Committee, the Franchisee Committee and Foothill Capital support the Sale Motion, as modified at the hearing, and the entry of this Order. Debtors have consulted and advised counsel for the Bondholders Committee regarding the terms of the Proposed Sale and the entry of this Order.

14. Foothill Capital asserts a first priority security interest in all of the assets of the Debtors, both intangible and tangible, including the MaxCare Assets. The Sale Motion seeks to pay to Foothill Capital the net proceeds realized from the Proposed Sale, and to allow Foothill Capital to apply the net proceeds of the Proposed Sale to the outstanding balance of Debtors' obligations to Foothill Capital. Foothill Capital consents to the Proposed Sale of the MaxCare Assets free and clear of any of its liens, claims, encumbrances or interests, so long as all such



liens, claims, encumbrances and interests attach to the proceeds of the Proposed Sale and such proceeds are promptly remitted to Foothill Capital as set forth herein.

15. Debtors are aware of no liens or encumbrances on the assets being conveyed, other than (i) the liens and encumbrances described in the Sale Motion, (ii) the lien of Foothill Capital and (iii) the second position lien asserted by the Bondholders and the Indenture Trustee (which is disputed by the Debtors) on all of the assets of the Debtors, which liens, claims, encumbrances and interests attach to the proceeds of the Proposed Sale to the extent they exist, giving effect to the existing priorities regardless of any transfer or commingling of proceeds.

16. All creditors asserting a lien on the Assets either have consented to the Proposed Sale or could be compelled in a legal or equitable proceeding to accept a money satisfaction of any interest in the MaxCare Assets.

17. CFCN has acted in good faith and is a "good faith purchaser" within the meaning of Section 363(m) of the Bankruptcy Code in offering to purchase the Assets. The Proposed Sale represents an arms-length, negotiated sale between informed and sophisticated parties, for a fair and reasonable purchase price. Therefore, CFCN is entitled to the protections afforded to good faith purchasers under section 363(m).

Now, therefore, it is hereby

**ORDERED, ADJUDGED AND DECREED that:**

- A. The Sales Motion, as modified at the hearing, is hereby GRANTED in its entirety, and the Proposed Sale to CFCN is hereby APPROVED.
- B. The transactions contemplated in the Sale Motion, as approved and implemented herein, are in compliance with, and satisfy all, applicable provisions of the Bankruptcy Code, including, but not limited, to sections 363(b), (f) and (o). The

terms and conditions of the Proposed Sale and the other transactions approved by this Order are fair and reasonable.

- C. All assets conveyed from the Debtors to CFCN hereunder shall be conveyed free and clear of all liens, claims, interests and encumbrances of any kind whatsoever, with all such liens, claims, interests and encumbrances to attach to the proceeds from said sale. CFCN shall have no liability for the payment or satisfaction of any such encumbrances.
- D. The assets conveyed to CFCN shall be afforded the treatment and protection provided by Section 1146(c).
- E. Neither the purchase of the MaxCare Assets by CFCN, nor the subsequent operation by CFCN of any business previously operated by the Debtors, shall cause CFCN to be deemed a successor in any respect to the Debtors' business within the meaning of any law, rule or regulation, including but not limited to any revenue, pension, ERISA, tax, labor or environmental law, rule or regulation or under any products liability law with respect to the Debtors' liability.
- F. Except as expressly assumed in writing by CFCN, CFCN shall not be deemed to have assumed any "claims" (as that term is defined in Bankruptcy Code Section 101(5)) against the Debtors. Under no circumstances shall CFCN be deemed a successor of, or to, the Debtors for payment of any debt, liability or obligation of the Debtors (whether direct or indirect; liquidated or unliquidated; choate or inchoate; absolute, contingent or fixed; unasserted or otherwise).
- G. All of the Debtors' interests in the MaxCare Assets shall be, as of the closing, transferred to and vested in CFCN. Subject to the fulfillment of the terms and

conditions of the Agreement, as of the closing, this Order shall be considered and constitute for all purposes a full and complete general assignment, conveyance and transfer of the MaxCare Assets and/or a bill of sale transferring the Debtors' title and interest in the MaxCare Assets to CFCN. All governmental recording offices and all other parties, persons or entities are hereby directed to accept this Order as such an assignment and/or bill of sale and, if necessary, this Order shall be accepted for recordation on or after the closing, as conclusive evidence of the free and clear, unencumbered transfer of the Debtors' title to the MaxCare Assets conveyed to CFCN at the closing.

- H. Subject to the fulfillment of the terms and conditions of the Proposed Sale, at the closing the Debtors shall sell, transfer, assign and convey to CFCN all of the Debtors' right, title and interest in and to the MaxCare Assets. The Debtors are hereby authorized and directed to execute all documents necessary to consummate the sale and to convey the MaxCare Assets to CFCN, free and clear of all liens, claims, interests and encumbrances, pursuant to section 363(o) of the Bankruptcy Code. The Debtors' authorization to perform the Proposed Sale will not require the approval of the Debtors' Board of Directors, the Debtors' shareholders or any other approvals.
- I. The Debtors' interest in the MaxCare Assets shall be sold "AS IS, WHERE IS," with no warranty whatsoever, express or implied, as to condition, merchantability, fitness for a particular purpose, or otherwise, except as expressly agreed upon in the Asset Purchase Agreement. Pursuant to sections 105(a) and 363 of the Bankruptcy Code, Bankruptcy Rule 7070, and Fed.R.Civ.P. 70, this Order shall

and does, without further order of the Court, and as of the closing of the Proposed Sale and payment in full of the Purchase Price, divest the Debtors and their estates of all right, title and interest in the MaxCare Assets.

J. Within ten (10) days from the entry of this Order, the Debtors shall file appropriate motions to reject, pursuant to 11 U.S.C. § 365, each and every Franchise Agreement, and each and every Vehicle Lease Agreement, between the Debtors and each of the Participating Franchisees who are members of CFCN as of the Closing Date. Upon closing the individual Participating Franchisees who are members of CFCN, and who provide releases of claims against the Debtors in accordance with Paragraph K hereinbelow, shall have no further contractual liability to the Debtors arising out of, or connected with, the MaxCare Franchise System, the MaxCare franchise Agreements, the MaxCare Vehicle Lease Agreement or any other contractual obligation (including promissory notes and personal guaranties) related to the MaxCare Franchise System.

K. At the closing of the Sales Transaction contemplated by this Order, CFCN shall tender to the Debtors Mutual Release documents executed by each of the Participating Franchisees indicating the release of certain claims that they may hold against the Debtors or their Estates, in a form that is acceptable to the Debtors and the Creditor Committee.

L. The Non-Participating Franchisees shall not be required to execute the Release document referenced in subparagraph K. The MaxCare assets associated with these Non-Participating Franchisees shall remain with the Debtor's Estate, and shall not be sold to CFCN pursuant to this Order. If, however, any Non-

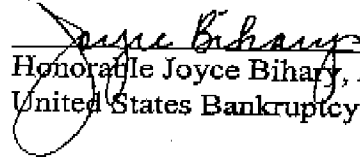
Participating franchisee elects to join CFCN, and become Participating Franchisee within thirty (30) days from the entry of this Order, then said electing franchisee shall execute all appropriate release documents, and the Debtors shall then convey to CFCN the MaxCare Assets associated with said electing franchisee.

- M. This is a final order and enforceable upon entry. To the extent necessary under Rules 5003, 9014, 9021, and 9022 of the Federal Rules of Bankruptcy Procedure, and due to the high likelihood of a rapid decline in the value of the MaxCare Assets, this Court expressly finds that there is no just reason for delay in the implementation of this Order, and expressly directs entry of judgment as set forth herein. The stay imposed by Fed.R.Bankr.P. 6004(g) is hereby modified, and shall not apply to the Proposed Sale. The Debtors are authorized immediately to consummate the Proposed Sale to the CFCN without delay.
- N. Pursuant to Section 363(m) of the Bankruptcy Code, the reversal or modification of this Order on appeal will not affect the validity of (i) the sales transfer; (ii) conveyance of the MaxCare Assets to CFCN; or (iii) the other transactions contemplated and/or authorized by this Order, unless the same is stayed pending appeal prior to the closing of the transactions authorized herein.
- O. No commission or buyer's premium of any kind is due or shall be paid from the proceeds of the Proposed Sale.
- P. All the foregoing findings of the Court are incorporated herein by reference and made a part of this Order.
- Q. In the event of any inconsistency with the Motion and this Order, this Order shall control.

