

# TRADEMARK ASSIGNMENT

Electronic Version v1.1  
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	Reaffirmation of Security Agreement and Securities Pledge Agreement		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Telescope Casual Furniture, Inc.		04/10/2010	CORPORATION: NEW YORK
RECEIVING PARTY DATA			
Name:	Farm Credit East, ACA		
Composed Of:	COMPOSED OF as successor by merger to First Pioneer Farm Credit, ACA		
Street Address:	240 South Road		
City:	Enfield		
State/Country:	CONNECTICUT		
Postal Code:	06082		
Entity Type:	INC. ASSOCIATION: DELAWARE		
PROPERTY NUMBERS Total: 4			
Property Type	Number	Word Mark	
Registration Number:	1670280	TELESCOPE	
Registration Number:	1084016	GARDENELLA	
Registration Number:	0907189	TELESCOPE	
Registration Number:	0379451	TELESCOPE	
CORRESPONDENCE DATA			
Fax Number:	(203)975-7180		
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>			
Phone:	203-353-6834		
Email:	clondon@eapdlaw.com		
Correspondent Name:	Edwards Angell Palmer & Dodge LLP		
Address Line 1:	301 Tresser Boulevard		
Address Line 2:	Paralegal Christina London		
Address Line 4:	Stamford, CONNECTICUT 06901		
ATTORNEY DOCKET NUMBER:	33418.0075 CML		

CH \$115.00 1670280

900159854

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 REEL: 004187 FRAME: 0499

NAME OF SUBMITTER:	Katherine V. Juckett
Signature:	/katherine v. juckett/
Date:	04/16/2010
<p><b>Total Attachments: 20</b></p> <p>source=Apr 10 10 Telescope reaffirmation 2#page1.tif  source=Apr 10 10 Telescope reaffirmation 2#page2.tif  source=Apr 10 10 Telescope reaffirmation 2#page3.tif  source=Apr 10 10 Telescope reaffirmation 2#page4.tif  source=Apr 10 10 Telescope reaffirmation 2#page5.tif  source=Apr 10 02 Telescope security agmt#page1.tif  source=Apr 10 02 Telescope security agmt#page2.tif  source=Apr 10 02 Telescope security agmt#page3.tif  source=Apr 10 02 Telescope security agmt#page4.tif  source=Apr 10 02 Telescope security agmt#page5.tif  source=Apr 10 02 Telescope security agmt#page6.tif  source=Apr 10 02 Telescope security agmt#page7.tif  source=Apr 10 02 Telescope security agmt#page8.tif  source=Apr 10 02 Telescope security agmt#page9.tif  source=Apr 10 02 Telescope security agmt#page10.tif  source=Apr 10 02 Telescope security agmt#page11.tif  source=Apr 10 02 Telescope security agmt#page12.tif  source=Apr 10 02 Telescope security agmt#page13.tif  source=Apr 10 02 Telescope security agmt#page14.tif  source=Apr 10 02 Telescope security agmt#page15.tif</p>	

**REAFFIRMATION OF SECURITY AGREEMENT  
AND SECURITIES PLEDGE AGREEMENT**

THIS REAFFIRMATION OF SECURITY AGREEMENT AND SECURITIES PLEDGE AGREEMENT (this "Reaffirmation") is made and entered into as of April 10, 2010, by TELESCOPE CASUAL FURNITURE, INC., a New York corporation (the "Debtor"), in favor of FARM CREDIT EAST, ACA, as successor by merger to FIRST PIONEER FARM CREDIT, ACA (the "Lender").

W I T N E S S E T H:

WHEREAS, the Debtor and the Lender are parties to that certain Revolving Credit and Loan Agreement, dated as of April 10, 2002, as amended and restated as of May 7, 2008 (as amended, the "Original Loan Agreement");

WHEREAS, in connection with the Original Loan Agreement, Debtor entered into that certain Security Agreement, dated as of April 10, 2002 (as amended, the "Security Agreement"), by and between the Debtor and the Lender; and

WHEREAS, in connection with that Original Credit Agreement, Debtor entered into that certain Securities Pledge Agreement, dated as of April 10, 2002 (as amended, the "Securities Pledge Agreement") in favor of the Lender (the Securities Pledge Agreement, together with the Security Agreement, the "Security Documents"); and

WHEREAS, the Debtor and the Lender are amending the Original Loan Agreement, pursuant to that certain Third Amendment to Third Amended and Restated Revolving Credit and Loan Agreement dated as of the date hereof (the "Amendment," and together with the Original Loan Agreement, as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), and it is a condition precedent thereto that the Debtor enter into this Reaffirmation.

