

SCHEDULE A
TO RECORDATION FORM COVER SHEET - TRADEMARKS ONLY

	Serial Number	Reg. Number	Word Mark	Check Status	Live/Dead
1	78967348	3518505	W GREY WATKINS FABRIC DIVISION OF STARK CARPET CORP.	TARR	LIVE
2	78969426	3352495	GREY WATKINS	TARR	LIVE
3	78464853	2998227	SURFACES CONTRACT WALLCOVERING	TARR	LIVE
4	78464820	2998224	SURFACES CONTRACT WALLCOVERING	TARR	LIVE
5	77307221	3551339	FONTHILL INSIDE OUT	TARR	LIVE
6	77307244		WEATHER OR NOT	TARR	LIVE
7	77202436	3479040	STARK FABRIC	TARR	LIVE
8	77517894		STARK PAINT	TARR	LIVE
9	77044786	3322469	FONTHILL	TARR	LIVE
10	77043107	3322458	FONTHILL	TARR	LIVE
11	76111228	2485095	STARLON	TARR	LIVE
12	75417700	2379891	STARK	TARR	LIVE
13	74571139	1987611	STARK	TARR	LIVE
14	74494896	1824231	DARIUS	TARR	LIVE
15	74487038	1914998	OLD WORLD WEAVERS	TARR	LIVE
16	73209288	1144331	STARK CARPET CORP.	TARR	LIVE
17	73202237	1133747	STARK	TARR	LIVE

TRADEMARK SECURITY AGREEMENT

TRADEMARK SECURITY AGREEMENT ("Agreement") made on the 17th day of August, 2009 among STARK CARPET CORP., having its chief executive office at 979 Third Avenue, New York, New York 10022 ("Debtor"), and BANK LEUMI USA, having an office at 562 Fifth Avenue, New York, New York 10036 ("Secured Party").

A. SECURITY INTEREST.

WHEREAS, Debtor has adopted, used and is using, and is the owner of the entire right, title, and interest in and to the trademarks, trade names, terms, designs and applications therefor described in Schedule A annexed hereto and made a part hereof; and

WHEREAS, Secured Party has agreed to enter into, or has entered into, financing arrangements with Debtor pursuant to a Loan and Security Agreement of even date herewith (the "Loan Agreement") and various documents, instruments, notes, mortgages, guaranties and agreements delivered contemporaneously herewith in connection therewith (all of the foregoing, together with this Agreement, as the same may now exist or may hereafter be amended, modified, renewed, extended or supplemented, are collectively referred to herein as the "Agreements").

NOW, THEREFORE, in order to induce Secured Party to enter into the Agreements and in consideration thereof, Debtor hereby grants to Secured Party a security interest in: (a) all of Debtor's now existing or hereafter acquired right, title, and interest in and to; all of Debtor's trademarks, trade names, trade styles and service marks; all prints and labels on which said trademarks, trade names, trade styles and service marks appear, have appeared or will appear, and all designs and general intangibles of a like nature; all applications, registrations and recordings relating to the foregoing in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other countries, and all reissues, extensions and renewals thereof including those trademarks, terms, design and applications described in Schedule A hereto (the "Trademarks"), subject to Debtor's existing licenses of said trademarks, tradenames, trade styles and service marks; (b) the goodwill of the business symbolized by each of the Trademarks, including, without limitation, all customer lists and other records relating to the distribution of products or services bearing the Trademarks; and (c) any and all proceeds of any of the foregoing, including, without limitation, any claims by Debtor against third parties for infringement of the Trademarks or any licenses with respect thereto (all of the foregoing are collectively referred to herein as the "Collateral"). (Each capitalized term herein not otherwise defined shall have the meaning ascribed thereto in the Loan Agreement.)

B. OBLIGATIONS SECURED.

The security interests granted to Secured Party in this Agreement shall secure the prompt and indefeasible payment and performance of all now existing and future obligations, liabilities and indebtedness of Debtor to Secured Party of every kind, nature and description, direct or indirect, absolute or contingent, whether arising under the Loan Agreement, this Agreement, the other Agreements, or any other agreement, document or instrument or by

operation of law or otherwise, including, without limitation, "Obligations" as defined in the Loan Agreement (all the foregoing hereinafter collectively referred to as "Obligations").