- R. The proceeds of the sale shall be paid over to Foothill Capital at the closing of the Sale to the extent that the Debtors still have a balance remaining on their secured obligation to Foothill Capital. To the extent that there are proceeds from the Sale Transaction in excess of the Debtors' obligations to Foothill Capital (the "Excess Proceeds"), the the Debtors shall reserve the Excess Proceeds on behalf of the Indenture Trustee and the Bondholders, and the claim of lien asserted by the Indenture Trustee and the Bondholders (which is disputed by the Debtors) shall be attached to the Excess Proceeds to the extent that the claim of the Indenture Trustee and the Bondholders is determined to be valid, perfected and enforceable.
- S. The Court shall retain exclusive jurisdiction over any issues relating to the sale of the MaxCare Assets, and to enforce its Orders pursuant to section 105(a) of the Bankruptcy Code and Bankruptcy Rule 7070. Any suit, action, proceeding, claim or dispute under, or related to, this Order, the Sale Motion, the disposition of the sale proceeds or any order necessary to consummate the sale transactions contemplated hereby shall be determined by this Court as a core proceeding under 11 U. S C § 157(b), and this Court retains jurisdiction with respect thereto.
- T. Within five (5) days of entry, the Debtors shall serve true and correct copies of this Order by United States mail on (i) the United States Trustee; (ii) each person


or entity that has filed a Notice of Appearance in the Debtors' Chapter 11 cases;  
and (iii) each person or entity that appeared at the hearing on the Motion.

SO ORDERED at Atlanta, Georgia this 19<sup>th</sup> day of December, 2000.

  
Honorable Joyce Bihary, Judge  
United States Bankruptcy Court

Prepared and submitted by:

SMITH, GAMBRELL & RUSSELL

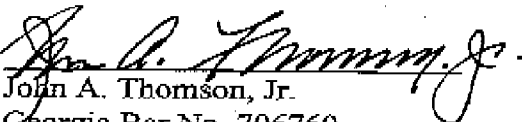
  
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Atlanta, GA 30308

**Attorneys for Foothill Capital Corporation**



## ASSET PURCHASE AGREEMENT

**THIS AGREEMENT**, dated this 13<sup>th</sup> day of December, 2000, by and between Flooring America, Inc. (formerly known as The Maxim Group, Inc.), for itself and its subsidiaries and related companies) ("Seller") and Complete Floor Care Network, LLC, a Limited liability company organized under the laws of the State of Georgia ("Purchaser") and effective as of the Effective Date (as defined herein).

### WITNESSETH:

**WHEREAS**, Seller owns and operates, as a separate division, a franchise floor care business known as the MaxCare System (the "Business") and has entered into franchise arrangements with a number of independent franchisees (individually a "Franchisee," collectively the "Franchisees");

**WHEREAS**, Seller and certain of its subsidiaries and related companies filed Voluntary Petitions for relief under Chapter 11 of the United States Bankruptcy Code (the "Code") and there are currently pending bankruptcy proceedings in the United States Bankruptcy Court for the Northern District of Georgia, Atlanta Division (the "Bankruptcy Court"), in Case Nos.: 00-68370 through 00-68391 and Case No.: 00-68190, all of which are jointly administered under Case No.: 00-68370 (the "Bankruptcy Cases");

**WHEREAS**, upon and subject to the terms and conditions contained herein, Seller desires to sell and assign to Purchaser, and Purchaser desires to purchase and assume from Seller, certain of the assets of the Business, based upon approvals from the Bankruptcy Court;

**WHEREAS**, as of the Closing Date, the Bankruptcy Court shall have approved, pursuant to 11 U.S.C. § 363, the transactions contemplated hereby, and the sale of certain of the assets of the Business as set forth herein, free and clear of liens, claims, and encumbrances with all such liens, claims, and encumbrances to attach to the sale proceeds in the same priorities as they attached to the assets and the Business purchased;

**NOW, THEREFORE**, in consideration of the mutual representations, warranties and covenants contained herein, and upon and subject to the terms and the conditions hereinafter set forth, the parties do hereby agree as follows:

### ARTICLE I

#### PURCHASE AND SALE OF ASSETS

**1.1 Franchisee Participation.** The members of Purchaser include many of the Franchises (individually, a "Participating Franchisee," collectively, the "Participating Franchisees"), while other Franchisees have elected not to participate as a member of

Purchaser (individually, a "Non-Participating Franchisee," collectively, the "Non-Participating Franchisees").

**1.1.1 Participating Franchisees.** The Participating Franchisees are listed on Schedule 1.1.1. As a condition to the Closing, each Participating Franchisee shall execute and deliver at the Closing a "Mutual Release Agreement," waiving any rights to seek damages from Seller for claims arising out of the Business, the Participating Franchisee's franchise agreement and any vehicle lease that the Participating Franchisee may have with Seller.

**1.1.2 Non-Participating Franchisees.** The Non-Participating Franchisees are listed on Schedule 1.1.2. All of Seller's assets relating to the franchise relationship between the Business and the Non-Participating Franchisees are also listed on Schedule 1.1.2 (the "Non-Participating Franchisee Assets"). At the Closing, the Non-Participating Franchisee Assets shall not be transferred to Purchaser.

**1.1.2.1 Post-Closing Asset Transfer.** If, by 5:00 pm on the thirtieth day following the Closing Date, Purchaser obtains from any Non-Participating Franchisee an executed Mutual Release Agreement and delivers such Mutual Release Agreement to Seller, then Seller shall immediately transfer title to Purchaser of all Non-Participating Franchisee Assets reflected on Schedule 1.1.2 which relate to such Non-Participating Franchisee.

**1.1.2.2 Post-Closing Rejection of Agreements.** If, by 5:00 pm on the thirtieth day following the Closing Date, Purchaser obtains from any Non-Participating Franchisee an executed Mutual Release Agreement and delivers such Mutual Release Agreement to Seller, then Seller shall immediately reject, pursuant to 11 U.S.C. § 365, all franchise agreements (if not previously rejected) and vehicle lease agreements between Seller and such Non-Participating Franchisee relating to the Business.

**1.2 Excluded Assets.** In addition to the Non-Participating Franchisee Assets, Seller shall retain only those assets, properties and rights relating to the Business that are specifically set forth on Schedule 1.2 (the "Excluded Assets").

**1.3 Transfer of the Purchased Assets.** Subject to the approval of the Bankruptcy Court and subject to the terms and conditions set forth in this Agreement, Seller agrees to sell, convey, assign, transfer, and deliver to Purchaser, and Purchaser agrees to purchase, accept and take from Seller at the Effective Time all of the assets, properties and rights of the Business, less and except the Non-Participating Franchisee Assets and the Excluded Assets (collectively, the "Purchased Assets"). The Purchased Assets shall include:

1.3.1 **Vehicles.** Any and all vehicles listed on Schedule 1.3.1;

1.3.2 **Tangible Assets.** Any and all fixtures, furniture, machinery, equipment, leasehold improvements, inventory (goods, wares, merchandise and samples) and other assets owned by Seller and used in the Business or necessary for the operation of the Business, which tangible assets include those tangible assets located on the premises of The Print Shop located at 627 S. Decatur Street, Montgomery, AL 36104, those tangible assets located on the premises of Brown Industries, 205 W. Industrial Blvd., Dalton, GA 30720, and those tangible assets listed on Schedule 1.3.2;

1.3.3 **Certain Agreements.** Seller's contract rights in any and all loans or credit extensions from Seller to any Franchisee relating to the Business; provided that Purchaser shall be obligated to make such cure payments as are required in connection therewith, if any;

1.3.4 **Intangible Assets.** Any and all intangible assets owned by Seller and used in the Business or necessary for the operation of the Business, wherever located, including but not limited to: proprietary databases; customer files, information, and lists; franchisee files, information, and lists; goodwill; trademarks, trade names, service marks and logos (specifically including MaxCare and all variations thereof); copyrights; all items bearing the trademarks, trade names, service marks, logos and/or copyrights; websites; website addresses; URL's; patents; telephone numbers; advertising and advertisements; intellectual property; product designs, drawings and plans; and all related intangibles;

1.3.5 **Accounts Receivable.** Any and all accounts receivable, loans receivable and other indebtedness of the Participating Franchisees to Seller, including without limitation, those amounts as listed on the lists and reports attached as Schedule 1.3.5, together with all amounts accrued after the run date or creation date of such reports or lists; and

1.3.6 **Books and Records.** Any and all books, records and documents relating in any way to the Business, wherever located, including but not limited to corporate records; accounting records; training, operating, and employee manuals; agreements being assumed by Purchaser; copies of all franchise agreements relating to the Business; and copies of any agreements which are not being assumed by Purchaser or are rejected by Seller in the Bankruptcy Case.

1.4 **Purchase Price.** The aggregate purchase price of the Purchased Assets (the "Purchase Price") shall be \$1,480,000.00 cash, payable to Seller in full at the Closing by wire transfer in same day available funds.

**1.5 Manner of Effecting Sale; Title.** The sale, conveyance, transfer, assignment and delivery of the Purchased Assets by Seller to Purchaser shall be effected by such limited warranty deeds, bills of sale, endorsements, assignments, transfers and other instruments of transfer and conveyance in such form as Purchaser or Purchaser's attorney shall reasonably request. Seller shall convey title to all the personal and mixed, tangible and intangible properties and other assets that are to be sold to Purchaser hereunder, free and clear of any and all claims, liabilities, obligations, liens, security interests and encumbrances whatsoever (collectively "Liens," individually a "Lien"), with all such Liens to attach to the proceeds of the sale, all as evidenced by a final, non-appealable Order to be entered in the Bankruptcy Cases. Any ad valorem or other property taxes not yet due and payable shall be prorated as of the Closing Date. In connection with the transfer of any intangible assets included within the Purchased Assets, Seller shall provide to Purchaser any and all written or recorded information concerning any such property, including, without limitation, documents evidencing Seller's right and title to trademarks, trade names, service marks and copyrights, Seller's sales and purchase records, accounts and similar documentation, Seller's know how concerning any aspect of the Business, as well as Seller's business documents and correspondence.

