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01-08-2003

Form PTO-1594 (Rev. 03/01) RE  
OMB No. 0651-0027 (exp. 5/31/2002)  
Tab settings



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

1,02329078

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):  
GoodHome, LLC  
  
 Individual(s)       Association  
 General Partnership       Limited Partnership  
 Corporation-State  
 Other Delaware Limited Liability Company  
  
Additional name(s) of conveying party(ies) attached?  Yes  No

2. Name and address of receiving party(ies)  
Name: FF Holdings Corp.  
Internal  
Address:  
  
Street Address: 15198 N. Main Street  
City: Buchanan State: MI Zip: 49107  
  
 Individual(s) citizenship  
 Association  
 General Partnership  
 Limited Partnership  
 Corporation-State Washington  
 Other  
  
If assignee is not domiciled in the United States, a domestic representative designation is attached:  Yes  No  
(Designations must be a separate document from assignment)  
Additional name(s) & address(es) attached?  Yes  No

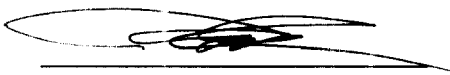
3. Nature of conveyance:  
 Assignment       Merger  
 Security Agreement       Change of Name  
 Other Corrective assignment to correct assignee's name previously recorded on Reel 2333, Frame 0581  
Execution Date: 7/13/2001

4. Application number(s) or registration number(s):  
A. Trademark Application No.(s) 75697422  
B. Trademark Registration No.(s) 2508505  
  
Additional number(s) attached  Yes  No

5. Name and address of party to whom correspondence concerning document should be mailed:  
Name: Thomas W. Cronkright II  
Internal Address: Miller, Canfield, Paddock and Stone, P.L.C.  
  
Street Address: 444 West Michigan Ave.  
  
City: Kalamazoo State: MI Zip: 49007

6. Total number of applications and registrations involved: 1  
  
7. Total fee (37 CFR 3.41).....\$ Fees Previously Paid  
 Enclosed  
 Authorized to be charged to deposit account  
  
8. Deposit account number:  
  
*fee ok*

DO NOT USE THIS SPACE

9. Signature.  
  
Thomas W. Cronkright II            1/7/03  
Name of Person Signing      Signature      Date

**28**

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

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

**TRADEMARK**  
**REEL: 002592 FRAME: 0918**



07-23-2001

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Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002)



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DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

Tab settings

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): GoodHome, LLC
Individual(s) [ ] Association [ ]
General Partnership [ ] Limited Partnership [x]
Corporation-State [ ]
Other [ ]

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

3. Nature of conveyance:
Assignment [x] Merger [ ]
Security Agreement [ ] Change of Name [ ]
Other [ ]

Execution Date: November 30, 2000

2. Name and address of receiving party(ies)
Name: FF Holdings, Inc.
Internal
Address: 15198 N. Main Street

Street Address: 15198 N. Main Street
City: Buchanan State: Mi. Zip: 49107

Individual(s) citizenship [ ]
Association [ ]
General Partnership [ ]
Limited Partnership [ ]
Corporation-State: Washington [x]
Other [ ]

If assignee is not domiciled in the United States, a domestic representative designation is attached: [ ] Yes [x] No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? [ ] Yes [x] No

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

75697422

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

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

Name: Craig Phillips

Internal Address:

Street Address: 15198 N. Main Street

City: Buchanan State: Mi. Zip: 49107

6. Total number of applications and registrations involved: 1

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

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

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Craig Phillips
Name of Person Signing

[Signature]
Signature

July 13, 2001
Date

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

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

07/20/2001 00000146 75697422 40.00
01 FC:481

TRADEMARK
REEL: 2333 FRAME: 0581
TRADEMARK
REEL: 002592 FRAME: 0919

**BILL OF SALE**

Reference is made to that certain Distribution Agreement dated as of even date herewith by and between GoodHome, LLC, a Delaware limited liability company ("GoodHome"), and FF Holdings Corp., a Washington corporation ("FF") (the "Distribution Agreement"). Capitalized terms, unless otherwise defined herein, shall have the meanings ascribed to them in the Distribution Agreement.

GoodHome, for good and valuable consideration, the receipt of which is hereby acknowledged, does hereby assign and deliver to FF the tangible personal property included in the Transferred Assets (the "Property").

TO HAVE AND TO HOLD the Property unto FF, its successors and assigns, forever.

EXCEPT AS OTHERWISE SET FORTH IN THE DISTRIBUTION AGREEMENT, GOODHOME MAKES NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ANY OF THE PROPERTY.

IN WITNESS WHEREOF, GoodHome has executed this Bill of Sale this 30 day of November, 2000.

GoodHome, LLC

By: John C Zook  
Its: CEO

## DISTRIBUTION AGREEMENT

This **DISTRIBUTION AGREEMENT** (the "Agreement") is entered into as of November 30, 2000, by and between GoodHome, LLC, a Delaware limited liability company ("GoodHome"), and FF Holdings Corp., a Washington corporation (formerly FurnitureFind Corp., a Washington Corporation) ("FF").

### PREAMBLE

WHEREAS, GoodHome desires to transfer the Transferred Assets and Assumed Liabilities to FF and FF desires to acquire the Transferred Assets and to assume the Assumed Liabilities on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the parties hereto intend that the Transferred Assets include all assets that are both associated with the FF Business and owned by GoodHome upon the Closing, except as otherwise explicitly set forth in this Agreement or the exhibits and schedules hereto.

WHEREAS, the transactions contemplated hereby shall be treated as a distribution to FF pursuant to (i) the provisions of the LLC Agreement, and (ii) Section 731 of the Code, to the extent permitted by law.

NOW, THEREFORE, in consideration of the above and the mutual warranties, representations, covenants, and agreements set forth herein, the parties agree as follows:

#### 1. DEFINITIONS.

As used in this Agreement, capitalized terms that are not otherwise defined shall have the following meanings:

1.1 "Adverse Consequences" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses, and fees, including court costs and reasonable attorneys' fees and expenses.

1.2 "Affiliate" means with respect to any Person, a Person directly or indirectly controlling or controlled by or under common control with such Person, where "control" (including the term "controlled by") means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person, whether through membership of voting securities, by contract, as trustee or executor, or otherwise.

1.3 "Assumed Liabilities" means the liabilities described in Exhibit A (as such Exhibit may be amended from time to time) as well as (i) any and all liabilities and claims by any Person or Governmental Entity (including but not limited to the Better Business Bureau or an Attorney General's office of any state) that is brought after the Closing Date and relates to any issues regarding customer service with respect to the FF Business, whether such claims and liabilities relate to services rendered before or after the Closing Date, and (ii) any and all liabilities

associated with the Lease and the Space Agreement. The parties understand and agree that the term "Assumed Liability" shall not include any liabilities other than those described in the preceding sentence.

1.4 "**Assumption and Release**" shall have the meaning given to such term in Section 2.5.