C. WARRANTIES AND COVENANTS.

Debtor hereby covenants, represents and warrants, all of such covenants, representations and warranties being continuing in nature so long as any of the Obligations are outstanding, that:

1. Debtor will pay and perform all of the Obligations according to their terms.

2. All of the existing Collateral is valid and subsisting in full force and effect to Debtor's knowledge, and Debtor owns sole, full, and clear title thereto, and has the right and power to grant the security interests granted hereunder. Debtor will, at Debtor's expense, perform all acts and execute all documents necessary to maintain the existence of the Trademarks as valid, subsisting and registered trademarks including without limitation the filing of any renewal applications. None of the Collateral is subject to any liens, claims, mortgages, assignments, licenses, security interests, or encumbrances of any nature whatsoever except the security interests granted hereunder, and the licenses, if any, which are specifically described in Schedule B hereto.

3. Debtor will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, or encumber any Trademark or the use thereof (a "License"), except to Secured Party, or otherwise dispose of any of the Collateral without the prior written consent of Secured Party; provided, however, that Debtor may grant exclusive or non-exclusive licenses of Trademarks in the ordinary course of its business, so long as such licenses are on commercially reasonable terms and do not impair the rights of Secured Party hereunder.

4. Debtor will, at Debtor's expense, perform all acts and execute all documents requested at any time by Secured Party to evidence, perfect, maintain, record, or enforce the security interest in the Collateral granted hereunder or to otherwise further the provisions of this Agreement. Debtor authorizes Secured Party to have this or any other similar Security Agreement filed with the Commissioner of Patents and Trademarks or other appropriate federal, state or government office.

5. Debtor will, concurrently with the execution and delivery of this Agreement, execute and deliver to Secured Party five (5) originals of a Power of Attorney in the form of Exhibit 1 annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Secured Party's exercise of the rights and remedies granted to Secured Party hereunder.

6. Secured Party may, in its sole discretion, pay any amount or do any act which Debtor fails to pay or do as required hereunder or as requested by Secured Party to maintain and preserve the Collateral, defend, protect, record, amend or enforce the Obligations, the Collateral, or the security interest granted hereunder including but not limited to, all filing or

recording fees, court costs, collection charges and reasonable attorneys' fees. Debtor will be liable to Secured Party for any such payment, which payment shall be deemed a borrowing by Debtor from Secured Party, and shall be payable on demand together with interest at the Default Rate applicable to Revolving Advances that are Reference Rate Loans and shall be part of the Obligations secured hereby.

7. As of the date hereof, Debtor does not have any Trademarks registered or subject to pending applications, in the United States Patent and Trademark Office or any similar office or agency in the United States other than those described in Schedule A annexed hereto.

8. Debtor shall notify Secured Party in writing of the filing of any application for the registration of a Trademark with the United States Patent and Trademark Office or any similar office or agency in the United States or any state therein within thirty (30) days of such filing. Upon request of Secured Party, Debtor shall execute and deliver to Secured Party any and all assignments, agreements, instruments, documents, and such other papers as may be requested by Secured Party to evidence the security interests of Secured Party in such Trademark.

9. Debtor has not abandoned any of the Trademarks material to the conduct of the business and Debtor will not do any act, nor omit to do any act, whereby the Trademarks may become abandoned, canceled, invalidated, unenforceable, avoided, or avoidable. Debtor shall notify Secured Party immediately if Debtor knows or has reason to know of any reason why any application, registration, or recording may become abandoned, canceled, invalidated, unenforceable, avoided, or avoidable.

10. Debtor will render any assistance, as Secured Party may determine is necessary, to Secured Party in any proceeding before the United States Patent and Trademark Office, any federal or state court, or any similar office or agency in the United States or any state therein or any other country to maintain such application and registration of the Trademarks as Debtor's exclusive property and to protect Secured Party's interest therein, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference, and cancellation proceedings.