**1.6 Liabilities.** It is understood and agreed that Purchaser shall not assume and become liable for the payment of any debts, liabilities, losses, costs, accounts payable, bank indebtedness, loans, mortgages, obligations under agreements or leases, or other obligations (collectively, the "Obligations") of Seller whatsoever that are directly or indirectly related to the Purchased Assets or to the Excluded Assets and such other Obligations, whether the same are known or unknown, now existing or hereafter arising, of whatever nature or character, whether absolute or contingent, liquidated or disputed except as expressly set forth herein. The forgoing notwithstanding, Purchaser shall assume those Obligations set forth on Schedule 1.6 from and after the Effective Time (the "Assumed Liabilities"), but Purchaser shall in no event assume or be liable for any Obligations not specifically set forth on Schedule 1.6. It is further understood that Purchaser shall not assume any liabilities arising from Seller's operations prior to the Effective Time, whether or not accrued and whether or not disclosed and, except as specifically otherwise assumed by Purchaser hereunder, Purchaser shall not assume responsibility for all Obligations accrued as of or after the Effective Time. Specifically, but without limiting the generality of the foregoing sentence: (a) Purchaser shall not assume any Obligations of Seller with respect to employees or former employees of Seller, including any liability arising from or relating to any employee benefit plan and/or any liability for accrued salaries, wages, payroll taxes, severance pay entitlements, health, medical, retirement, vacation or deferred compensation benefits or any other obligations or expenses arising out of or relating to the employment by Seller of its employees or Seller's termination of such employees; and (b) Purchaser shall not assume any liabilities or costs under the Consolidated Omnibus Budget Reconciliation Act, as amended ("COBRA") (including liabilities for violations thereof) for all "qualifying events" (as defined in COBRA), if any, occurring with respect to employees and their dependents prior to and on the Effective Time, including qualifying events that occur as a result of the sale of the Purchased Assets contemplated by this Agreement.

1.7 **The Closing.** Subject to the satisfaction or waiver of the conditions set forth herein, and the entry of a final Order of the Bankruptcy Court authorizing the sale or transaction contemplated herein, the consummation of the purchase and sale of the Purchased Assets (the "Closing") shall take place as soon as practicable immediately following the entry of a final Order authorizing the transactions contemplated hereby that has not been reversed or stayed but, in any event, no later than December 20, 2000, in the offices of Womble Carlyle Sandridge & Rice, PLLC, 1201 West Peachtree Street, N.E., Suite 3500, Atlanta, Georgia 30309, or on such other date at such other time and place as the parties shall agree in writing (the "Closing Date"). Notwithstanding the Closing Date, the effective time for the transfer of Assets and the other transactions described herein shall be at 11:59 p.m. on the Closing Date (the "Effective Time").

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Purchaser as follows:

2.1 **Organization, Standing and Power.** Seller is a corporation organized and existing under the laws of the State of Delaware and operating as Debtor-in-Possession, pursuant to 11 U.S.C. §§ 1107 and 1108. Seller has the requisite corporate power and authority to carry on its businesses as now being conducted, except where the failure to be so organized, existing or in good standing or to have such power or authority would not, individually or in the aggregate, have a material adverse effect on Seller.

2.2 **Effect of Agreement.** As of the Effective Date, the execution, delivery and performance of this Agreement do not and will not: (a) to the Knowledge of Seller, violate the Bankruptcy Code, 11 U.S.C. § 101, et seq., the United States Rules of Bankruptcy Procedure, or any law or any rule or regulation of any governmental body or administrative agency, or conflict with any judicial or administrative order or decree relating to such Seller or the Purchased Assets; (b) require any consent by, approval of, notice to, or filing with any governmental authority or administrative agency or any private person or firm on behalf of Seller, except such consents or notices as the failure to obtain or give would not have a material adverse effect on the Purchased Assets. For purposes of this Agreement, "Knowledge of Seller," means the actual knowledge of the President and Chief Financial Officer of Seller.

2.3 **Title to Assets.** Seller has good and marketable title to all of the Purchased Assets, including, without limitation, the assets listed on the Schedules hereto, free and clear of any Liens, other than (a) imperfections of title and encumbrances, if any, which, in the aggregate are not material, do not materially detract from the marketability or value of the properties subject thereto, and do not materially impair the operations of the owner thereof; and (b) Liens which will either (i) be removed or waived at or prior to the Closing Date or (ii) be made the subject of an Order from the Bankruptcy Court permitting the sale of the Purchased Assets free and clear of any Liens.

**2.4 Actions and Proceedings.** Other than the Bankruptcy Cases, and certain pending Adversary Proceedings therein, there are no actions, suits, labor disputes or other litigation, legal or administrative proceedings or governmental investigations pending or, to the Knowledge of Seller, threatened against or affecting Seller or any of its present or former officers, directors, employees, consultants, agents or shareholders, or any of its properties, assets or business relating to the transactions contemplated by this Agreement, any of which could have the effect of delaying or prohibiting the consummation of the transactions contemplated by this Agreement.

**2.6 Brokers.** No broker, investment banker or other Person engaged by Seller is entitled to any broker's, finder's or other similar fee or commission in connection with the transactions contemplated by this Agreement.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller as follows:

**3.1 Organization, Standing and Power.** Purchaser is a limited liability company organized and existing under the laws of the State of Georgia and has the requisite power and authority to effect the transactions contemplated hereunder.

**3.2 Authority.** Purchaser has the power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. Purchaser has been authorized to execute and deliver of this Agreement, Purchaser has duly and validly executed and delivered by this Agreement and (assuming the valid authorization, execution and delivery of this Agreement by Seller) this Agreement constitutes the legal, valid and binding obligation of Purchaser enforceable against Purchaser in accordance with its terms.

### ARTICLE IV

#### COVENANTS OF SELLER

**4.1 Access to Information.** For the sole purpose of this Agreement and the transactions contemplated hereby, and subject to currently existing contractual and legal restrictions applicable to Seller, Seller shall afford to the accountants, counsel, financial advisors, land surveyors, and other representatives of Purchaser reasonable access during normal business hours during the period from the date of this Agreement through the Closing Date to, and permit them to make such inspections as they may reasonably require of, all of Seller's properties, personnel records, property records, contracts, books and records, and other documents and data concerning Seller and, during such period, Seller shall furnish promptly to Purchaser all other information concerning its business, properties and personnel as Purchaser may reasonably request. Without limiting the generality of the foregoing, Seller shall cooperate with

Purchaser in connection with any inventory valuation undertaken by Purchaser at or prior to the Closing Date.

**4.2 Transfer Taxes.** Pursuant to 11 U.S.C. § 1146(c), the payment of any transfer taxes, including but not limited to, document recording fees and excise taxes, arising out of or in connection with the consummation of the transactions contemplated hereby, shall not be required. To the extent that any such taxes are payable, the same shall be paid by Seller.

**4.3 Rejection of Agreements.** Within ten (10) days after the entry of the Order approving this sales as set forth in Section 6.1.3, Seller, as allowed pursuant to 11 U.S.C. § 365, shall reject each and every franchise agreement between Seller and the Participating Franchisees relating to the Business and each and every lease agreement between Seller and the Participating Franchisees relating to the Business.

**4.4 Non-Participating Franchisees.** During the time period set forth in Section 1.1.2.2, Seller shall not initiate settlement discussions with any Non-Participating Franchisee and Purchaser shall be afforded the exclusive right to discuss settlement of all matters relating to the franchise agreements, lease agreements, accounts receivable and loans receivable between the Non-Participating Franchisee and Seller. If, in compliance with Section 1.1.2.2, Purchaser obtains an executed Mutual Release Agreement from any Non-Participating Franchisee and delivers such Mutual Release Agreement to Seller, then Seller shall immediately begin proceedings to reject, pursuant to 11 U.S.C. § 365, all franchise agreements and vehicle lease agreements between Seller and such Non-Participating Franchisee relating to the Business, convey title to the relevant assets shown on Schedule 1.1.2, and execute a waiver of the claims relating to such Non-Participant described in Section 5.5.

## ARTICLE V

### COVENANTS OF PURCHASER AND SELLER

**5.1 Approvals of Third Parties; Reasonable Best Efforts.** Upon the terms and subject to the conditions set forth in this Agreement, each of the parties agrees to use reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement, including, but not limited to: (a) the obtaining of all necessary actions or non-actions, waivers, consents, approvals, authorizations and exemptions from all governmental entities and the making of all necessary registrations and filings (including filings with governmental entities) and the taking of all reasonable steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any governmental entity, (b) the obtaining of all necessary consents, approvals or waivers from third parties, (c) the defending of any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated hereby, including seeking to have any stay or temporary

restraining order entered by any court or other governmental entity vacated or reversed, and (d) the execution and delivery of any additional instruments necessary to consummate the transactions contemplated by this Agreement, specifically including, but not limited to, the motor vehicle title certificates for the vehicles referenced on Schedule 1.2.1. No party to this Agreement shall consent to any voluntary delay of the consummation of the transactions contemplated by this Agreement at the behest of any governmental entity without the consent of the other parties to this Agreement, which consent shall not be unreasonably withheld.