1.5 "**Benefit Plan**" means all retirement, pension, profit sharing, deferred compensation, savings, bonus, incentive, cafeteria, flexible benefits, medical, dental, vision, hospitalization, life insurance, dependent care assistance, tuition reimbursement, disability, sick pay, holiday, vacation, severance, stock purchase, stock option, stock appreciation rights, change of control, fringe benefit and other employee benefit plans, funds, policies, programs, contracts, arrangements or practices (including, without limitation, each "employee benefit plan," as defined in Section 3(3) of ERISA) and each employment or consulting contract or agreement, whether formal or informal, whether written or unwritten and whether legally binding or not, for the benefit of employees associated with the FF Business. It is understood that "Benefit Plan" shall not include any employment agreements with the Key Employees or other officers or directors of GoodHome.

1.6 "**Books and Records**" shall have the meaning given to such term in Section 2.1.

1.7 "**Cash Payments**" shall have the meaning given to such term in Section 2.6.

1.8 "**Code**" means the Internal Revenue Code of 1986, as amended, and the regulations thereunder as in effect from time to time.

1.9 "**Contract**" shall mean any material written agreement, oral agreement (with any vendor), arrangement, authorization, commitment, contract, franchise, indenture, instrument, lease, license, obligation, permit, plan, practice, restriction, understanding, or undertaking of any kind or character, or other document to which any Person is a party or that is binding on any Person or its ownership interests, assets or business.

1.10 "**Contribution Agreement**" shall mean that certain Amended and Restated Contribution Agreement dated as of March 16, 2000 by and among GoodHome, GoodHome, Inc., a Delaware corporation, FurnitureFind Corp., a Washington corporation, HomeOriginals.com, Inc., a Washington corporation ("**HomeOriginals**") and certain of HomeOriginals's shareholders, as such Contribution Agreement has been amended from time to time.

1.11 "**Delivery**" shall have the meaning given to such term in Section 2.6.

1.12 "**Distribution**" shall have the meaning given to such term in Section 2.4.

1.13 "**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

1.14 "**FF Business**" means the business, operations and activities of GoodHome relating to the sale of goods which include furniture and other products on the

www.furniturefind.com website, all related internet domain names and websites listed on Schedule 2.1(e)(i) hereto, and the related call center, facilities, furniture, fixtures, equipment, computer hardware, software licenses, service marks and trademarks.

1.15 “**Governmental Entity**” means any federal, state, municipal or other governmental authority, department, commission, board, agency or other instrumentality (domestic or foreign).

1.16 “**Intellectual Property**” means any and all United States and foreign intellectual property, including, without limitation:

(i) all copyrights, trademarks, service marks, trade names, logos, domain names and reservations thereof, patents, and all applications and registrations related to the foregoing, in each case whether pending, applied for or issued, including all royalties therefrom and infringement claims against third parties related thereto;

(ii) all trade secrets, proprietary processes and formulae, proprietary and confidential information, customer lists, license rights, specifications, technical manuals and data, drawings, inventions, designs, product information and data, know-how, development work-in-progress, business and marketing plans and other intellectual or intangible property;

(iii) all software programs (in both source and object code form), databases, listings, software code (including HTML code), HomeTrak Logistics Management Software, CGI scripts, Java applets, routines and other computer-related materials or information, along with all electronic documentation therefor, including without limitation all search engines and related software, to the extent GoodHome owns such materials upon the Closing, used in the sale of furniture and accessories;

(iv) all droit moral or all other moral rights; and

(v) intellectual property rights similar to any of the foregoing.

1.17 “**Key Employees**” means: Stephen Antisdell.

1.18 “**Lease**” shall have the meaning given to such term in Section 13.11.

1.19 “**LLC Agreement**” shall mean that certain GoodHome, LLC Fifth Amended and Restated Limited Liability Company Agreement, as in effect on the Closing Date.

1.20 “**Material Adverse Effect**” means a material adverse effect on the results of operations, financial condition or prospects of the respective Person. An event, recurrence, fact, condition or effect shall not be deemed to be materially adverse unless it involves \$50,000 or more.

1.21 “**Lien**” means any mortgage, pledge, lien, security interest, option, covenant, condition, restriction, encumbrance, charge or other third-party claim of any kind.

1.22 “**Person**” means a natural person or any legal, commercial or governmental entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, business association, group acting in concert, or any person acting in a representative capacity.

1.23 “**Resignation Agreement**” shall have the meaning given to such term in Section 7.1.

1.24 “**Space Agreement**” shall have the meaning given to such term in Section 8.8.

1.25 “**Tax**” means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

1.26 “**Transferred Assets**” shall have the meaning given to such term in Section 2.1.

1.27 “**Transferred Employees**” shall mean the employees named in Exhibit B, as modified from time to time.

## **2. TRANSFER OF ASSETS; ASSUMPTION OF LIABILITIES; RELEASE.**

2.1 **The Transferred Assets.** Subject to the terms and conditions of this Agreement, at the Closing, GoodHome shall distribute to FF, and FF shall acquire, all of GoodHome’s right, title and interest to GoodHome’s tangible and intangible assets (the tangible assets of which are physically located in Buchanan, Michigan) related to the operation and maintenance of the FF Business (such assets having been acquired by GoodHome pursuant to the Contribution Agreement or otherwise, such tangible assets with a mutually agreed upon net fair market value on the Closing Date of \$50,000), and as set forth below (the “**Transferred Assets**”):

(a) all tangible personal property, including, any and all furniture, fixtures, equipment, improvements, software, computer equipment and other items used in the FF Business prior to Closing and as listed on Schedule 2.1(a);

(b) all rights under each of the license agreements, distribution agreements, shipping agreements, marketing agreements, listing agreements, service agreements, linking rights agreements and other agreements and Contracts used in the FF Business prior to Closing and as listed on Schedule 2.1(b);

(c) all prepaid expenses related to the Transferred Assets including, but not limited to Taxes, license fees, insurance premiums, fees, leases and rentals as paid in the ordinary course of the FF Business prior to the Closing;

(d) all of GoodHome's rights, claims, credits, causes of action or rights of set-off against third parties related to the Transferred Assets and existing in the ordinary course of the FF Business prior to Closing, including, without limitation, unliquidated rights under warranties, and rights against vendors, manufacturers, customers and Transferred Employees as such rights relate to the Transferred Assets, and rights with respect to insurance, product returns, product damages and manufacturer defect as such rights relate to the Transferred Assets;

(e) all technology, intellectual property and general intangibles relating to the Transferred Assets, including, without limitation:

(i) all copyrights, trademarks, service marks, trade names, logos, domain names and reservations thereof (including, without limitation, www.HomeOriginals.com and www.furniturefind.com) and patents (and all applications and registrations related to the foregoing) used in or pertaining to the Transferred Assets, in each case whether pending, applied for or issued and whether filed in the United States or in other countries, including without limitation the items listed in Schedule 2.1(e)(i), including all royalties therefrom and infringement claims against third parties related thereto;

(ii) all trade secrets, proprietary processes and formulae, license rights, specifications, technical manuals and data, drawings, inventions, designs, product information and data, know-how, development work-in-progress, business and marketing plans and other intellectual or intangible property used in or pertaining to the Transferred Assets; and