11. Debtor will promptly notify Secured Party if Debtor (or any affiliate or subsidiary thereof) learns of any use by any person of any term or design likely to cause confusion with any Trademark or of any use by any person of any tradename which infringes upon any Trademark. If requested by Secured Party, Debtor, at Debtor's expense, shall join with Secured Party in such action as Secured Party, in Secured Party's discretion, may deem advisable for the protection of Secured Party's interest in and to the Trademarks.

12. Debtor assumes all responsibility and liability arising from the use of the Trademarks and Debtor hereby indemnifies and holds Secured Party harmless from and against any claim, suit, loss, damage, or expense (including reasonable attorneys' fees) arising out of any alleged defect in any product manufactured, promoted, or sold by Debtor (or any affiliate or subsidiary thereof) in connection with any Trademark or out of the manufacture, promotion, labeling, sale or advertisement of any such product by Debtor (or any affiliate or subsidiary thereof).

13. In any action or proceeding instituted by Secured Party in connection with any matters arising at any time out of or with respect to this Agreement, Debtor will not interpose any counterclaim of any nature.

14. Prior to an Event of Default, Secured Party hereby grants to Debtor the exclusive nontransferable right and license to use the Trademarks and the goodwill of the business symbolized by the Trademarks for Debtor's own benefit. Debtor will maintain the quality of the products associated with the Trademarks at a level consistent with the quality at the time of this Agreement. Debtor will not change the quality of the products associated with the Trademarks without the Secured Party's prior written consent. Debtor hereby grants to Secured Party the right to visit Debtor's plants and facilities which manufacture or store products sold under any of the Trademarks and to inspect the products and quality-control records relating thereto at any time during regular business hours, or at such other times as Secured Party may reasonably request.

D. EVENTS OF DEFAULT.

All Obligations shall, at Secured Party's option, become immediately due and payable without notice of demand upon the occurrence of any of the following events of default ("Events of Default"):

1. Debtor defaults in the observance or performance of any agreements, covenants or conditions contained herein or in any of the Agreements or in any other document or instrument referred to herein or therein.

2. Any present or future representation or warranty made by or on behalf of Debtor, whether contained herein or in any of the other Agreements or in any other document or instrument referred to herein or therein in connection with any of the transactions contemplated herein or therein, shall be false or incorrect in any material respect.

3. Any other event of default pursuant to the Agreements shall have occurred, including, but not limited to, any event of default under the Loan Agreement.

E. RIGHTS AND REMEDIES.

Upon the occurrence of any such Event of Default and at any time thereafter, in addition to all other rights and remedies of Secured Party, whether provided under law, the Agreements or otherwise, and after expiration of any grace period, Secured Party shall have the following rights and remedies which may be exercised without notice to, or consent by, Debtor except as such notice or consent is expressly provided for hereunder, not inconsistent with the other licensees of Debtor.

1. Subject to existing licenses, Secured Party may require that neither Debtor nor any affiliate or subsidiary of Debtor make any use of the Trademarks or any marks similar thereto for any purpose whatsoever. Secured Party may make use of any Trademarks for the sale of goods, or rendering of services in connection with enforcing any other security interest granted to Secured Party by Debtor or any subsidiary of Debtor.

2. Secured Party may grant such License or Licenses for such term or terms, on such conditions, and in such manner, as Secured Party shall in its sole discretion deem appropriate. Such License or Licenses may be general, special, or otherwise, and may be granted on an exclusive or non-exclusive basis throughout all or any part of the United States of America, its territories and possessions, and all foreign countries.

3. Secured Party may assign, sell, or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations, except that Secured Party agrees to provide Debtor with ten (10) days prior written notice of any proposed disposition of the Collateral. Secured Party shall have the power to buy the Collateral or any part thereof, and Secured Party shall also have the power to execute assurances and perform all other acts which Secured Party may, in Secured Party's sole discretion, deem appropriate or proper to complete such assignment, sale or disposition. In any such event, Debtor shall be liable for any deficiency.