**5.2 Satisfaction of Conditions.** Seller shall use its reasonable best efforts to cause or obtain the satisfaction of the conditions specified in Sections 6.1 and 6.3. Purchaser shall use its reasonable best efforts to cause or obtain the satisfaction of the conditions specified in Sections 6.1 and 6.2.

**5.3 Fees and Expenses.** All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby including, without limitation, the fees and disbursements of counsel, financial advisors and accountants, shall be paid by the party incurring such costs and expenses.

**5.4 Access to Documents.** For a period of two (2) years immediately following the Closing Date, Purchaser shall provide Seller access, at Seller's expense, to the documents, books and records transferred to Purchaser pursuant to this Agreement, during normal business hours and upon reasonable notice. Without limiting the foregoing, Seller agrees to pay all clerical and copying costs related to gathering and copying any documents, books and records.

**5.5 Mutual Waiver of Certain Claims.** Seller, for itself and its various divisions and subsidiary companies, as well as their officers, shareholders, agents, attorneys, employees, directors, successors and assigns, does herewith release, relinquish, quitclaim, and forever waive any and all claims, actions, causes of action or rights that it may have, or claim to have, or had, or claimed to have, or may have, or may claim to have in the future against Purchaser and/or any Participating Franchisee, arising out of, or connected to, (a) each and every franchise agreement between Seller and the Participating Franchisees relating to the Business, (b) each and every lease agreement between Seller and the Participating Franchisees relating to the Business, (c) each and every account receivable or other receivable due from each and every Participating Franchisee, (d) each and every note or loan receivable due from each and every Participating Franchisee, or (e) any other contractual obligations (including personal guaranties and promissory notes) arising out of or relating to the relationship between Seller and each and every Participating Franchisee, whether liquidated or contingent, known or unknown, choate or inchoate. Purchaser, for itself and its members, officers, managers, agents, attorneys, employees, directors, successors and assigns, does herewith release, relinquish, quitclaim, and forever waive any and all claims, actions, causes of action or rights that it may have, or claim to have, or had, or claimed to have, or may have, or may claim to have in the future against Seller, arising out of, or connected to, (a) each and every franchise agreement between Seller and the Participating Franchisees relating to the Business, (b) each and every lease agreement



between Seller and the Participating Franchisees relating to the Business, (c) each and every account receivable or other receivable due from each and every Participating Franchisee, (d) each and every note or loan receivable due from each and every Participating Franchisee, or (e) any other contractual obligations (including personal guaranties and promissory notes) arising out of or relating to the relationship between Seller and each and every Participating Franchisee, whether liquidated or contingent, known or unknown, choate or inchoate; provided, however, that such waiver shall not apply to claims arising out of a breach of this Agreement or the representations, warranties or covenants contained herein.

## ARTICLE VI

### CONDITIONS TO THE OBLIGATIONS OF THE PARTIES

**6.1 Conditions to Each Party's Obligations.** The respective obligations of each party to effect the transactions contemplated by this Agreement shall be subject to the fulfillment at, or prior to, the Closing Date of the following conditions:

**6.1.1 Approvals.** All authorizations, consents, orders, declarations or approvals of, or filings with, or terminations or expirations of waiting periods imposed by any Governmental Entity, which the failure to obtain, make or occur would have the effect of making the transactions contemplated hereby illegal, shall have been obtained, shall have been made or shall have occurred.

**6.1.2 No Order Preventing Transactions.** No court or other governmental entity having jurisdiction over Seller or Purchaser, or any of their respective subsidiaries, shall have enacted, issued, promulgated, enforced or entered any law, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which is then in effect and has the effect of making the transactions contemplated by this Agreement illegal.

**6.1.3 Bankruptcy Court Approval.** The Bankruptcy Court shall have entered an Order approving this Agreement and the transactions contemplated hereby, which Order shall not have been reversed or subject to any stay. Said Order shall explicitly provide the protections attached to a good faith purchaser of Seller's assets pursuant to 11 U.S.C. § 363(m).

**6.1.4 Mutual Release Agreements.** Executed Mutual Release Agreements shall have been received from each Participating Franchisee and delivered at the Closing.

**6.2 Conditions to Obligation of Seller.** The obligation of Seller to effect the transactions contemplated by this Agreement shall be subject to the fulfillment at, or prior to, the Closing Date of the condition that Purchaser shall have performed in all material respects each of its covenants and agreements contained in this Agreement

required to be performed on or prior to the Closing Date, including payment of the Purchase Price, and each of the representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date as if made on and as of such date.

**6.3 Conditions to Obligations of Purchaser.** The obligations of Purchaser to effect the transactions contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing Date at the following additional conditions.

**6.3.1 Performance of Obligations; Representations and Warranties.** Seller shall have performed in all material respects each of its covenants and agreements contained in this Agreement required to be performed on or prior to the Closing Date, and each of the representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date as if made on and as of such date.

**6.3.2 Rejection of Franchise Agreements.** Seller, with the approval of the Bankruptcy Court, shall have provided evidence that it either has filed or will file appropriate motions to reject any and all franchise agreements between the Franchisees and Seller relating to the Business, pursuant to 11 U.S.C. § 365.

**6.3.3 Transfer and Assumption Documents.** Purchaser shall receive from Seller all the documents reasonably requested pursuant to Section 1.5 and Seller shall convey title to Purchaser as set forth in Section 1.5. Purchaser shall be satisfied that Schedule 1.3.1, Schedule 1.3.2 and Schedule 1.3.5 are complete and accurate.

**6.3.4 No Loss of Assets.** There shall not have been any material casualty with respect to, loss of, impairment of or damage to the Purchased Assets from and after December 12, 2000 through and including the Closing Date.

**6.3.5 Removal of Liens.** All Liens described in Section 2.4 shall have been either (a) removed or waived or (b) made the subject of an order from the Bankruptcy Court permitting the sale of the Purchased Assets free and clear of any Liens (with Liens to attach to proceeds), and Seller shall have provided evidence satisfactory to Purchaser of such removal, waiver or order.

**6.3.6 Absence of Litigation.** No action or proceeding shall be pending or, in the reasonable opinion of Purchaser, threatened by or before any court or other governmental body or agency seeking to restrain, prohibit or invalidate the transactions contemplated by this Agreement or which would materially adversely affect the right of Purchaser to buy or own the Purchased Assets.

6.3.7 **Closing Deliveries.** Seller shall execute and deliver to Purchaser such instruments of conveyance or assumption, affidavits, certificates, motor vehicle title certificates and other documents as may be required or contemplated by this Agreement or by customary practice for similar transactions in the State of Georgia, all of which shall be in form and substance reasonably satisfactory to Purchaser.

## ARTICLE VII

### TERMINATION, AMENDMENT, AND WAIVER

7.1 **Termination.** This Agreement may be terminated in writing at any time prior to the Closing Date:

7.1.1 **By Purchaser.** By Purchaser, (a) if the Closing does not occur within the time set forth in this Agreement due to any reason other than Purchaser's breach of any of its representations, warranties, covenants, or agreements set forth herein; (b) if a material impairment, damage, casualty or loss of Purchase Assets occurs as set forth in Section 6.3.4 on or before the Closing Date; or (c) if Seller shall (i) fail to perform in any material respect their covenants and agreements contained in this Agreement required to be performed on or prior to the Closing Date, or (ii) materially breach any of their representations or warranties contained in this Agreement, which failure or breach is not cured at or before the Closing Date.

7.1.2 **By Seller.** By Seller, (a) if Purchaser is required to close within the time set forth in this Agreement and fails to do so; or (b) if Purchaser shall (i) fail to perform in any material respect its covenants and agreements contained in this Agreement required to be performed on or prior to the Closing Date, or (ii) materially breach any of its representations or warranties contained in this Agreement, which failure or breach is not cured at or before the Closing Date.

7.2 **Liability if Agreement Terminated.** Termination of this Agreement shall not relieve any party of any liability for breaches of this Agreement prior to the date of termination.

## ARTICLE VIII

### GENERAL PROVISIONS

8.1 **Survival of Representations, Warranties and Agreements.** With the exception of the matters set forth in Sections 1.1.2, 1.6, 4.4, 5.3, 5.4, and 5.5, the representations, warranties and agreements set forth in this Agreement or in any

schedule, exhibit or instrument delivered pursuant to this Agreement shall terminate at the Effective Time.