(iii) all software programs, software licenses, customer lists (in both source and object code form), databases, listings, software code (including HTML code), CGI scripts, Java applets, routines and other computer-related materials or information used in or pertaining to the Transferred Assets, along with all electronic documentation therefor, including without limitation all websites, domain names, flat files, search engines and all related databases, hardware and software, to the extent GoodHome owns such materials upon the Closing, used in the sale of furniture and accessories;

(f) all permits, authorizations, consents and approvals of any Governmental Entity affecting or relating in any way to the Transferred Assets (the "Permits");

(g) all books, records, files and papers, whether in hard copy or electronic format, relating to the Transferred Assets, including without limitation, shipping and logistics licenses and agreements, retention agreements, consulting agreements, advisory agreements, confidentiality agreements, engineering information, sales and promotional literature, manuals and data, sales and purchase correspondence, lists of present, former and prospective suppliers and customers, mailing lists, price lists, personnel and employment records, and any information relating to Taxes imposed on the Transferred Assets (together, the "Books and Records"); provided, however, that notwithstanding GoodHome's transfer of the Books and Records to FF, FF agrees to comply with any covenants with respect to such Books and Records contained in Section 6 of this Agreement;

(h) the right to represent to third parties that FF is the successor to the Transferred Assets; and



(i) all GoodHome receivables related to the FF Business, including, but not limited to, GoodHome receivables owing by Bookout Furniture Inc., B&M Holdings, FF and/or HomeOriginals.com Inc., receivables of Charle Wilkinson and his respective affiliates, including Business One Communications, L.L.C., all vendor receivables, shipping receivables, product warranty receivables, reimbursement receivables, damage receivables, product return receivables, product refund receivables, all rights, contracts, and receivables associated with Stark Van Lines, Sun, 3-D, Bekins Van Lines, Geologistics, United Parcel Service and Federal Express, which receivables shall be net of all Assumed Liabilities related to the foregoing.

(j) Notwithstanding anything to the contrary in this Agreement, the Transferred Assets shall not include the assets listed on Schedule 2.1(j).

**2.2 Assumed Liabilities.** Subject to the terms and conditions of this Agreement, at the Closing FF shall assume the Assumed Liabilities as and to the extent existing at the Closing.

**2.3 Employees.** FF shall offer employment to all Transferred Employees, effective upon the Closing.

**2.4 Distribution.** FF and GoodHome agree that, subject to the terms and conditions of this Agreement and the LLC Agreement, at the Closing the following distribution (the "Distribution") will take place: GoodHome shall transfer to FF, and FF shall acquire from GoodHome, the Transferred Assets. FF agrees that FF will prepare any and all documents, other than this Agreement and the schedules and exhibits hereto, necessary to effect FF's acquisition of the Transferred Assets, and shall be solely responsible for effecting such transfer. GoodHome agrees to cooperate in such transfer by signing all such documents as are reasonably necessary (and as are reasonably acceptable to GoodHome as to form) to effectuate such acquisition of the Transferred Assets by FF.

**2.5 Assumption and Release.** FF and GoodHome agree that, subject to the terms and conditions of this Agreement and the LLC Agreement, at the Closing the following assumption and release (the "Assumption and Release") shall take place: (i) FF shall assume the Assumed Liabilities, and (ii) FF shall release GoodHome from any and all current or potential claims for (x) 6,307.03 GH Interests (as defined in the Contribution Agreement) held back pursuant to Section 3.3 of the Contribution Agreement, and (y) 1,759.76 GH Interests that constitute the Additional Holdback (as defined in the Contribution Agreement) held back pursuant to Section 3.5 of the Contribution Agreement.

**2.6 Additional Payments by GoodHome.** After the Closing, GoodHome shall pay to FF, or any designated vendors, manufacturers or shippers associated with GoodHome or the Transferred Assets prior to the Closing Date, such cash payments (the "Cash Payments") with respect to liabilities existing as of the Closing, on the following terms and conditions:

(a) GoodHome shall pay an amount equal to scheduled manufacturer and shipping invoices for 100% completed sales orders initiated on or before the Closing Date that are outstanding as of the Closing; provided, however, that GoodHome shall be required to make such payment with respect to manufacturer invoices that are substantiated on an Invoice

Schedule that FF delivers to GoodHome on or prior to December 4, 2000. As used herein, "Invoice Schedule" shall mean an excel spreadsheet listing the following information for any invoiced sales: sales order number, sales invoice number, customer name, manufacturer, description of merchandise purchased, purchase order number, purchase order price per item, deposit date(s), deposit amount(s), additional payment date(s), additional payment amount(s), and any other information that GoodHome reasonably deems to be necessary to support the timing and validity of the transaction. GoodHome shall make payments for the scheduled invoices as follows:

(1) On or before May 1, 2001, FF shall deliver to GoodHome (the "Delivery"), together with the Invoice Schedule, a preliminary payment register listing invoices to be paid by GoodHome, as well as the following additional information with respect to invoiced sales: shipment date, delivery date, bill of lading, invoice number and amount. Payments must be scheduled timely to ensure receipt of manufacturer payment discounts.

(2) GoodHome will approve payment as considered appropriate. If GoodHome fails to approve a payment, then within two (2) business days after the Delivery, GoodHome shall communicate with FF (orally or in writing) regarding the justification for a determination of nonpayment.

(3) Upon receipt of authorization from GoodHome, FF will prepare checks for payment on GoodHome's Union Bank A/C 2100715581. No other disbursements are to be made from this account.

(4) Checks will be matched with supporting original manufacturer invoices by FF and sent to GoodHome, and GoodHome will review such checks and supporting documentation and mail within three (3) business days after delivery by FF.

(b) Within three (3) business days following FF's delivery of a Customer Deposits Schedule to GoodHome, GoodHome shall pay to FF an amount equal to 80% of the customer deposits received by GoodHome prior to the Closing for sales orders which have not been fully shipped and invoiced by the Closing Date; provided, however, that GoodHome shall only be required to make such payment with respect to sales orders that are substantiated on a Customer Deposits Schedule that FF delivers to GoodHome on or prior to December 8, 2000; and provided, further, that the amount otherwise due and payable by GoodHome to FF pursuant to this Section 2.6(b) shall be reduced by an amount equal to the sum of (i) any payments by GoodHome to the Transferred Employees for the period December 1, 2000 through December 2, 2000, plus (ii) any payments by GoodHome related to insurance benefits for the Transferred Employees for December 2000. As used herein, "Customer Deposits Schedule" shall mean an excel spreadsheet listing each sales order number, customer name, deposit date and any other information that GoodHome reasonably deems to be necessary to support the timing and validity of the transaction.

(c) All sales orders with partial shipments as of the Closing Date will become the full responsibility of FF, and FF shall be entitled to any benefits thereunder.

(d) FF will provide any assistance that is reasonably necessary to document and support the validity of the transactions referred to in this Section 2.6.