NOW, THEREFORE, for and in consideration of the mutual premises and the covenants hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor agrees as follows:

Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Loan Agreement.

In connection with the Loan Agreement, Debtor acknowledges and reaffirms that (a) all liens and security interests granted to the Lender under the Security Agreement and Pledge Agreement, including Lender's security interest in all of Debtor's general intangibles, such as intellectual property, including those patents and trademarks listed on Schedule A, remain in full force and effect and shall continue to secure the Obligations under the Loan Agreement and (b) the validity, perfection or priority of the security interests will not be impaired by the Amendment or the execution and delivery of this Reaffirmation.

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Debtor hereby authorizes the Lender, and hereby confirms authority previously given, to authenticate deliver, file and record, at Debtor's expense, financing statements including financing statements indicating "all assets" as collateral, any specific assignments or other paper that may be reasonably necessary or desirable, or that the Lender may request, in order to create, confirm, preserve, perfect or validate any security interest or to enable the Lender to exercise and enforce their rights and remedies hereunder, under any Security Document, or under applicable law with respect to any of the Collateral, including recording documents with the United States Patent and Trademark Office. Debtor hereby appoints the Lender as Debtor's attorney-in-fact to authenticate in the name and on behalf of the Debtor such additional financing statements and other documents as the Lender may at any time request or require in respect of the Collateral and agrees to promptly execute any such documents itself if requested by Lender.

Debtor hereby confirms that Exhibit A to the Securities Pledge Agreement accurately reflects its ownership of all Subsidiaries.

Debtor hereby acknowledges and affirms that all references to the Original Loan Agreement contained in the Security Documents are deemed to be references to the Loan Agreement, and that all capitalized terms defined by reference to the Original Loan Agreement shall have the meanings assigned to such terms in the Loan Agreement.

From and after the date hereof, references to the Security Documents shall be deemed to be references to such Security Documents, as ratified, amended and affirmed hereby. Nothing herein contained shall be construed as a waiver or modification of existing rights or obligations under the Security Documents except as expressly set forth herein. Debtor further acknowledges and agrees that it shall not be released or discharged from its obligations under the Security Documents, as ratified, amended and affirmed hereby, or otherwise affected by any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Debtor under the Loan Agreement, whether by operation of law or otherwise.

This Reaffirmation shall become effective when it shall have been executed by the Debtor and thereafter shall be binding upon the Debtor and shall inure to the benefit of the Lender.

The execution, delivery and performance by the Debtor of its obligations under this Reaffirmation (a) have been duly authorized by all necessary corporate action, (b) do not and will not violate any provision of any law, rule or regulation, any judgment, order or ruling of any court or governmental agency, the certificate of incorporation of the Debtor or any indenture, agreement or other instrument to which the Debtor is a party or by the Debtor or any of its properties is bound and (c) do not and will not be in conflict with, result in a breach of, or constitute with notice or lapse of time or both a default under any such indenture, agreement or other instrument.

This Reaffirmation is intended to take effect as a sealed instrument and shall be governed by, and construed in accordance with, the laws of the State of New York.

In case any provision in or obligation under this Reaffirmation shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

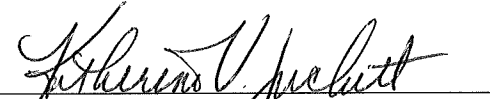
*[End of Page. Signature page follows.]*

IN WITNESS WHEREOF, the Debtor has executed and delivered this Reaffirmation as a sealed instrument, as of the date first appearing above.

**DEBTOR:**

**TELESCOPE CASUAL FURNITURE, INC.**

By:

A handwritten signature in cursive script, appearing to read "Katherine V. Juckett", written over a horizontal line.