**8.2 Notices.** All notices and other communications required or permitted hereunder shall be in writing and shall be deemed given when delivered by any one or more of the following means: (a) if telecopied or faxed, such notice shall be followed forthwith by letter and shall be deemed to have been received on the next Business Day following dispatch and acknowledgment of receipt by the recipient's telecopy or fax machine; (b) if delivered by hand, such notice shall be deemed effective when delivered; or (c) if delivered by nationally recognized overnight courier, at any time other than during a general discontinuance of such courier's service due to strike, lockout or otherwise, such notice shall be deemed to have been received on the next Business Day following delivery to such courier. All notices and other communications under this Agreement shall be given to the parties hereto at the following addresses:

If to Purchaser, to

Complete Floor Care Network, LLC  
c/o Matthew Wagner  
Bob Wagner's Mill Carpet, Inc.  
4531 West Lincoln Highway  
Downingtown, PA 19335  
Facsimile: (610) 269-9691

with copies to:

Womble Carlyle Sandridge & Rice, PLLC  
1201 West Peachtree Street, N.E., Suite 3500  
Atlanta, Georgia 30309  
Attention: Thomas L. McLain  
Facsimile: (404) 888-7490

If to Seller, to

Flooring America, Inc.  
210 Town Park Drive  
Kennesaw, Georgia 30144  
Attention: Michael Worrall  
Facsimile: (678) 355-4249

with copies to:

Smith, Gambrell & Russell  
1230 Peachtree Street, N.E.  
Suite 3100, Promenade II  
Atlanta, Georgia 30309-3592  
Attention: Michael S. Haber and Barbara Ellis-Monro

Facsimile: (404) 815-3509

Any party hereto may change its address specified for notices herein by designating a new address by notice in accordance with this Section 8.2. No notice or other communication shall be deemed effective unless a copy is also sent to counsel for the party to whom such notice, request, demand or other communication is required to be sent.

**8.3 Interpretation.** When a reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

**8.4 Risk of Loss.** The risk of loss, damage or condemnation of any of the Purchased Assets from any cause whatsoever shall be borne by Seller at all times prior to the Effective Time.

**8.5 Publicity.** Any press releases or other announcements concerning the transactions contemplated by this Agreement shall be approved by both Purchaser and Seller prior to their issuance.

**8.6 Counterparts.** This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

**8.7 Entire Agreement; No Third-Party Beneficiaries.** This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. This Agreement, is not intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

**8.8 Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Georgia, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

**8.9 Assignment.** Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties.

**8.10 Severability.** If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or by public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic and legal substance of the transactions contemplated hereby are not affected in any manner materially adverse to any party. Upon such determination

that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement may be consummated as originally contemplated to the fullest extent possible.

**8.11 Enforcement of this Agreement.** The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof. The Bankruptcy Court shall have exclusive jurisdiction with regard to any action brought to enforce this Agreement or any disputes arising thereunder, and each party covenants and agrees that it will not bring any such action in any other court without the prior approval of the Bankruptcy Court.

**8.12 No Waiver.** No failure, delay or omission of or by any party in exercising any right, power or remedy upon any breach or default of any other party shall impair any such rights, powers or remedies of the party not in breach or default, nor shall it be construed to be a waiver of any such right, power or remedy, or an acquiescence in any similar breach or default; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any provisions of this Agreement must be in writing and be executed by the parties to this Agreement and shall be effective only to the extent specifically set forth in such writing.

**8.13 No Liens Created.** This Agreement shall not be construed to create any lien or encumbrance on any of the Purchased Assets, or to create any rights in any third persons.

**8.14 Definitions.** As used herein, the following terms are defined as follows:

**"Business Day"** shall mean any day, other than a Saturday, Sunday or a day on which commercial banks in Georgia are authorized or required to be closed.

**"Effective Date"** shall mean the date of an Order of the Bankruptcy Court is entered authorizing Seller to execute this Agreement or the date on which Seller executes this Agreement, whichever is later.

**"Person"** shall mean an individual, a partnership, a joint venture, a corporation, a business trust, a limited liability company, a trust, an unincorporated organization, a government or any department or agency thereof, or any other entity.

**IN WITNESS WHEREOF,** Purchaser and Seller have caused this Agreement to be signed by their respective officers thereunto duly authorized all as of the date first written above.

**"Purchaser: "**

**COMPLETE FLOOR CARE NETWORK, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**"Seller:"**

**FLOORING AMERICA, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

ENTERED ON DOCKET  
1-3-01-lc

In re:	)	Chapter 11
	)	Judge Bihary
FLOORING AMERICA, INC., et al.,	)	
	)	Case Nos. 00-68370 through
Debtors.	)	00-68391 and 00-68190
	)	
	)	(Jointly Administered under
	)	Case No. 00-68370)

**ORDER AND NOTICE ON MOTION FOR ORDER AUTHORIZING  
REJECTION OF MAXCARE FRANCHISE AGREEMENTS**

Debtor, Flooring America, Inc., has filed a Motion for Order Authorizing Rejection of MaxCare Franchise Agreements (the "Motion"). Good cause has been shown for the rejection, as set forth in the Motion and the Court will authorize the rejection subject to objection and an opportunity for hearing by interested parties. Accordingly, it is

ORDERED that the Rejection of all MaxCare Franchise Agreements by and between Debtors and those parties set forth on Exhibit "A" is hereby AUTHORIZED.


This Order is entered subject to notice and an opportunity to be heard by interested parties and the U.S. Trustee. Any objection by any interested party must be filed within twenty (20) days of the date that this Order is entered. Any timely objection must be filed with the Clerk of the United States Bankruptcy Court, 75 Spring Street, S.W., Atlanta, Georgia 30303 and must also be served by United States Mail upon Frank B. Wilensky, Macey, Wilensky, Cohen, Wittner, Kessler, LLP, Suite 600, 285 Peachtree Center Avenue, Atlanta, Georgia 30303. If any objections are timely



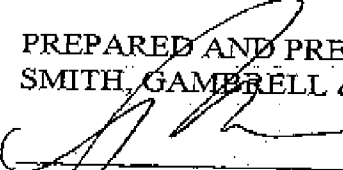
filed, the Court shall hold a hearing on this Motion at 1:30 p.m., on the 31<sup>st</sup> day of January, 2001, in Courtroom 1402, U.S. Courthouse, 75 Spring Street, S.W., Atlanta, Georgia 30303. It is further

ORDERED that counsel for Debtor shall serve a copy of this Order and Notice on Motion for Order Authorizing Rejection of MaxCare Franchise Agreements (i) on those parties listed on the short list as established in the Court June 16, 2000 Order Limiting Notice, (ii) MaxCare franchisees and (iii) CFCN, within three days of the entry of this Order.

IT IS SO ORDERED, this 2<sup>nd</sup> day of January, 2001.

  
\_\_\_\_\_  
JOYCE BIARY  
UNITED STATES BANKRUPTCY JUDGE

PREPARED AND PRESENTED BY:  
SMITH, GAMBRILL & RUSSELL, LLP

  
\_\_\_\_\_  
Barbara Ellis-Monro  
Georgia Bar No. 246117  
Suite 3100, Promenade II  
1230 Peachtree Street, N.E.  
Atlanta, Georgia 30309-3592

Attorneys for Debtors

## EXHIBIT "A"

	Company Name	Name	Fran #
1	Mizell Floor Covering & Interiors Inc.	Bart Mizell	10102
2	ERCC Inc	Mike Grosso/Tom (controller)	10103
3	Lee's CarpetMAX	Lee Rickert	10104
4	Chad Anderson	John Stalzer/Chad Anderson	10105
5	Hodge Carpets Inc.	Jamie Hodge	10107
6	Carpet Surplus/Middle GA Prof. Cleaning	Darrell Black	10108
7	Arnold's CarpetMAX	Steve Arnold	10112
8	A&M Carpet Cleaning	Lee Horwitz	10113
9	Custom Interiors	Daphne McKenzie/Jerry	10114
10	Mor Mor, Inc	Jim Morell/ Bill Thurlow	10115 10122 10123 10126
11	Bob Wagner's Flooring America	Matt Wagner	10117
12	Wholesale CarpetMAX	Virgil White	10119
13	F&C Enterprises	Robert Fritchey	10120
14	Carpetville, Inc.	Gary Titiner	10121
15	DJK Services Inc.	John Menarde Jr/ Sr.	10127
16	WK Professional Services	Eric Kunar	10129
17	WK Professional Services (Cleveland)	John Wisniewski	10130
18	KF Services, LLC	Kelby Frederick	10132
19	Dumbo, Inc.	Mike/Ronnie Walcott	10135
20	Middle Georgia Prof. Mountain Max, LLC	John (Sean) Lehman	10136
21		Dave Beckett	10137 10138
22	Houston Pro Clean, Inc.	Scott Steel	10139
23	Casa Moore CarpetMAX	Vyn Goodmon/Bryon Mills	10140
24	Marvin Reese	Marv Reese	10141
25	Dillabaugh Floor Covering	Cal Dillabaugh/Jeff Cap	10142
26	Maximum Cleaning Corp.	Heidi Kuntz	10144
27	Dew Right Services, Inc.	Keith Dew/Jean	10145
28	Jimmie Lyles Carpets	Jeff Neader/TJ Anderson	10147
29	Carpet Fair Inc.	Rick Warmen	10148
30	M&L Associates	Mike Levin	10149
31	JSM Partners, LLC	Jim Leamer	10150
32	Floor Care Associates, LLC	David Griggs	10151
33	David Knueth	David Krueth	10154
34	Max Enterprises Inc	Terry Martin/Tom Dowd	10155
35	Spectrum Home Services, Inc.	Don Mangus	10156
36	J-Raj Inc	Rajen Ravel/Jim Bose	10157
37	Dan Sudsina	Dan Sudsina	10158
38	Darrell Hudson	Darrell Hudson	10159
39	Maximum Floor	Edward Rossi (Eddie)	10160