(e) FF shall make available all supporting documentation and shall provide reasonable support with respect to the planning and execution of an audit of the transactions and schedules referred to in this Section 2.6.

(f) Any payments made pursuant to this Section 2.6 shall not be considered Distributions under the LLC Agreement or this Agreement.

### 3. CLOSING.

3.1 Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Perkins Coie LLP, 180 Townsend Street, 3<sup>rd</sup> Floor, San Francisco California at 2:00 p.m., local time, on November 30, 2000, or such other time, date and place as shall be mutually agreeable to the parties hereto (the date on which the Closing actually occurs being hereinafter referred to as the "Closing Date").

3.2 Actions at the Closing. At the Closing, (i) the Distribution and the Assumption and Release shall occur and (ii) the parties hereto shall take such actions and execute, deliver and file such agreements, bills of sale, and other instruments and documents as necessary or appropriate to effect the transactions contemplated by this Agreement in accordance with its terms.

4. REPRESENTATIONS AND WARRANTIES OF FF. Each representation and warranty set forth below is qualified by any exception or disclosures set forth in the FF Disclosure Schedule attached as Exhibit C hereto, which exceptions specifically reference the Section(s) to be qualified.

FF hereby represents and warrants to GoodHome as follows:

4.1 Organization, Standing and Power. FF is a corporation duly organized, validly existing and in good standing under the laws of the State of Washington and has full power and authority and the legal right to execute and deliver this Agreement and all of the other agreements and instruments to be executed and delivered by it pursuant hereto and to consummate the transactions contemplated hereby and thereby. FF has delivered to GoodHome a complete and accurate copy of its Certificate of Incorporation, Bylaws, and other charter documents.

4.2 Authority; Execution and Delivery; Enforceability. The execution and delivery of this Agreement (and all other agreements and instruments contemplated under this Agreement) by FF, the performance by FF of its obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of FF and its stockholders. This Agreement has been duly and validly executed and delivered by FF and constitutes, and each other agreement or instrument executed and

delivered or to be executed and delivered by FF pursuant to this Agreement will, upon such execution and delivery constitute, a legal, valid and binding obligation of FF, enforceable against FF in accordance with its terms. FF changed its name from FurnitureFind Corp. to FF Holdings Corp., but both entity names stand for one and the same entity such that FF's signature to this Agreement and the other documents contemplated herein is due authorization for the transactions contemplated in such documents including, without limitation, with respect to any waiver and release of rights under the Contribution Agreement and the termination of any Contracts as contemplated herein.

**4.3 Noncontravention.** Neither the execution, delivery or performance by FF of this Agreement or any of the other agreements or instruments to be executed and delivered by FF pursuant hereto, nor the consummation of the transactions contemplated hereby or thereby, will, with or without the passage of time or the delivery of notice or both, (i) conflict with, violate or result in any breach of the terms, conditions or provisions of FF's charter documents as in effect immediately prior to Closing, (ii) conflict with or result in a violation or breach of, or constitute a default or require consent of any Person (or give rise to any right of termination, cancellation or acceleration with or without notice or the passage of time) under, any of the terms, conditions or provisions of any Contract to which FF is a party, (iii) violate any statute, ordinance or law or any rule, regulation, order, writ, injunction or decree of any Governmental Entity or court applicable to FF, or (iv) result in the creation of any Lien upon any property or assets of FF pursuant to any mortgage, indenture, lease, agreement or other instrument to which FF is a party or by which FF or any of its property or assets is bound. FF is not required to give any notice to, or make any filing with, a Governmental Entity or court or any other Person in connection with the execution and delivery by FF of this Agreement or any of the other agreements or instruments to be executed and delivered by FF pursuant hereto or the consummation and performance of the transactions contemplated hereby or thereby.

**4.4 Brokers and Finders.** Neither FF nor any of its officers, managers or employees has employed any broker or finder or incurred any liability for any brokerage fee, commission or finder's fee in connection with the transactions contemplated by this Agreement.

**4.5 Full Disclosure.** Neither this Agreement nor any other agreement, exhibit, schedule or officer's certificate being entered into or delivered pursuant to this Agreement contains any untrue statement of a material fact or, when taken as a whole, omits to state any material fact necessary in order to make the statements contained in such documents not misleading in light of the circumstances under which they are made.

**4.6 Marketing Contracts.** Except as otherwise set forth on Exhibit A hereto, there exist no Contracts relating to the marketing of the FF Business that (i) were entered into by any Transferred Employee listed on Exhibit C hereto or Jeff Antidel (whether on behalf of GoodHome or FF, or any Affiliate, predecessor in interest or successor in interest of either, or any other entity historically involved with the FF Business) within the period beginning 45 days prior to the Closing Date and ending at the Closing, and (ii) would, with or without the passage of time or giving of notice, give rise to any obligation on behalf of GoodHome or any of GoodHome's Affiliates, predecessors in interest or successors in interest.

## 5. REPRESENTATIONS AND WARRANTIES OF GOODHOME.

Except as set forth in the GoodHome Disclosure Schedule attached as Exhibit D hereto (the "GoodHome Disclosure Schedule"), GoodHome represents and warrants to FF as follows:

5.1 **Organization.** GoodHome is a limited liability company duly formed and validly existing under the laws of the State of Delaware, and has full power and authority and the legal right to execute and deliver this Agreement and all of the other agreements and instruments to be executed and delivered by GoodHome pursuant hereto, and to consummate the transactions contemplated hereby and thereby. GoodHome has no subsidiaries as of the date hereof. GoodHome has delivered to FF or its counsel a complete and accurate copy of the Certificate of Formation and currently effective operating agreement of GoodHome.

5.2 **Authority.** The execution and delivery of this Agreement (and all other agreements and instruments contemplated under this Agreement) by GoodHome, the performance by GoodHome of its obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of GoodHome and its members. This Agreement has been duly and validly executed and delivered by GoodHome and constitutes, and each other agreement or instrument executed and delivered or to be executed and delivered by GoodHome pursuant to this Agreement will, upon such execution and delivery, constitute, a legal, valid and binding obligation of GoodHome, enforceable against GoodHome in accordance with its terms.

5.3 **Non-Contravention.** Neither the execution, delivery or performance of this Agreement or any of the other agreements and instruments to be executed and delivered by GoodHome pursuant hereto, nor the consummation of the transactions contemplated hereby or thereby, will, with or without the passage of time or the delivery of notice or both, (i) conflict with, violate or result in any breach of the terms, conditions or provisions of GoodHome's charter documents, as in effect immediately prior to the Closing, (ii) conflict with or result in a violation or breach of, or constitute a default or require consent of any Person (or give rise to any right of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any Contract relating to the Transferred Assets to which GoodHome is a party to, (iii) violate any statute, ordinance or law or any rule, regulation, order, writ, injunction or decree of any Governmental Entity or court applicable to any Transferred Assets, or (iv) result in the creation of any Lien upon any of the Transferred Assets pursuant to any mortgage, indenture, lease, agreement or other instrument to which any of the Transferred Assets is bound. GoodHome is not required to give any notice to, or make any filing with, a Governmental Entity or court or any other Person in connection with the execution by GoodHome of this Agreement or any of the other agreements or instruments to be executed and delivered by GoodHome pursuant hereto or the consummation of the transactions contemplated hereby or thereby.