Katherine V. Juckett

Chief Executive Officer & Secretary

## SCHEDULE A

### Patents and Trademarks

Patents:

<b>PATENT NO.</b>	<b>TITLE</b>	<b>DATE ISSUED</b>
D596,892	Combined Pedestal Table with Center Lid, Fire Pit and Fire Screen	07/28/2009
7,363,930	Umbrella Tilt Mechanism	04/29/2008
D550,950	Cast Umbrella Base	09/18/2007
D549,481	Sling Chair	08/28/2007
D545,585	Sling Chair	07/03/2007
7,204,509	Bar Cart	04/17/2007
D524,567	Outdoor Chair	07/11/2006
D521,266	Cast Outdoor Chair	05/23/2006
D520,258	Outdoor Chair	05/09/2006
6,913,317	Adjustable Swivel Rocker	07/05/2005
D503,863	Cast Table Top	04/12/2005
6,830,293	Seat Pad for Outdoor Furniture	12/14/2004
D496,801	Outdoor Lounge	10/05/2004
D492,522	Cast Table Top	07/06/2004
D491,738	Cast Outdoor Chair	06/22/2004
D491,379	Outdoor Chair	06/15/2004
6,523,904	Outdoor Furniture Construction	02/25/2003
D469,972	Outdoor Chair	02/11/2003
D469,591	Serving Cart	01/28/2003
D429,424	Sling Chair	08/15/2000
5,927,812	Reclinable Outdoor Chair	07/27/1999
5,871,024	Umbrella Frame and Umbrella for Outdoor Furniture	02/16/1999
D405,580	Bar Cart	02/09/1999
5,711,333	Umbrella Frame and Umbrella for Outdoor Furniture	01/27/1998
D386,321	Outdoor Arm Chair	11/18/1997
5,599,064	Swivel Rocker	02/04/1997
5,593,205	Canopy Clamp for a Chair	01/14/1997
5,499,585	Trestle Table	03/19/1996
D358,264	Outdoor Sling Chair	05/16/1995
5,335,967	Collapsible Chair	08/09/1994

Trademarks/Service Names:

<b>SERIAL NUMBER</b>	<b>REGISTRATION NUMBER</b>	<b>WORD MARK</b>
74129584	1670280	Telescope
73130540	1084016	Gardenella
72316844	0907189	Telescope
71429330	0379451	Telescope

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made as of the 10 day of April, 2002, by and between Telescope Casual Furniture, Inc. ("Debtor") and First Pioneer Farm Credit, ACA as agent for itself and others under the Loan Agreement described herein (collectively, the "Lender").

### WITNESSETH THAT:

1. Debtor and the Lender and others are entering into a certain Revolving Credit and Loan Agreement on even date herewith (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, the "Loan Agreement"). Capitalized terms used herein without definition shall have the meanings ascribed to them in the Loan Agreement.

2. It is a condition to the lenders' obligations under the Loan Agreement to provide the financing contemplated thereby that the Debtor shall have granted to the Lender the security interests contemplated hereby. The Debtor wishes to grant to the Lender such liens and security interests.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

#### Section 1. The Security Interests.

(a) In order (i) to secure the due and punctual payment of the Obligations (as defined below), the Loans and all interest, fees and charges from time to time coming due under the Loan Agreement and/or the Notes; and (ii) to secure the due and punctual payment and performance of all obligations of Debtor contained herein; and (iii) to secure the due and punctual payment and performance of all indebtedness, obligations and liabilities of Debtor contained in the Loan Agreement, the Financing Agreements and in all other agreements executed or delivered by Debtor in connection with or as contemplated by the Loan Agreement; and (iv) to secure the due and punctual payment and performance of all other indebtedness, liabilities and obligations of Debtor to Lender of every kind and description, whether direct, indirect or contingent, whether now existing or hereafter arising or incurred, whether due or to become due, whether otherwise secured or unsecured and howsoever evidenced, incurred or arising, including, without limitation, all indebtedness, liabilities and obligations evidenced or arising pursuant to any promissory note, loan agreement, equipment lease, conditional sales agreement, consignment agreement, guaranty, overdraft, bankers' acceptance, forward contract, foreign exchange contract, letter of credit reimbursement agreement or any other agreement or instrument which may at any time be executed or issued for Debtor's account or to which Debtor is now or hereafter may become a party (all of the foregoing being hereinafter collectively called the "Obligations"), Debtor hereby grants to Lender a continuing security interest in the following described property, whether now existing or hereafter arising (hereinafter collectively called the "Collateral"):