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40	Linoleum & Carpet City	Jim Poulos/Lee Goodwin	10162
41	Oak Carpets	Michael Flahn/Chris	10163
42	HCS Services Inc	Hank Shearin	10164
43	North Port Floormaster, Inc.	Don Bates	10166
44	Carpet Connection	Lonnie Presson	10167
45	Craig Hawkins	Craig Hawkins	10168
46	Casey Carpet	Hank/Gina Schweineraten	10169
47	Atlanta Carpet Company, Inc.	Don Phillips	10171
48	Joe Callero, Inc.	Joe Callero	10174
49	Greath Southwest Carpet Gallery, Inc.	Nelson Green	10175
50	Michael Laposky	Mike Liposki/Michelle	10177
51	Carpet Care Plus	Joe Waid	10178
52	George A Collins & Sons, Inc.	Terry Collins	10179
53	Carpet Studio	Scott Kelmsley	10181
54	David Stough	David Stough (5)	10182 10188 10196 10199 10200
55	Hercules Enterprises	Hercules Young	10193
56	Roesch Enterprises, LLC	Mike/Fred Roesch	10194
57	Louisville Professional Services	Jim Weeks	10197
58	Larry Dempsey	Larry Dempsey	10198
59	McNeely Enterprises	Godfrey McNeally	10202

Company Name	Name	Fran #
HJ Martin & Son	Wayne Dahl	10101
All Floor Services	Jeff/Mike Katz	10152
A. West S Company		10172
The Floor Shoppe	Alan Stewart	10173
Floorworks	PJ Hart/Mike Riensel	10192
Bay State Cleaning	Manny Cuscianna	10125
Kabros Enterprises, Inc.	Walter Bausonvich/Boe	10195

**DISTRIBUTION LIST**

Frank B. Wilensky  
Macey, Wilensky, Cohen, Wittner & Kessler, LLP  
Suite 600, 285 Peachtree Center Avenue  
Atlanta, Georgia 30303

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

In re: ) Chapter 11
) Judge Bihary
FLOORING AMERICA, INC. et al., )
) Case Nos. 00-68370 through
Debtors. ) 00-68391 and 00-68190
)
) (Jointly Administered under
) Case No. 00-68370

DEBTORS' MOTION FOR AN ORDER APPROVING (i) ASSUMPTION AND ASSIGNMENT OF CERTAIN FRANCHISE AGREEMENTS AND EXECUTORY CONTRACTS OF THE DEBTORS AND (ii) THE SALE OF CERTAIN ASSETS OF DEBTORS RELATED TO MAXCARE

COME NOW, Flooring America, Inc., 4 Floors, Inc., Advance Floor Decorators, Inc., Bailey & Roberts Carpetmax of Tennessee, Inc., C&S Textiles, Inc., Flooring America Franchising, L.P., CarpetMAX of Utah, Inc., CarpetMAX Retail Stores, Inc., CarpetsPlus of America, Inc., Colorado Carpet & Rugs, Inc., Everythingdecor, Inc., Floor Source Distributors, Inc., GCO Carpet Outlet, Inc., GCO, Inc., Investor Management, Inc., Karen's Inc., Manasota Carpet, Inc., Maxim Equipment Leasing Company, Inc., Maxim Industries, Inc., Maxim Retail Group, Inc., Maxim Retail Stores, Inc., Tri-R of Orlando, Inc., and Wadsworth & Owens Decorating Center, Inc., debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "Debtors"), and hereby move this Court for the entry of one or more orders approving the (i) Assumption and Assignment of Certain MaxCare Franchise Agreements associated with MaxCare; and (ii) the Sale of Certain Assets of Debtors Related to MaxCare. In support of this Motion, the Debtors respectfully show the Court as follows:

1.

This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a "core" proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

### BACKGROUND

2.

The Debtors<sup>1</sup> filed their voluntary petitions for relief under chapter 11 of the Bankruptcy Code on June 15, 2000 (the "Petition Date"). Since the Petition Date, the Debtors have continued in possession of their properties and have operated and managed their businesses as debtors in possession pursuant to the provisions of sections 1107 and 1108 of the Bankruptcy Code.

3.

The Debtors are affiliates pursuant to Section 101(2)(b) of the Bankruptcy Code. Pursuant to this Court's June 16, 2000 Order Authorizing Joint Administration, Debtors' cases are jointly administered under case no. 00-68370.

4.

Flooring America, Inc., formerly known as The Maxim Group, Inc., operates and franchises one of the largest floor covering distribution networks in North America through fifteen direct subsidiaries and seven indirect subsidiaries. Originally formed in 1991 as the franchisor of CarpetMAX® floor covering stores, the Debtors' franchise network includes 834 franchise members in 49 states, plus Canada, operating

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<sup>1</sup> Floor Source Distributors, Inc., a Debtor, filed its voluntary petition on June 12, 2000.

486 Flooring America (or CarpetMAX®) stores, the 117 GCO Carpet Outlet® stores and 231 CarpetsPlus™ stores. In August 1998, the Debtors acquired substantially all of the retail store assets of Shaw Industries, Inc. ("Shaw"). The Shaw assets included 266 retail floor covering stores, the majority of which operated under the brand names New York Carpet World, Carpetland USA and The Carpet Exchange. As of the Petition Date, the Debtors owned and operated a total of 274 full service retail flooring centers and seven (7) GCO Carpet Outlet® stores (collectively, the "Company Stores"). Debtors have sold or liquidated all of the Company Stores since the Petition Date.

#### Sale of Assets

5.

Debtors are seeking an order approving the sale, free and clear of liens, claims and encumbrances pursuant to 11 U.S.C. §363(f) of the Bankruptcy Code, of the assets related to MaxCare. MaxCare is a division of Flooring America, Inc. (the "Seller"). Seller operates as a franchisor of carpet and upholstery cleaning, wood refurbishing and related services and its franchisees offer such services to consumers and businesses. The MaxCare franchisees receive exclusive territories and provide services using standardized equipment mounted in vans or trucks bearing MaxCare's distinctive colors and signage.

6.

Debtors have been negotiating the possible sale of MaxCare with several entities. Debtors have received an offer to purchase the MaxCare Assets (as defined herein) from Creative Carpet Care, Inc. ("CCC") for a purchase price of \$1,500,000. Debtors believe that CCC's offer represents the highest and best offer for the purchase of the MaxCare assets. The terms of the CCC offer are set forth in a letter

of intent from CCC which is attached hereto as Exhibit "A" (the "Letter of Intent"). Debtors and CCC are negotiating a definitive purchase and sale agreement which will contain the terms and conditions as outlined in the Letter of Intent.

7.

Debtors request that the Court hold a hearing on the assumption and assignment of the MaxCare franchise agreements and the proposed sale on or before December 7, 2000 (the "Sale Hearing"). The Sale of the MaxCare Assets shall be "as is" and "where is" without representation or warranty of any kind. CCC will deliver \$10,000 in earnest money to Debtors' counsel within 24 hours of Debtors filing this motion, will deliver an additional \$40,000 within fourteen (14) days, and an additional \$50,000 prior to forty-eight (48) hours before the Sale Hearing.

8.

Debtors propose to sell the MaxCare assets on the terms set forth in Exhibit A. The terms of the sale and assets to be sold are set forth on the exhibits hereto and in the event of any inconsistency, the Letter of Intent and exhibits thereto shall control. Debtors propose to sell the assets of MaxCare as set forth on Exhibit "B" which generally include: (i) all furnishings, furniture, equipment and inventory associated with MaxCare; (ii) one hundred five (105) MaxCare vehicles; (iii) Debtors' accounts receivable associated with MaxCare franchisees; (iv) all of Debtors' right, title and interest in any trade or service marks related to MaxCare; (v) all of Debtors' rights, title and interest in any logos, tradenames, advertising materials related to MaxCare; (vi) all of Debtors' right, title and interest in any web-site related to MaxCare (excluding Everythingdecor), including, but not limited to [www.MaxCarecleaning.com](http://www.MaxCarecleaning.com); (vii) all training or



support web-sites and any web-sites used for or in support of MaxCare franchisees; (viii) all of Debtors' right, title and interest in any telephone numbers, including but not limited to those numbers used for MaxCare franchisee sales, the national telephone number used for incoming Lowes work; (ix) all training, operating or employee manuals related to MaxCare or copyrights thereto; (x) all assignable computer programs used in operation of MaxCare; (xi) all executory contracts, including but not limited to MaxCare Franchisee Agreements (the "Franchise Agreements") of current and former MaxCare franchisees and transfer agreements of licensees; (xii) all books and records of MaxCare to CCC or the Successful Bidder identified at the Sale Hearing.

#### Assignment and Assumption of Franchise Agreements

9.