4. In addition to the foregoing, in order to implement the assignment, sale, or other disposition of any of the Collateral pursuant to subparagraph E.3 hereof, Secured Party may at any time execute and deliver on behalf of Debtor, pursuant to the authority granted in the Powers of Attorney described in subparagraph C.5 hereof, one or more instruments of assignment of the Trademarks (or any application, registration, or recording relating thereto), in form suitable for filing, recording or registration. Debtor agrees to pay Secured Party on demand all costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees and attorneys' fees.

5. Secured Party may apply the proceeds actually received from any such license, assignment, sale, or other disposition of Collateral first to the reasonable costs and expenses thereof, including, without limitation, reasonable attorneys' fees and all legal, travel, and other expenses which may be incurred by Secured Party. Thereafter, Secured Party may apply any remaining proceeds to such of the Obligations as set forth in the Loan Documents. Debtor shall remain liable to Secured Party for any expenses or obligations remaining unpaid after the application of such proceeds, and Debtor will pay Secured Party on demand any such unpaid amount, together with interest at the rate set forth in the Agreements.

6. In the event that any such license, assignment, sale or disposition of the Collateral (or any part thereof) is made after the occurrence of an Event of Default, Debtor shall supply to Secured Party or Secured Party's designee Debtor's knowledge and expertise relating to the manufacture and sale of the products and services bearing the Trademarks and Debtor's customer lists and other records relating to products bearing the Trademarks and the distribution thereof.

Nothing contained herein shall be construed as requiring Secured Party to take any such action at any time. All of Secured Party's rights and remedies, whether provided under law, this Agreement, the other Agreements, or otherwise, shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively, or concurrently.

F. MISCELLANEOUS.

1. Any failure or delay by Secured Party to require strict performance by Debtor of any of the provisions, warranties, terms and conditions contained herein or in any other agreement, document, or instrument, shall not affect Secured Party's right to demand strict compliance and performance therewith, and any waiver of any default shall not waive or affect any other default, whether prior or subsequent thereto, and whether of the same or of a different type. None of the warranties, conditions, provisions, and terms contained herein or in any other agreement, document, or instrument shall be deemed to have been waived by any act or knowledge of Secured Party, its agents, officers, or employees, but only by an instrument in writing, signed by an officer of Secured Party and directed to Debtor, specifying such waiver.

2. All notices, requests and demands to or upon the respective parties hereto shall be deemed to have been duly given or made: if by hand, immediately upon delivery; if by electronically confirmed telecopy (fax) transmission, immediately upon receipt; if by any overnight reputable delivery service, one day after dispatch; and if mailed by certified mail, return receipt requested, five (5) days after mailing. All notices, requests and demands are to be given or made to the respective parties at the following addresses (or to such other addresses as either party may designate by notice in accordance with the provisions of this paragraph):

If to Secured Party at: BANK LEUMI USA
562 Fifth Avenue
New York, New York 10036
Attention: Mary Ellen Bianco
Telephone: (212) 626-1390
Telecopier: (212) 626-1329

If to Debtor: STARK CARPET CORP.
979 Third Avenue
New York, NY 10022
Attention: John S. Stark and Steven J. Stark
Telephone: (212) 752-9000
Telecopier: (212) 752-9013

Notwithstanding anything herein to the contrary, with respect to Borrower or any other Loan Party, actual receipt of any such notice by either John S. Stark or Steven J. Stark shall constitute actual receipt of such notice by both of them.

3. In the event any term or provision of this Agreement conflicts with any term or provision of the Loan Agreement, the term or provision of the Loan Agreement shall control.

4. In the event that any provision hereof shall be deemed to be invalid by any court, such invalidity shall not affect the remainder of this Agreement.

5. This Agreement shall be binding upon and for the benefit of the parties hereto and their respective legal representatives, successors and assigns. No provision hereof

shall be modified, altered or limited except by a written instrument expressly referring to this Agreement signed by the party to be charged thereby.