The following tangible and intangible personal property of Debtor wherever located, in each case whether now owned or hereafter acquired by Debtor, or in which Debtor may now have or hereafter acquire an interest:

(1) all inventory (as such term is defined in the UCC), including all lumber, logs, and cut and uncut timber, aluminum, merchandise, raw materials, work in process, material used or consumed in Debtor's business, and all inventory returned to or repossessed by Debtor, in each case whether now owned or hereafter acquired by Debtor, or in which Debtor may now have or hereafter acquire an interest;

(2) all accounts (as such term is defined in the UCC), accounts receivable, other receivables, evidences of indebtedness, notes, drafts, acceptances, contract rights, leases, chattel paper and electronic chattel paper (as such terms are defined in the UCC), and general intangibles (as such term is defined in the UCC), and payment intangibles (as such term is defined in the UCC) including, without limitation, all collateral and security therefor (including, without limitation, all supporting obligations, guarantees, letters of credit, liens and security interests in favor of Debtor), timber harvesting and management plans, tax refund claims, licenses and permits pertaining to the harvesting of timber and all rights to the payment of money, in each case whether now owned or hereafter acquired by Debtor, or in which Debtor may now have or hereafter acquire an interest.

(3) all instruments, documents of title, policies and certificates of insurance, bank deposits, deposit accounts, checking accounts, and cash, in each case whether now owned or hereafter acquired by Debtor, or in which Debtor may now have or hereafter acquire an interest;

(4) all crops, farm products (whether growing, to be grown or harvested), including without limitation, seedlings, saplings and trees and the products and proceeds thereof, whether commingled or processed therefrom or otherwise;

(5) all commercial tort claims in any way relating to the foregoing;

(6) all accessions, additions and improvements to, and all proceeds and products of, all of the foregoing, including proceeds of insurance, whether commingled, processed or otherwise, or whether now owned or hereafter acquired by Debtor, or in which Debtor may now have or hereafter acquire an interest; and

(7) all books, records, documents, computer tapes and discs relating to all of the foregoing, whether now owned or hereafter acquired by Debtor, or in which Debtor may now have or hereafter acquire an interest.

(8) all recoveries, awards, claims, choses in action that the Debtor has or may have and any proceeds related thereto.

(b) All of Debtor's accounts, accounts receivable, contract rights, chattel paper, electronic chattel paper, payment intangibles, general intangibles and rights to the payment of money, and all collateral and security therefor, and all proceeds thereof, are sometimes hereinafter collectively called the "Customer Receivables". All of Debtor's inventory are sometimes hereinafter collectively called the "Tangible Collateral".

(c) The security interests granted pursuant to this Section 1 (the "Security Interests") are granted as security only and shall not subject Lender to, or transfer to Lender, or in any way affect or modify, any obligation or liability of Debtor under any of the Collateral or any transaction that gave rise thereto.

#### Section 2. Chattel Paper.

Lender may at any time or from time to time, in its sole discretion, require Debtor to cause any chattel paper included in the Customer Receivables to be delivered to Lender or any agent or representative designated by it, or to cause a legend referring to the Security Interests to be placed on such chattel paper and upon any ledgers or other records concerning the Customer Receivables.

#### Section 3. Filing; Further Assurances.

Lender is authorized, and hereby confirms authority previously given, to authenticate deliver, file and record (in such manner and form as Lender may require), at Debtors expense, any financing statements, any carbon, photographic or other reproduction of a financing statement or this Security Agreement (which the parties hereto agree shall be sufficient as a financing statement hereunder), any specific assignments or other paper that may be reasonably necessary or desirable, or that Lender may request, in order to create, confirm, preserve, perfect or validate any Security Interest or to enable Lender to exercise and enforce its rights and remedies hereunder or under applicable law with respect to any of the Collateral. Debtor hereby appoints Lender as Debtor's attorney-in-fact to authenticate in the name and on behalf of Debtor such additional financing statements and other documents as Lender may at any time request or require in respect of the Collateral.

#### Section 4. Debtor's Representations and Warranties.

Debtor hereby represents and warrants to Lender as follows:

(a) Except as specifically described in the Loan Agreement or on Exhibit A attached hereto and made a part hereof, Debtor is, or to the extent that certain of the Collateral is to be acquired after the date hereof, will be, the owner of the Collateral free from any adverse lien, security interest or encumbrance.