A material term of the CCC agreement to purchase the Assets is the requirement that the Debtors assume and assign the Franchise Agreements to CCC. This motion seeks the approval of the assumption and assignment of each of the Franchise Agreements which are listed on Exhibit "C" attached hereto. The franchise agreements listed in Exhibit C are not in default, thus there are no amounts necessary to cure to allow assumption and assignment to CCC.

10.

The standard in determining whether an executory contract or unexpired lease should be assumed or rejected is the Debtors' "business judgment" that rejection is in the Debtors' economic best interests. See e.g. N.L.R.B. v Bildisco & Bildisco, 465 U.S. 513, 523 (1984); Sharon Steel Corp. v. National Fuel Gas Distribution Corp., 872 F.2d 36, 39-40 (3d Cir. 1989); In re Gardenier, 831 F.2d 974, 975 (11th

Cir. 1987); In re Diamond Mfg., Inc., 164 B.R. 189, 199 (Bankr. S.D. Ga. 1994).

**Security Interests in the Assets and Use of Proceeds**

11.

The Committee of Unsecured Creditors and Debtors' secured lender, Foothill Capital Corporation ("Foothill") support this motion. Debtors have consulted and advised counsel for the Ad hoc Bondholders' Committee and of the proposed sale to CCC.

12.

Foothill asserts a first priority security interest and the Bondholders and Indenture Trustee assert a second priority security interest (which is disputed by Debtors) in all of the assets of the Debtor, both of an intangible and tangible nature. The Debtors propose to pay the proceeds realized from the sale of the MaxCare Assets to Foothill, and to allow Foothill to apply the proceeds of the Sale to the outstanding balance of Debtors' obligations to Foothill.

13.

Debtors are aware of no liens or encumbrances on the assets being conveyed, other than the liens and encumbrances described in this motion, the lien of Foothill and the second position lien asserted by the Bondholders and Indenture Trustee (which is disputed by Debtors) on the MaxCare Assets.

**Sale and Bidding Procedures**

14.

The Debtors believe that the following bidding procedures are favorable to the Debtors, their bankruptcy estates and creditors and will generate the most value for the estates and their creditors. In accordance with the proposed procedures, the Debtors request that the Court conduct a hearing to approve the sale of the MaxCare Assets to CCC or to the Successful Bidder identified at the Sale Hearing.

15.

The proposed procedures provide that CCC shall receive overbid and expense reimbursement protection as follows:

- (a) The initial overbid at the Sale Hearing must be a Qualified Bid of not less than \$75,000 in excess of CCC's bid. Subsequent bids must be in increments of not less than \$50,000.
- (b) To be considered a Qualified Bidder, the Bidder shall be acceptable to Debtors, shall provide Debtor with a letter of intent or a form of purchase agreement in a form consistent with the CCC bid and reasonably acceptable to Debtors for the Purchase of MaxCare and demonstrate the financial ability to close promptly.
- (c) Qualified Bidders may submit bids on the MaxCare Assets or included lots.
- (d) If CCC is subsequently outbid and the sale is consummated at the higher price, then CCC shall be entitled to reimbursement of CCC's costs and expenses not to exceed \$25,000.

(e) At the conclusion of bidding, the Debtors shall announce which Qualified Bidder is the Successful Bidder and the Debtors may, in their sole and absolute discretion, select a backup bidder (the "Alternate Successful Bidder"). Any Successful Bidder must then and there execute a Purchase and Sale Agreement, and any Alternate Successful Bidder must then and there execute the Purchase and Sale Agreement as modified to reflect the applicable terms and conditions relating to the Alternate Successful Bidder set forth in paragraph (e) of these Procedures. The Debtors will have no obligation to accept any bid submitted at the Sale Hearing other than a bid submitted by a Qualified Bidder and the Debtors shall not be deemed to have accepted a bid unless and until such bid and the Debtors's acceptance thereof have been formalized by the execution by the Debtors and the Successful Bidder of the Purchase and Sale Agreement, and the executed Purchase and Sale Agreement has been approved by the Bankruptcy Court. Except as provided in the preceding sentence, the Debtors shall have no obligation to formally accept any bid made at the Sale Hearing.

(f) Closing shall occur no later than seventy-two (72) hours from the conclusion of the Sale Hearing and entry of an Order approving the sale of the Assets free and clear of all liens pursuant to 11 U.S.C. § 363(b), unless the parties mutually agree to extend the closing date. If upon satisfaction of all closing conditions in the Asset Purchase Agreement, the Successful Bidder fails to timely pay the Purchase Price, the Successful Bidder (n/k/a the "Defaulting Bidder") will forfeit to the Debtors its Deposit and the Purchase and Sale Agreement previously executed by such Successful Bidder shall be deemed breached by such Defaulting Bidder. Upon such breach by the

Defaulting Bidder, the Debtors shall then notify the Alternate Successful Bidder. The Alternate Successful Bidder shall close within seventy-two (72) hours of notification by the Debtors of the Defaulting Bidder's default and the replacement of the Defaulting Bidder by the Alternate Successful Bidder, unless the parties mutually agree to extend the closing date.

(g) The Debtors shall not be responsible for any commission or fee to any broker with regard to the sale of the MaxCare assets contemplated to take place at the Sale Hearing and no commission or fee shall be paid in connection therewith, except as set forth in paragraph 15(c) herein.

(h) The determination of the highest and best bid for the sale of the MaxCare assets may be based on factors other than the purchase price, including but not limited to, the closing conditions proposed by a bidder, liabilities assumed by a bidder, any closing contingencies and the financial ability of a bidder to close. The Debtors shall have no obligation to accept any Qualified Bid or bid submitted at the Sale Hearing and the Debtors shall not have been deemed to have accepted a bid unless and until such bid and the Debtors' acceptance thereof has been formalized by the execution by Debtors of a term sheet or purchase and sale agreement acceptable to Debtors.

**Approval of this Motion is in the Best Interests of the Estate**

16.

The Debtors have decided as a matter of business judgment that the sale of the MaxCare Assets to CCC as outlined herein, is in the best interests of the estates and all creditors of the estates. Debtors believe that the sale of the MaxCare Assets is necessary to maximize the value of their estates and that

CCC's offer to purchase the MaxCare assets currently represents the highest and best offer for MaxCare. CCC's offer contemplates that the sale of MaxCare will be complete at the earliest possible date. Given the cost to the estate to continue to fund MaxCare's continued operations the Debtors believe that the value of their estates will be maximized by holding the Sale Hearing at the earliest possible date. The Official Committee of Unsecured Creditors and Foothill Capital Corporation ("Foothill"), Debtors' senior secured lender, support a prompt hearing on the procedures proposed in this Motion and support the sale of MaxCare.

17.

The Debtors submit that the protections and procedures and sale proposed in this Motion will afford the Debtors the best opportunity to maximize the distribution to creditors of its estate and that the relief requested herein is in the best interest of the Debtors' estate, its creditors and other parties in interest. Debtors further seek a waiver of the stay imposed by Fed.R.Bankr.P. 6006(g) and show the Court that it is in the best interests of the Debtors, CCC or the Successful Bidder, all creditors of the estates to allow the immediate consummation of the sale to CCC or the Successful Bidder which will allow Debtors to immediately reduce its administrative costs and to reduce Debtors' obligations to Foothill.

Notice

18.

Notice of this Motion will be served by United States First Class Mail on (i) the Official Franchisee Committee; (ii) the Official Committee of Unsecured Creditors; (iii) the United States Trustee; (iv) all entities identified in this Court's June 16 Order Limiting Notice; (v) each person or entity that has filed a Notice

of Appearance in this Chapter 11 case; and (vi) any other person or entity that has expressed an interest in acquiring the MaxCare Assets. The Debtors submit that no other or further notice need be given or service need be made.

**WHEREFORE**, the Debtors respectfully request entry of an Order, pursuant to §§ 105 and 363 of the Bankruptcy Code and Rules 2002, 6004 and 9014 of the Federal Rules of Bankruptcy Procedure, in form reasonably satisfactory to the Debtor which, among other things:

- (1) provides for the holding of the Sale Hearing at which the sale of the MaxCare Assets may take place and that upon closing the sale of the MaxCare Assets, the MaxCare Assets will vest in the successful purchaser with good title free and clear of all liens, claims, interests and encumbrances; and
- (2) finds that CCC or the Successful Bidder is a good faith purchaser pursuant to §363(m);
- (3) determines that, pursuant to section 1146(c) of the Bankruptcy Code, the Proposed Sale is exempt from stamp, transfer, recording or similar taxes (collectively, "Transfer Taxes");  
and
- (4) for such other and further relief as the Court deems just and proper.

d: November 2nd, 2000.