6. The security interest granted to Secured Party hereunder shall terminate, and the Collateral will be reassigned to Debtor, at Debtor's sole expense, upon termination of the Loan Agreement and indefeasible payment in full to Secured Party of all Obligations thereunder.

7. The validity, interpretation and effect of this Agreement shall be governed by the laws of the United States of America and the laws of the State of New York. Debtor hereby irrevocably submits and consents to the nonexclusive jurisdiction of the State and Federal Courts located in the State of New York any other State where any Collateral is located with respect to any action or proceeding arising out of this Agreement, the Obligations, or any matter arising therefrom or relating thereto. In any such action or proceeding, Debtor waives personal service of the summons and complaint or other process and papers therein and agrees that the service thereof may be made by mail directed to Debtor at its chief executive office set forth hereinabove or other address thereof of which Secured Party has received notice as provided herein, service to be deemed complete five (5) days after mailing, or as permitted under the rules of either of said Courts. Any such action or proceeding commenced by Debtor against Secured Party will be litigated only in a Federal Court located in the Southern District of New York, or a New York State Court located in New York County and Debtor waives any objection based on forum non conveniens and any objection to venue in connection therewith.

8. The parties hereto waive trial by jury in any action or proceeding of any kind or nature in any court whether arising out of, under or by reason of this Agreement, the other Agreements or any matter or proceeding relating thereto.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement as of the day and year first above written.

STARK CARPET CORP.

By: [Signature]

Name: Stark

Title: Owner

BANK LEUMLUSA

By: [Signature]

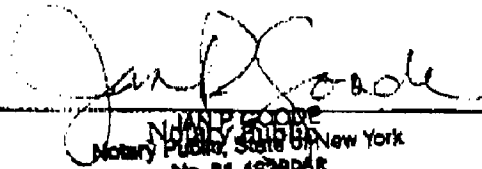
Name: L. RAUL P. MASCIA

Title: VP

Trademark Security Agreement

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

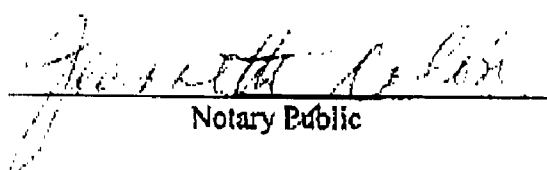
On this 26th day of February, 2009, before me personally came John Stok
to me known, who being duly sworn, did depose and say, that he is the Chairman
of STARK CARPET CORP., the corporation described in and which executed the foregoing
instrument; and that he signed his name thereto by order of the Board of Directors of said
corporation.



JAN P. SCIRE
Notary Public, State of New York
No. 31-638858
Qualified in New York County
Certificate Filed in New York County
Commission Expires March 30, 2011

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 26th day of February, 2009, before me personally came Rafael Hasea
to me known, who being duly sworn, did depose and say, that he is the VP
of BANK LEUMI USA, the corporation described in and which executed the foregoing
instrument; and that he signed his name thereto by order of the Board of Directors of said
corporation.



Notary Public
JEANNETTE COLON
Notary Public, State of New York
No. 31-638858
Qualified in New York County
Commission Expires March 20, 2010

Notary Page to Trademark Security Agreement

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 27th day of February, 2009, before me personally came John Stark,
to me known, who being duly sworn, did depose and say, that (s)he is the
Chairman of STARK CARPET CORP., the corporation described in and which
executed the foregoing instrument; and that (s)he signed his/her name thereto by order of the
Board of Directors of said corporation.



Notary Public
JANE GOODE
Notary Public, State of New York
No. 31-4838258
Qualified in New York County
Certificate Filed in New York County
Commission Expires March 30, 2011

Notary Page to Special Trademark POA

SCHEDULE A
to
TRADEMARK SECURITY AGREEMENT

Trademarks and Applications

See attached.

11983 01 3

SCHEDULE B
to
TRADEMARK SECURITY AGREEMENT

Permitted Licenses

None.

UNIT 3