(b) Except for such financing statements as may be described in the Loan Agreement or on Exhibit A attached hereto and made a part hereof, no financing statement covering the

Collateral is on file in any public office, other than the financing statements filed pursuant to this Security Agreement.

(c) All additional information, representations and warranties contained in Exhibit B attached hereto and made a part hereof, and any Schedules attached to said Exhibit B, are true, accurate and complete on the date hereof.

Section 5. Debtor's Covenants.

Debtor hereby covenants and agrees with Lender that Debtor will:

(a) Defend the Collateral against all claims and demands of all Persons (as defined in the Loan Agreement) at any time claiming any interest therein.

(b) Provide Lender, at least thirty (30) days written notice of any event or occurrence which would render any warranty or information contained in Exhibit B hereto inaccurate or incomplete.

(c) Immediately notify Lender of any event causing a substantial loss or diminution in the value of all or any material part of the Collateral and the amount or an estimate of the amount of such loss or diminution.

(d) Not sell or offer to sell or otherwise assign, transfer or dispose of the Collateral or any interest therein, without Lender's prior written consent; provided, however, that Debtor may sell inventory or use the proceeds of Customer Receivables or assign accounts receivable to credit insurers in the ordinary course of its business, but other Collateral only in accordance with Sections 8.02 and 2.24 and 2.25 of the Loan Agreement.

(e) Except as otherwise permitted by the Loan Agreement or as otherwise indicated on Exhibit A hereto, keep the Collateral free from any adverse lien, security interest or encumbrance and in good order and repair, reasonable wear and tear excepted, and not waste or destroy the Collateral or any part thereof.

(f) Not use the Collateral in violation of applicable law or of any policy of insurance applicable thereto.

(g) Except as otherwise permitted by the Loan Agreement, not change its corporate name, identity or structure without Lender's prior written consent.

(h) Promptly pay any and all taxes, assessments and governmental charges upon the Collateral prior to the date penalties are attached thereto, except to the extent that such taxes, assessments and charges shall be contested in good faith by Debtor, adequate reserves having been set aside therefor, and payment of such contested taxes being made prior to the institution of any enforcement proceeding which could adversely affect the Security Interests or the Collateral.

(i) Have and maintain insurance at all times with respect to the Tangible Collateral against risks of fire (including so-called extended coverage) and theft, and such other risks as Lender may reasonably require in writing, containing such terms, in such form, in such amounts, for such periods, and written by such companies as may be reasonably satisfactory to Lender, such insurance to name Lender as "additional insured" and "mortgagee" thereunder and to be payable to Lender and Debtor as their respective interests may appear pursuant to Loss Payable Endorsements in form acceptable to Lender. All policies of insurance shall provide for thirty (30) days' prior written notice to Lender of cancellation or material amendment of the policies, and Debtor shall furnish Lender with certificates or other evidence satisfactory to Lender of compliance with the foregoing insurance provisions. Debtor shall notify Lender of any material change in the insurance maintained with respect to the Tangible Collateral and shall furnish Lender satisfactory evidence of any such change. Without limiting any other remedies available to Lender, in the event Debtor shall default in the performance of its obligations under this paragraph (i), Lender, at its option, may effect such insurance coverage with an insurer acceptable to Lender and add the premium(s) paid therefor to the Obligations secured hereby, and the amount of such premium(s) shall be payable by Debtor on demand with interest thereon at the highest rate payable under the agreements evidencing the Obligations.

#### Section 7. Records Relating to Collateral.

Debtor will keep its records concerning the Collateral, including the Customer Receivables and all chattel paper included in the Customer Receivables, at its offices at executive offices at Granville, New York, or at such other place or places of business as Lender may approve in writing. Debtor will hold and preserve such records and chattel paper and will permit Lender's representatives at any time during normal business hours to examine and inspect the Collateral and to make abstracts from such records and chattel paper, and will furnish to Lender such information and reports regarding the Collateral as Lender may from time to time reasonably request.