5.4 **Brokers and Finders.** Neither GoodHome nor any of its officers, managers or employees has employed any broker or finder or incurred any liability for any brokerage fee, commission or finder's fee in connection with the transactions contemplated by this Agreement.

5.5 **Full Disclosure.** Neither this Agreement nor any other agreement, exhibit, schedule or officer's certificate being entered into or delivered pursuant to this Agreement contains any untrue statement of a material fact or, when taken as a whole, omits to state any material fact necessary in order to make the statements contained in such documents not misleading in light of the circumstances under which they are made.

5.6 **Title.** GoodHome holds good and marketable title, license to or leasehold interest in all of the Transferred Assets free and clear of any liens or encumbrances, except for the Assumed Liabilities, and except as any liens or encumbrances existed may have existed on the Transferred Assets prior to the effectiveness of the Contribution Agreement.

## 6. **COVENANTS.**

6.1 **Third Party Consents.** FF shall obtain any waivers, permits, consents and approvals and effect all registrations, filings and notices with or to third parties or Governmental Entities or courts related to the transactions and transfers contemplated by this Agreement. GoodHome agrees that, if reasonably requested by FF, it will cooperate with FF with respect to the efforts contemplated by the preceding sentence.

6.2 **Conduct of FF Business.** Except as otherwise contemplated by this Agreement, GoodHome will use commercially reasonable efforts to conduct the operations of the FF Business in the ordinary course, consistent with past and current practices, to preserve the Transferred Assets and to maintain its existing licenses, and to preserve the goodwill of the employees, representatives, suppliers and customers of the FF Business until the Closing.

6.3 **Public Announcements.** No party hereto will make any public disclosure with respect to this Agreement or the transactions contemplated hereby unless both parties agree on the text and timing of such public disclosure; provided, however, that nothing contained herein shall prevent either party at any time from furnishing any information to any creditor, lender, vendor, manufacturer, shipper or customer, or Governmental Entity or court, or as may be required by applicable law.

6.4 **Confidentiality.** No party shall, without the prior written consent of the other parties, disclose to any third party other than its attorneys, accountants, vendors and financial advisors (each of whom shall agree to be bound by the provisions of this Section 6.4), the existence of this Agreement, the identity of the other parties or the transactions contemplated by this Agreement. All information furnished or to be furnished by a party or its agents (the "Disclosing Party") to the other party or its agents (the "Recipient") with respect to the transactions contemplated by this Agreement shall be used only for its own purposes in evaluating and negotiating the transactions contemplated hereby and shall be kept confidential. If the Closing shall not occur, the Recipient shall return to the Disclosing Party all written material containing or reflecting any such information, and the Recipient shall not retain any copies, extracts or other reproductions in whole or in part of such written material and shall destroy all documents, memoranda, notes and other writings (or portions of any such writings, if applicable) whatsoever prepared by the Recipient or any of its advisors based on such information. The obligation to keep the foregoing matters confidential shall continue if this Agreement is terminated but shall not apply to (i)

disclosure required by applicable law or by the Recipient in connection with the enforcement of its contractual rights against the Disclosing Party (in each case subject to giving the Disclosing Party notice as promptly as possible of the intention to make such disclosure and providing the Disclosing Party the opportunity to seek a protective order) or (ii) any information which (w) Recipient can establish was already in the Recipient's possession prior to the disclosure thereof by the Disclosing Party or its agents, (x) was at the time of disclosure by the Disclosing Party generally known to the public, (y) became known to the public through no fault of the Recipient, or (z) was disclosed to the Recipient by a third party not known by the Recipient to be bound by an obligation of confidentiality. Notwithstanding anything to the contrary stated herein, GoodHome shall (i) make a public announcement, approved in form and substance by FF, that describes the completion of the Distribution and the Assumption and Release, and (ii) reasonably communicate with any Persons (to the extent reasonably necessary) to verify the rights and responsibilities of each of GoodHome and FF in compliance with this Agreement, provided that FF shall supply GoodHome with contact information for such Persons at GoodHome's request.

**6.5 Further Assurances.** Subsequent to the Closing Date, each of the parties hereto shall, from time to time, execute and deliver, upon the request of the other party, all such other and further materials and documents and instruments of conveyance, transfer or assignment as may reasonably be requested by such other party to effect, record or verify the transactions contemplated by this Agreement.

**6.6 Post-Closing Cooperation.** GoodHome agrees that, if reasonably requested by FF, it will cooperate with FF in enforcing the terms of any agreements between it and any third party involving the FF Business, including without limitation terms relating to confidentiality and the protection of Intellectual Property rights.

**6.7 Non-Solicitation.** For the period commencing on the date hereof and ending two (2) years following the Closing Date, neither party shall directly solicit or induce any employee of the other party to leave the employment of such other party, or any Affiliate of such other party.

**6.8 Transaction Costs.** GoodHome will pay all transaction costs and expenses except to the extent they constitute Assumed Liabilities and except as set forth in the following sentence (including legal, accounting and other professional fees) that it incurs in connection with the negotiation, execution and performance of this Agreement and the transactions contemplated. FF will pay all transaction costs and expenses (including legal, accounting and other professional fees) that it incurs in connection with the negotiation, execution and performance of this Agreement and the transactions contemplated hereby and, without limiting the foregoing, will pay costs associated with the preparation of paperwork, filing fees and other expenses associated with the transfer of the Transferred Assets, whether incurred by FF or GoodHome. Notwithstanding the previous sentence, FF shall not have any obligation to pay GoodHome's expenses as they relate to the preparation of this Agreement and the schedules and exhibits hereto.

6.9 **Insurance.** The parties hereto shall work together in good faith to develop a method to ensure that the Transferred Employees are provided with continuous medical insurance coverage throughout the transition period.

6.10 **Rollup.** Notwithstanding anything to the contrary as may be contemplated by the terms of the Contribution Agreement and/or any attachments thereto, FF acknowledges and agrees that upon a Rollup (as defined in the Contribution Agreement), neither GoodHome nor the surviving entity to the rollup (the "Survivor") shall have any duty or obligation with respect to merging FF with and into GoodHome or the Survivor.

6.11 **FF's Use of Proceeds from Cash Payments.** FF agrees to use the proceeds from the Cash Payments to pay any and all amounts due with respect to the Assumed Liabilities.

6.12 **Licenses.** The parties hereto shall negotiate in good faith to enter into two mutually agreeable licenses whereby GoodHome will license to FF the use of the comprehensive web platform that GoodHome currently markets to retailers. Such licenses will not include implementation or customization costs and will be assignable only with GoodHome's written consent.

6.13 **Marketing Agreement.** The parties hereto shall negotiate in good faith to enter into a mutually agreeable technology marketing agreement whereby FF shall have the right to sell GoodHome technology and technology services under the same basic terms as GoodHome has reached with other technology services marketing companies.