[Signature on next page]



Respectfully submitted,

MACEY, WILENSKY, COHEN, WITTNER  
& KESSLER, LLP

\_\_\_\_\_  
/s

Frank B. Wilensky  
Georgia Bar No. 758700  
Suite 600, Marquis Two Tower  
285 Peachtree Center Avenue, NE  
Atlanta, Georgia 30303

Attorneys for Debtor

DEC-19-2000 12:54

P. 02/02

**DISTRIBUTION LIST**

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NOV-02-2000 15:43

P. 02-05

ISENBERG & HEWITT, P.C.  
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November 1, 2000

Via Hand Delivery

Barbara Ellis-Morris, Esq.  
Smith, Gambrell & Russell, LLP  
1220 Peachtree Street, N.E.  
Suite 3100, Peachtree II  
Atlanta, Georgia 30309-3393

Re: **Revised Proposed Asset Purchase of MAXCARE, a division of Flooring America, Inc.**

Dear Ms. Ellis-Morris:

Please consider our letter of intent dated October 19, 2000, which set forth an offer of Creative Carpet Care, Inc. ("Creative") to purchase "all or substantially all of the assets used in the business generally known as 'Max Care', which assets are owned by Flooring America, Inc. and/or The Maxxim Group, Inc., et al." ~~enclosed and with this letter~~. Please accept this correspondence as our revised letter of intent and offer to purchase all or substantially all of the assets of MAXCARE, a division of Flooring America, Inc. ("Seller").

The assets Creative Carpet Care, Inc. desires to purchase include, but may not necessarily be limited to:

- All furnishings, furniture and equipment described in the inventory list provided to Creative by Seller which furnishings, furniture and equipment is ~~not~~ fully and completely described in Exhibit 1, attached hereto and made a part hereof, and to further include all of the storage racks used in the business;
- Any and all assets described in the "Inventory Valuation Report" provided by Seller, a copy of such Inventory Valuation Report is attached hereto as Exhibit 2 and made a part hereof;
- One hundred and five (105) vehicles described in an "Inventory" of vehicles provided by Seller (only those vehicles denoted as "MaxCARE" on the inventory list are vehicles being purchased in this transaction) attached hereto as Exhibit 3 and made a part hereof;
- All right, title and interest in any notes, agreements, promises or obligations from any MaxCARE franchisee, and specifically to include, but not be limited to the accounts receivable from franchisees (a list of applicable franchisees are set forth in Exhibit 4, which exhibit is made a part hereof) and the accounts receivable being depicted in the ATR (Customer Open Item Analysis dated as of 12:44:24 p.m. on 10/24/00) incorporated herein.

NOV-02-2005 10:49

P. 03/05

Mr. Brian Hall, Esq.  
Smith, Gambrell & Russell, LLP  
November 2, 2005  
Page 2

by reference but not attached as an Exhibit due to its volume), the SAP (Accounts Receivable) Statement dated 10/24/05 incorporated herein by reference but not attached as an Exhibit due to its volume, and the Individual Open Item Listing by Franchisee incorporated herein by reference but not attached as an Exhibit due to its volume.

All of Seller's rights, title or interest in any trade or service marks, logo's, tradenames (including but not limited to the name MaxCARE and all variations thereof), advertising materials and the like;

All of Seller's rights, title and interest in any web-sites including but not limited to [www.MaxCareLicensing.com](http://www.MaxCareLicensing.com) and [www.a111onlineaccess.com/maxcare/](http://www.a111onlineaccess.com/maxcare/) (it being understood by Creative that any and all rights to the web-site or domains of [www.a111onlineaccess.com](http://www.a111onlineaccess.com) is specifically excluded from this transaction); any training or support web-sites and any web-sites used for or in support of the franchisees of the Seller;

All of Seller's right, title and interest to any telephone numbers including but not limited to 1-800-797-4332 and 1-877-LOWES00;

Any and all training, operating, or employee manuals related to MaxCARE and any copyrights therein;

Any and all computer programs used by MaxCare in the operation of the business to the extent such programs are assignable by Seller;

Any and all copies of any and all contracts, including but not limited to certain franchise agreements of all current and former MaxCare Franchisees and copies of any contracts, or agreements (it being understood and agreed that Creative may, at its option, assume any executory contract of Seller, provided however, that Creative shall be responsible for curing any defaults necessary for such assumption);

All of Seller's right, title and interest to any transfer agreements of licensees and/or franchisees to become licensees and franchisees to Creative as franchisor/licensee;

It is understood by Creative that there may be some duplicity in the assets in the attached exhibits and that any value attached to any assets described in any exhibit is not a representation of value, but rather, such exhibits were provided and are attached hereto merely as a convenience to assist in the identification of assets being purchased. It is specifically understood that the purchaser intends to liquidate some of the assets, particularly the vehicles which are presently located on the Flooring America property in Kansas, Georgia. Simultaneous with the transfer of the assets

NOV-02-2005 15:45

P. 04-05

Mr. Brian Hall, Esq.  
Smith, Gambrell & Russell, LLP  
November 2, 2000  
Page 3

described above, the Seller or its agents will provide Creative with the names and addresses and any and all bids from bidders who expressed an interest in such vehicles.

It is understood that, in formulating its bid, Creative has relied upon the materials provided in Exhibits 1, 2, 3 and 4 above, and has further relied upon Seller's representation that (i) the MaxCare Franchise Agreement between The MaxCare Group, Inc. and Bart Mizell, Inc. is typical of the seventy-three (73) franchise agreements currently in place in all material aspects, including the inclusion of Principal's Guarantee of Payment and Performance (Exhibit 3 to MaxCare Franchise Agreement), a copy of said franchise agreement being attached hereto as Exhibit 3 and made a part hereof; and (ii) the Equipment Lease Agreement between MaxCare Retail Group, Inc. and Bart Mizell, Inc. provided to Creative setting forth the terms and conditions of the vehicle leases for all of the vehicles being transferred as part of this transaction is typical in all material aspects for all of the vehicles being purchased as part of this transaction, a copy of such Equipment Lease Agreement is attached hereto as Exhibit 7 and made a part hereof. This offer is contingent upon Creative's management and agents being allowed full and complete access to all of the records of the MaxCare division through the date of acceptance and approval of the bankruptcy court for rejection of this offer, whichever comes first, to include Seller providing copies of every franchise agreement and guarantee for each franchisee.

Creative Carpet Care, Inc. hereby offers the sum of one million five hundred thousand (\$1,500,000.00) dollars for the assets described hereinabove and in the exhibits attached hereto, contingent on adequate assurance to Buyer, which shall not be unreasonably withheld, that MaxCare has the purposed right, title and interest in the assets being purchased by Creative, and any of an Order by the United States Bankruptcy Court for the Northern District of Georgia, Authorizing the Sale of the MaxCare Assets set forth herein and in Exhibits hereto free and clear of liens, claims, encumbrances and interests pursuant to 11 U.S.C. §363 which Order shall not be subject to stay pending appeal. It is expressly understood that Seller makes no representation and warranties concerning the MaxCare Assets, whatsoever, whether express or implied or imposed by law. Seller expressly disclaims all implied warranties, including any warranty of merchantability or fitness for a particular use. It is understood that, as a condition of Creative's offer, Seller will ensure bid protection to Creative in the form of a twenty-five thousand (\$25,000.00) dollar 'break-up fee' to be unconditionally paid to Creative in the event Seller accepts or awards the rights to purchase to any other purchaser. Further, as material condition to Creative's bid, Creative would require that any other bids ever that offered by Creative be set at a minimum of fifty thousand (\$50,000.00) dollar increments.

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P. 25/03

Mr. Brian Hall, Esq.  
Smith, Gambrell & Russell, LLP  
November 2, 2000  
Page 4

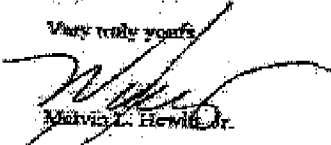
Upon notification that our offer has been accepted by the Seller and the creditor's committee, our client will deposit the sum of ten thousand (\$10,000.00) dollars into the escrow account of Isenberg & Hewitt, P.C., and fourteen (14) days from the date hereof, our client will deposit an additional forty thousand (\$40,000.00) dollars into the escrow account of Isenberg & Hewitt, P.C. which, together with the initial ten thousand (\$10,000.00) dollars previously deposited into the escrow account of Isenberg & Hewitt, P.C. will be transmitted to the escrow account of Seller's counsel. Further, not less than two (2) days prior to the scheduled final hearing of the bankruptcy court regarding the sale of assets contemplated herein, Creative will deposit an additional fifty thousand (\$50,000.00) dollars into the escrow account of Seller's counsel.

Upon acceptance of our offer and approval of the Bankruptcy court, Creative will enter into a definitive agreement in substantially similar form to the Asset Purchase Agreement attached hereto as Exhibit 8. As a material condition to this offer, Seller would allow Creative thirty (30) days to remove the assets from Seller's Kenosha headquarters location.

It is understood that any escrow deposit shall be returned within five (5) days of rejection of our offer or acceptance of another offer. It is further understood that our offer may be withdrawn any time prior to acceptance by the Seller. Further, this offer is contingent upon Creative's ability to obtain financing assurance from its bank within fourteen (14) days from the date first above written.

I trust that I have addressed the essential elements of our proposal and I look forward to hearing from you soon.

Very truly yours,

  
Marvin L. Hewitt, Jr.

The foregoing offer is made by Creative Carpet Care, Inc. this \_\_\_\_\_ day of \_\_\_\_\_, 2000.

James R. Knight, III, President

cc: Lee Dircks  
James Knight

LEGAL P. 05