#### Section 7. Collections with Respect to Customer Receivables.

Debtor will, at its expense, and subject at all times to Lender's right to give reasonable directions and instructions:

- (i) endeavor to collect or cause to be collected from customers indebted on Customer Receivables, as and when due, any and all amounts, including interest, owing under or on account of each Customer Receivable; and
- (ii) take or cause to be taken such appropriate action to repossess goods, the sale or rental of which gave rise to any Customer Receivable, and to enforce any rights or liens under Customer Receivables, in the name of Debtor or Lender, as Lender may deem proper;

provided, however, that (a) Debtor will at all times use its best judgment to protect the interests of Lender, and (b) Debtor shall not be required under this Section 7 to take any action which would be contrary to any applicable law or court order. Debtor shall, at Lender's request following the occurrence of an Event of Default, notify Debtor's account debtors of the Security Interests in the Customer Receivables and Lender may itself at any such time so notify account debtors. Lender shall have full power at any time after such notice to collect, compromise, endorse, sell or otherwise deal with any or all outstanding Customer Receivables or the proceeds thereof in the name of either Lender or Debtor, as Lender shall determine. In the event that, after notice to any account debtors to pay Lender, Debtor receives any payment on a Customer Receivable, all such payments shall be held by Debtor in trust for Lender and immediately turned over to Lender.

#### Section 8. General Authority.

Debtor hereby irrevocably appoints Lender Debtor's true and lawful attorney, with full power of substitution, in the name of Debtor, Lender or otherwise, for the sole use and benefit of Lender, but at Debtor's expense, to the extent permitted by law to exercise, at any time and from time to time after any Event of Default has occurred, all or any of the following powers with respect to all or any of the Collateral (which power shall be in addition and supplemental to any powers, rights and remedies of Lender described herein or otherwise available to Lender under applicable law):

- (i) to demand, sue for, collect, receive and give acquittance for any and all moneys due or to become due upon or by virtue thereof,
- (ii) to receive, take, endorse, assign and deliver any and all checks, notes, drafts, documents and other negotiable and non-negotiable instruments and chattel paper taken or received by Lender in connection therewith,
- (iii) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto,
- (iv) to sell, transfer, assign or otherwise deal in or with the same or the proceeds or avails thereof or any related goods securing the Customer Receivables, as fully and effectually as if Lender were the absolute owner thereof,
- (v) to extend the time of payment of any or all thereof and to make any allowance and other adjustments with reference thereto, and
- (vi) to discharge any taxes, liens, security interests or other encumbrances at any time placed thereon.

The power conferred on Lender under this Section 8 is solely to protect, realize upon and enforce Lender's Security Interests and rights and remedies in respect to the Collateral and shall not impose any duty upon Lender to exercise such power.

Section 9. Events of Default.

Debtor shall be in default under this Security Agreement upon the occurrence of any one or more of the following events (each such event is herein referred to as an "Event of Default"):

(a) default by Debtor in the payment, observance or performance of any obligation, covenant or agreement herein contained, or breach by Debtor of any representation or warranty herein contained; or

(b) the occurrence of any "Event of Default" as defined in the Loan Agreement, or a default under any agreement now or hereafter securing the Loans, the Loan Agreement, the Notes, the Guaranty, the Security Agreements, the Mortgages or any other Financing Agreements, or in any other agreement now or hereafter evidencing or securing any of the Obligations.

Section 10. Remedies Upon Event of Default.

(a) If any Event of Default shall have occurred, Lender may exercise all the rights and remedies of a secured party under the UCC (whether or not the UCC is in effect in the jurisdiction where such rights and remedies are exercised) and, in addition, Lender may, without being required to give any notice, except as herein provided or as may be required by mandatory provisions of law, (i) apply the cash, if any, then held by it as Collateral in the manner specified in Section 11 hereof, and (ii) if there shall be no such cash or if such cash shall be insufficient to pay all the Obligations in full, sell the Collateral, or any part thereof, at public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery, and at such price or prices as Lender may deem satisfactory.

(b) Lender may require Debtor to assemble all or any part of the Collateral and make it available to Lender at a place to be designated by Lender which is reasonably convenient. Any holder of an Obligation may be the purchaser of any or all of the Collateral so sold at any public sale (and, if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, at any private sale) and thereafter hold the same absolutely, free from any right or claim of whatsoever kind. Upon any such sale Lender shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Lender shall have the right to store the Collateral on the premises of the Debtor, without rent or charge whatsoever. Each purchaser at any such sale shall hold the Collateral so sold absolutely, free from any claim or right of whatsoever kind, including any equity or right of redemption of Debtor.