6.14 **GoodHome Services Agreement.** FF will provide call center services and returns processing associated with the [www.goodhome.com](http://www.goodhome.com) website for a period of 60 days after the Closing Date at no charge.

6.15 **Audit; Books and Records.** FF agrees to the following with respect to the Books and Records and an audit of the FF Business:

(a) On December 7, 2000, FF will send to GoodHome the regular month end close package for the November 2000 operations of the FF Business, together with all required supporting schedules and explanations.

(b) FF shall use reasonable efforts to assist Pricewaterhouse Coopers ("PWC") in the preparation and execution of an audit of the FF Business Books and Records covering the period necessary for GoodHome's financial reporting purposes. Such audit shall commence as soon as possible following the closing, but in no event later than December 31, 2000.

(c) FF shall deliver to GoodHome a copy of the Books and Records for the period beginning January 1, 2000 and ending on November 30, 2000 as reasonably-requested.

(d) FF shall use reasonable efforts to assist PWC should any unanswered audit questions arise at a later date for any and all prior periods.



(e) Prior to December 31, 2000, FF shall provide GoodHome with information necessary to prepare any and all 1099 forms as required by the law.

## **7. EMPLOYEE MATTERS.**

### **7.1 Transferred Employees.**

(a) The Transferred Employees shall resign from their respective positions with GoodHome, which resignations shall be effective upon Closing. The Transferred Employees shall receive an offer of employment from FF, to be effective upon Closing.

(b) No provision of this Section 7.1 shall create any third-party beneficiary rights in any employee or former employee (including any beneficiary or dependent of such employee or former employee) of GoodHome with respect to continued or resumed employment or other matters, or create any rights in any such persons in respect of any benefit plan or arrangement.

(c) At or prior to the Closing, each of the Key Employees, Pamela Durkin and Jerry Hurt shall enter into a Resignation and Release Agreement, or similarly titled agreement (a "Resignation Agreement") with GoodHome in a form reasonably acceptable to GoodHome. Such Resignation Agreements shall supercede any prior agreements which such Key Employee, Pamela Durkin and Jerry Hurt, respectively, may have had with GoodHome.

(d) Effective as of the Closing, (i) FF shall assume all obligations that originate after the Closing Date with respect to the Transferred Employees, and (ii) to the extent specified in this Agreement and Exhibit A hereto, FF shall also assume the obligations that originated prior to the Closing Date with respect to the Transferred Employees. GoodHome shall not have any obligations toward the Transferred Employees after the Closing, except to the limited extent set forth in Section 7.2.

### **7.2 Welfare Benefit Plans.**

(a) FF will immediately apply for a medical insurance plan for the Transferred Employees that have accepted employment with FF as soon as possible after the Closing, but no later than December 31, 2000.

(b) FF's obligations shall not include any liability or obligation related to the ASR self-employed insurance plan that was terminated by GoodHome in November 2000.

## **8. CONDITIONS TO THE OBLIGATIONS OF GOODHOME.**

The obligations of GoodHome under this Agreement are subject to the fulfillment, prior to or on the Closing Date, of each of the following conditions, all or any of which may be waived by GoodHome in writing, except as otherwise provided by law:

### **8.1 Representations and Warranties True; Performance; Certificate.**

(a) The representations and warranties of FF contained in this Agreement shall be true and correct in all material respects as of the Closing Date with the same effect as though such representations and warranties had been made or given again at and as of the Closing Date;

(b) FF shall have performed and complied with all of its agreements, covenants and conditions required by this Agreement to be performed or complied with by them prior to or on the Closing Date;

(c) GoodHome shall have received a certificate or certificates, dated as of the Closing Date, signed and verified by an executive officer or manager of FF certifying to the matters set forth in Sections 8.1(a) and 8.1(b).

## **8.2 No Proceedings or Litigation.**

(a) No preliminary or permanent injunction or other order shall have been issued by any Governmental Entity or court, nor shall any statute, rule, regulation or executive order be promulgated or enacted by any Governmental Entity or court which prevents the consummation of the transactions contemplated by this Agreement.

(b) No suit, action, claim, proceeding or investigation before any Governmental Entity or court shall have been commenced and be pending against any of the parties, or any of their respective Affiliates, employees, officers, managers or directors, seeking to prevent transactions contemplated by this Agreement, including, without limitation, the Distribution or asserting that such transactions would be illegal or create liability for damages or which may have an adverse effect on the FF Business.

**8.3 Documents.** This Agreement, the exhibits and schedules attached hereto, and any other instruments of conveyance and transfer and all other documents to be executed or delivered by FF at the Closing and all actions of FF required by this Agreement and the exhibit agreements, or incidental thereto, and all related matters, shall be in form and substance reasonably satisfactory to GoodHome and GoodHome's counsel and shall be in full force and effect.

**8.4 Governmental Filings.** FF shall have made any required filing with Governmental Entities and courts in connection with this Agreement and the exhibit agreements, and any approvals related thereto shall have been obtained or any applicable waiting periods shall have expired. If a proceeding or review process by a Governmental Entity or court is pending in which a decision is expected, GoodHome shall not be required to consummate the transactions contemplated by this Agreement until such decision is reached or rendered, notwithstanding GoodHome's legal ability to consummate the transactions contemplated by this Agreement prior to such decision being reached or rendered.

**8.5 Employment.** The Transferred Employees shall have signed resignation letters, to be effective as of the Closing, in the form attached hereto as Exhibit F, and the Key Employees, Pamela Durkin and Jerry Hurt shall have entered into a Resignation Agreement with GoodHome.

8.6 **No Material Adverse Effect.** Subsequent to the date of this Agreement, no event has occurred that has had or could reasonably be expected to have a Material Adverse Effect other than losses in the ordinary course of business consistent with past historical trends.

8.7 **Assignment and Assumption Agreement.** FF shall have executed and delivered to GoodHome an Assignment and Assumption Agreement in the form attached hereto at Exhibit G (the "Assignment and Assumption Agreement").

8.8 **Services, Space and Option Agreement.** The Services, Space and Option Agreement dated as of March 16, 2000 by and among GoodHome, FurnitureFind Corp., a Washington corporation, and B&M Holdings, Inc., a Washington corporation (the "Space Agreement"), shall be terminated.

## 9. **CONDITIONS TO FF'S OBLIGATIONS.**

The obligations of FF under this Agreement are subject to the fulfillment, prior to or on the Closing Date, of each of the following conditions, all or any of which may be waived in writing by FF, except as otherwise provided by law:

### 9.1 **Representations and Warranties True; Performance.**

(a) The representations and warranties of GoodHome contained in this Agreement shall be true and correct in all material respects as of the Closing Date with the same effect as though such representations and warranties had been made or given again at and as of the Closing Date;

(b) GoodHome shall have performed and complied with all of their agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date;

(c) FF shall have received a certificate, dated as of the Closing Date, signed and verified by an officer of GoodHome on behalf of GoodHome certifying to the matters set forth in Sections 9.1(a) and 9.1(b) above.