(c) Upon the occurrence of an Event of Default, the Lender shall have the right to enter upon the premises of the Debtor where the Collateral is located (or is believed to be located), or any other place or places where the Collateral is believed to be located, without incurring any obligation to pay rent to the Debtor, and remove the Collateral from such premises to the premises of the Lender or its agent, for such time as the Lender may desire, in order to effectively collect or liquidate the Collateral. The Lender may also require the Debtor to assemble the Collateral and make it available to the Lender at a place or places to be designated by the Lender. The Debtor expressly agrees that the Lender may, if necessary to enter the premises where the Collateral is located and remove the Collateral from such premises, without further notice to Debtor: (i) hire Debtor's employees to assist in the loading and transportation of such Collateral; and (ii) utilize Debtor's equipment in such operation. Debtor agrees that any action by Lender described herein shall be deemed to have been authorized by Debtor and shall not be a breach of the peace or trespassing.

(d) Unless the Collateral to be sold is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender shall give Debtor at least twenty (20) days' prior written notice of its intention to make any such public or private sale or sale at a broker's board or on a securities exchange. Lender and Debtor agree that such notice constitutes "reasonable notification" under the Uniform Commercial Code. Such notice, in case of a public sale, shall state the time and place fixed for such sale, and in case of sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or the portion thereof so being sold, will first be offered for sale at such board or exchange. Such notice, in case of a private sale or disposition, shall state the time after which any private sale or other intended disposition is to be made.

(e) Any such public sale shall be held at such time or times within ordinary business hours and at public or private place or places as Lender may fix in the notice of such sale. At any public or private sale, the Collateral may be sold in one lot as an entirety or in separate parcels, as Lender may determine. Lender shall not be obligated to make such sale pursuant to any such notice. Lender may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be adjourned. In case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by Lender until the selling price is paid by the purchaser thereof, but Lender shall not incur any liability in case of the failure of such purchaser to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may again be sold upon like notice.

(f) Lender, instead of exercising the power of sale herein conferred upon it, may proceed by a suit or suits at law or in equity to foreclose the Security Interests and sell the Collateral, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction.

(g) All rights and remedies contained herein shall be separate and cumulative and in addition to all other rights and remedies available to a secured party under applicable law, and the exercise of one shall not in any way limit or prejudice the exercise of any other such rights or remedies.

Section 11. Application of Collateral and Proceeds.

The proceeds of any sale of, or other realization upon, all or any part of the Collateral shall be applied in the following order of priorities:

(a) first, to pay the expenses of such sale or other realization, including reasonable commission to Lender's agent, and all expenses, liabilities and advances incurred or made by Lender in connection therewith, and any other unreimbursed expenses for which Lender is to be reimbursed pursuant to Section 12 hereof;

(b) second, to the payment of the Obligations in accordance with the Loan Agreement; and

(c) finally, unless applicable law otherwise provides, to pay to Debtor, or its successors or assigns, or as a court of competent jurisdiction may direct, any surplus then remaining from such proceeds.

Section 12. Expenses; Lender's Lien.

Debtor will forthwith upon demand pay to Lender:

(a) the amount of any taxes which Lender may at any time be required to pay by reason of the Security Interests (including any applicable transfer taxes and taxes payable in connection with the filing of financing statements to perfect the Security Interests) or to free any of the Collateral from any lien thereon, and

(b) the amount of any and all reasonable out-of-pocket expenses, including reasonable attorneys' fees and the reasonable fees and disbursements of any agents not regularly in its employ, which Lender may incur in connection with (i) the preparation and administration of this Security Agreement, (ii) the collection, sale or other disposition of any of the Collateral, (iii) the exercise by Lender of any of the powers, rights or remedies conferred upon it hereunder, or (iv) any default on Debtor's part hereunder.

Section 13. Termination of Security Interests; Release of Collateral.

Upon the repayment and performance in full of all the Obligations and Lender's receipt of a writing signed by Debtor terminating all obligations of Lender to extend credit or provide financial accommodations to Debtor, the Security Interests shall terminate and all rights to the Collateral shall revert to Debtor. Upon any such termination of the Security Interests or release



of Collateral, Lender will, at Debtor's expense to the extent permitted by law, execute and deliver to Debtor such documents as Debtor shall reasonably request to evidence the termination of the Security Interests or the release of such Collateral, as the case may be.

#### Section 14. Notices.

All notices, communications and demands hereunder shall be in writing and shall be given in the manner and with the effect provided for notices under the Loan Agreement. Notices shall be given to the respective addresses provided in the Loan Agreement, subject to the right of each party to designate another address as provided in the Loan Agreement.

#### Section 15. Waivers; Non-Exclusive Remedies.

(a) Except as otherwise specifically provided herein, Debtor hereby waives demand, notice, protest, notice of acceptance of this Security Agreement, notice of loans made, credit extended, collateral received or delivered or other action taken in reliance hereon (and all other demands and notice of any description). With respect to both the Obligations and the Collateral, Debtor hereby assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as Lender may deem advisable.

(b) Except as otherwise provided by applicable law, Lender shall not have any duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the safe custody of any Collateral in its possession. Except as otherwise provided by applicable law, Lender may exercise its rights with respect to the Collateral without resorting or regard to other collateral or sources of reimbursement for liability. Except as otherwise provided by applicable law, Lender shall not be required to marshal any present or future security for (including, but not limited to, this Security Agreement and the Collateral subject to the Security Interests created hereby), or guaranties of, the Obligations or any of them, or to resort to such security or guarantees in any particular order; and all of its rights hereunder and in respect of such security and guarantees shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may do so, Debtor hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of Lender's rights under this Security Agreement or under any other instrument evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or guaranteed, and to the extent that it lawfully may do so, Debtor hereby irrevocably waives the benefits of all such laws.

(c) No failure on the part of Lender to exercise, and no delay in exercising, and no course of dealing with respect to, any right, power or remedy under this Security Agreement shall operate as a waiver thereof; nor shall any single or partial exercise by Lender of any right, power

or remedy under this Security Agreement preclude any other right, power or remedy. The remedies in this Security Agreement are cumulative and are not exclusive of any other remedies provided by law, including any rights of setoff in favor of Lender.

(d) Debtor, to the extent it may lawfully do so, hereby consents to the jurisdiction of the courts of the State of New York and the Federal District Court for the Northern District of New York for the purpose of any suit or proceeding brought in connection with or with respect to this Security Agreement.

Section 16. Changes in Writing.

Neither this Security Agreement nor any provision hereof may be changed, waived, discharged or terminated orally but only by a statement in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought.

Section 17. Governing Law; Meaning of Terms.

This Security Agreement shall be construed in accordance with and governed by the laws of the State of New York. Unless otherwise defined herein, or unless the context otherwise requires, all terms used herein which are defined in the UCC as in effect in the State of New York have the meanings therein stated.

Section 18. Separability.

If any provision hereof is invalid or unenforceable in any jurisdiction, the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of Lender.

Section 19. Successors and Assigns.

This Security Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, including, without limitation, any subsequent holders of the Notes or any of the Obligations, each of whom shall, without further act, become a party hereto by becoming a holder of any of the Notes or such Obligations.

Section 20. Headings.

The headings in this Security Agreement are for the purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 21. Counterparts.

This Security Agreement may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same agreement.

Section 22. Waiver of Jury Trial.

EACH OF DEBTOR AND SECURED PARTY HEREBY EXPRESSLY WAIVES TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS SECURITY AGREEMENT.

[End of Page]

IN WITNESS WHEREOF, this Security Agreement has been executed by the parties hereto all as of the day and year first above written.

TELESCOPE CASUAL FURNITURE, INC.

By: Katherine V. Juckett  
Katherine V. Juckett, Chief Executive Officer

FIRST PIONEER FARM CREDIT, AS AGENT

By: James Papai  
James Papai, duly authorized

EXHIBIT A

Financing Statements on File on Date Hereof  
indicating all or any of the Collateral described herein

Filing  
Office

Secured File  
Party No.

Collateral  
Date

Description

NONE

Other Liens at the Date Hereof

EXHIBIT B

Additional Representations and Warranties

1. The Debtor's exact name is shown in the preamble. Debtor has not used any other name or been party to a merger, consolidation or reorganization within the previous ten (10) years.
2. Debtor's Federal Tax Identification Number is: #14-1110750.
3. Debtor is a New York Corporation:
4. Debtor's organization identification number is n/a.