### 9.2 **No Proceeding or Litigation.**

(a) No preliminary or permanent injunction or other order shall have been issued by any Governmental Entity or court, nor shall any statute, rule, regulation or executive order be promulgated or enacted by any Governmental Entity or court which prevents the consummation of the transactions contemplated by this Agreement.

(b) No suit, action, claim, proceeding or investigation before any Governmental Entity or court shall have been commenced and be pending against any of the parties, or any of their respective Affiliates, associates, officers or directors, seeking to prevent the Distribution or the Assumption and Release or asserting that such transactions would be illegal or create liability for damages.

9.3 **Documents.** This Agreement, the exhibits attached hereto and any other instruments of conveyance and transfer and all other documents to be delivered by GoodHome at the Closing and all actions of GoodHome required by this Agreement and the exhibit agreements, or incidental thereto, and all related matters, shall be in form and substance reasonably satisfactory to FF's counsel and shall be in full force and effect.

9.4 **Employment.** The Key Employees shall have entered into a Resignation Agreement with GoodHome.

9.5 **Assignment and Assumption Agreement; Bill of Sale.** GoodHome shall have executed and delivered to FF the Assignment and Assumption Agreement and a Bill of Sale in the form attached hereto at Exhibit H.

9.6 **Estimated Reportable Income.** GoodHome shall have paid \$564,000 to FF as payment in full for Estimated Reportable Income (as defined in the Contribution Agreement). Payment made pursuant to this Section 9.6 shall be made consistent with provisions set forth in the Contribution Agreement.

## 10. **INDEMNIFICATION.**

10.1 **Indemnification.** FF will indemnify and hold GoodHome harmless against any loss, expense, liability or other damage, including reasonable attorneys' fees (collectively, "Damages") that GoodHome incurs by reason of (i) the breach or alleged breach by FF of any representation, warranty, covenant or agreement of FF contained in this Agreement; and (ii) FF's failure to pay the Assumed Liabilities when due. GoodHome will indemnify and hold FF harmless against any Damages that FF has incurred by reason of the breach or alleged breach by GoodHome of any representation, warranty, covenant or agreement of GoodHome contained in this Agreement.

10.2 **Survival of Representations and Warranties.** The representations and warranties of the parties hereto contained in this Agreement shall survive the Closing (even if the damaged party knew or had reason to know of any misrepresentation or breach of warranty at the time of Closing) and continue in full force and effect for a period of two (2) years from the Closing Date.

### 10.3 **Matters Involving Third Parties.**

(a) If any third party shall notify any party to this Agreement (the "Indemnified Party") with respect to any matter (a "Third Party Claim") which may give rise to a claim for indemnification against any other party to this Agreement (the "Indemnifying Party") under this Section 10, then the Indemnified Party shall promptly notify each Indemnifying Party thereof in writing; provided, however, that no delay on the part of the Indemnified Party in notifying any Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is prejudiced.

(b) Any Indemnifying Party will have the right to defend the Indemnified Party against the Third Party Claim with counsel of its choice reasonably satisfactory to the

Indemnified Party so long as (i) the Indemnifying Party notifies the Indemnified Party in writing within twenty (20) days after the Indemnified Party has given notice of the Third Party Claim that the Indemnifying Party will indemnify the Indemnified Party from and against any Adverse Consequences the Indemnified Party may suffer that are caused by the Third Party Claim, (ii) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend against the Third Party Claim and fulfill its indemnification obligations hereunder, (iii) the Third Party Claim involves only money damages and does not seek an injunction or other equitable relief, (iv) settlement of, or an adverse judgment with respect to, the Third Party Claim is not, in the good faith judgment of the Indemnified Party, likely to establish a precedential custom or practice materially adverse to the continuing business interests of the Indemnified Party, and (v) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently.

(c) So long as the Indemnifying Party is conducting the defense of the Third Party Claim in accordance with (b) above, (i) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim, (ii) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party (not to be withheld unreasonably), and (iii) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party (not to be withheld unreasonably).

(d) In the event any of the conditions in (b) above is or becomes unsatisfied, however, (i) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Third Party Claim in any manner it reasonably may deem appropriate, provided it obtains the prior written consent of the Indemnifying Party (not to be withheld unreasonably), (ii) the Indemnifying Party will reimburse the Indemnified Party for the Indemnified Party's out-of-pocket expenses incurred in defending against the Third Party Claim upon receipt of a monthly invoice provided by the Indemnified Party, and (iii) the Indemnifying Party will remain responsible for any Adverse Consequences the Indemnified Party may suffer as a result of the Third Party Claim to the fullest extent provided in this Section 10.

10.4 **Exclusive Remedy**. The parties acknowledge that, except in the case of fraud, their sole remedy after the Closing for any breach of any representation or warranty contained in this Agreement shall be the indemnification provisions set forth in this Article 10; provided, however, that in no event shall the aggregate liability of any party hereto for indemnities hereunder exceed \$1.0 million (the "Cap Amount"); provided further, that no party hereto shall have liability for indemnities hereunder unless and until its aggregate liabilities equal or exceed \$50,000 (the "Basket Amount"), in which case they shall be liable for all such indemnities without regard to minimum dollar amount; and provided, further, that FF's obligation to indemnify GoodHome for any Damages that GoodHome incurs by reason of FF's failure to pay the Assumed Liabilities when due shall not be subject to the Basket Amount and shall not be limited by the Cap Amount. Notwithstanding the foregoing, nothing herein shall be construed or interpreted as limiting or impairing the rights or remedies that any party hereto may have at equity, including, but not limited to, specific performance and injunctive relief, where available.

## 11. TERMINATION.

11.1 Termination Events. This Agreement may be terminated prior to the Closing under any one or more of the following circumstances:

(a) at any time by the mutual written consent of GoodHome, on the one hand, and FF, on the other hand;

(b) by GoodHome, upon written notice to FF, if there has been a material breach by FF of any of its respective representations, warranties, covenants or agreements contained herein, or such representation or warranty shall have been untrue, in any such case such that any of the conditions set forth in Section 8.1 will not be satisfied and such breach or condition has not been cured within ten days following receipt by FF of such notice; or

(c) by FF, upon written notice to GoodHome, if there has been a material breach by GoodHome of any of its respective representations, warranties, covenants or agreements contained herein, or such representation or warranty shall have become untrue, in any such case such that any of the conditions set forth in Section 9.1 will not be satisfied and such breach or condition has not been cured within ten days following receipt by GoodHome of such notice.

11.2 Effect of Termination. In the event this Agreement is terminated as provided in this Section 11, this Agreement shall forthwith become wholly void and of no effect, and the parties shall be released from all future obligations hereunder.

## 12. DISPUTE RESOLUTION.

Any dispute between any of the parties hereto involving the interpretation of this Agreement or the rights and obligations of, or remedies available to, the parties hereto shall be resolved as follows:

(A) The parties will first attempt in good faith to promptly resolve any such controversy or claim arising hereunder by negotiation. The disputing party shall give the other party written notice of the dispute within three (3) business days after becoming aware of facts presenting the dispute. Within fifteen (15) days after receipt of such notice, the receiving party shall communicate with the disputing party (orally or in writing) a response to the dispute. Both the notice and response shall present the respective party's position and arguments. The parties shall communicate as often as they reasonably deem necessary to exchange relevant information and to attempt to resolve the dispute.

(B) If the matter has not been resolved by the parties within forty-five (45) days after the disputing party's notice, or if one of the parties refuses to meet to resolve the dispute within twenty (20) days after the delivery of such notice, either party may initiate arbitration. In such case, the resolution to the dispute shall be determined by binding arbitration by three arbitrators selected by, and in accordance with the arbitration rules of JAMS-Endispute in San Francisco County, California. The arbitrators shall be knowledgeable in the relevant industry, shall be mutually acceptable to the parties and shall have the authority to permit discovery upon request of a party. The cost of such arbitration shall be paid by the non-prevailing party. Any

determination or award issued from such arbitration may be enforced in any court of competent jurisdiction in the United States.

### 13. MISCELLANEOUS.

13.1 Amendments and Waivers. Any term of this Agreement may be amended or waived with the written consent of the parties or their respective successors and assigns. Any amendment or waiver effected in accordance with this Section 13.1 shall be binding upon the parties and their respective successors and assigns.

13.2 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

13.3 Governing Law. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflicts of law.

13.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. It shall not be necessary in making proof of this Agreement to account for more than one counterpart. This Agreement may be transmitted by facsimile, and it is the intent of the parties hereto that a facsimile (or a photocopy thereof) of any signature printed by a receiving facsimile machine be treated as an original counterpart signature to this Agreement.

13.5 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

13.6 Notices. Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon receipt, when delivered personally or by courier, overnight delivery service or confirmed facsimile, or forty-eight (48) hours after being deposited in the regular mail as certified or registered mail with postage prepaid, if such notice is addressed to the party to be notified at such party's address or facsimile number as set forth below on the signature page hereto, or as subsequently modified by written notice, and (a) if to GoodHome, with a copy to (i) if prior to January 22, 2001, Perkins Coie LLP, 135 Commonwealth Drive, Suite 250, Menlo Park, CA 94025, Attn: Edward J. Wes and (ii) if on or after January 22, 2001, Perkins Coie LLP, 101 Jefferson Drive, Menlo Park, CA 94025, or (b) if to FF, with a copy to the Law Offices of Richard Cascarilla, 321 West Lake Lansing Road, Suite 100, Asher Court, East Lansing, Michigan 48823, telephone (517) 336-0060, facsimile (517) 333-9869.

13.7 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith, in order to maintain the economic position enjoyed by each party as close as possible to that

under the provision rendered unenforceable. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

13.8 **Entire Agreement.** This Agreement and the documents referred to herein are the product of all of the parties hereto, and constitute the entire agreement between such parties pertaining to the subject matter hereof and thereof, and merge all prior negotiations and drafts of the parties with regard to the transactions contemplated herein and therein. Any and all other written or oral agreements existing between the parties hereto are expressly canceled.

13.9 **Advice of Legal Counsel.** Each party acknowledges and represents that, in executing this Agreement, it has had the opportunity to seek advice as to its legal rights from legal counsel and that the person signing on its behalf has read and understood all of the terms and provisions of this Agreement. This Agreement shall not be construed against any party by reason of the drafting or preparation thereof.

13.10 **Tax Matters – Section 731 Distribution.** Unless otherwise required by law, the parties hereto shall treat the Distribution contemplated hereby as a distribution pursuant to Section 731 of the Code for all Tax reporting purposes; provided, however, that GoodHome makes no representation or warranty with respect to, and expressly disclaims any responsibility for any Tax consequences to FF arising out of this Agreement, and FF makes no representation or warranty for any Tax consequences to GoodHome or its respective owners arising in connection with the transactions contemplated in this Agreement.

13.11 **Termination of Lease Agreement.** GoodHome and FF hereby agree to terminate the lease for property located at 15198 N. Main St., Buchanan, MI 49107 dated as of March 31, 2000 by and between FurnitureFind Corp., a Washington corporation (as Lender) and GoodHome (as Tenant) (the "Lease"), including but not limited to a termination of the parties' rights under the Lease and obligations under the Lease, whether such rights and/or obligations were accrued or incurred on, before or after the Closing Date, and whether such rights and/or obligations are known or unknown on the date hereof. In connection with the termination of the Lease, FF shall prepare a Memorandum of Termination of Lease in recordable form and in form and content reasonably acceptable to GoodHome, and FF shall record such Memorandum of Termination of Lease in Berrien County, Michigan at FF's sole cost.

**General Release of Known and Unknown Claims.** FF and GoodHome, on behalf of themselves and on behalf of each of their beneficiaries, successors, assigns, shareholders, owners, partners, employees, agents, representatives, and affiliates (and on behalf of each of the beneficiaries, successors, assigns, shareholders, owners, partners, employees, agents, and representatives of any of the foregoing) (collectively, "Releasors") by their signatures hereto hereby irrevocably and unconditionally release and forever discharge one another and each of their beneficiaries, predecessors, successors, assigns, shareholders, owners, partners, agents, directors, officers, employees, representatives, attorneys, affiliates and all persons or entities acting by, through, under, or in concert with any of the aforesaid persons or entities (collectively,



"Releasees") or any of them, from and against any and all causes of action, suits, debts, liens, obligations, liabilities, claims, demands, damages, judgments, losses, orders, penalties, settlements, costs, and expenses, including, without limitation, attorneys' fees, of any kind or nature whatsoever, whether known or unknown, suspected or unsuspected, fixed or contingent, liquidated or unliquidated which any of the Releasers now have, own, hold, or claim to have, own or hold, or at any time heretofore have had, owned, held or claimed to have, had, owned, or held, against any of the Releasees arising from, based upon or related to, whether directly or indirectly (collectively, "Claims"): (i) any facts, matters, circumstances, conditions or defects (whether patent or latent) of all or any kinds, related to, arising from, or based upon, whether directly or indirectly, that certain improved real property described or referred to in the Lease (the "Property") (with the limited exception that GoodHome will pay the outstanding liabilities, if any, specifically related to any repairs to the building standing on the Property if both of the following apply: (i) FF ordered the repairs at GoodHome's request; and (ii) such repairs commenced and were completed all within the period beginning on March 16, 2000 and ending on the Closing Date); or (ii) the Lease; or (iii) any other leases, subleases, ground leases, or other agreements, documents or instruments which relate in any way, whether directly or indirectly, to the Property or the Lease; or (iv) the presence of hazardous materials (as hereinafter defined) in, on, about or under the Property or any and all improvements thereon or which have migrated from adjacent lands to the Property or from the Property to adjacent lands. For the purposes hereof, the term "hazardous materials" shall mean any material, substance, chemical, object, condition or waste, or any combination of the foregoing, that (1) is regulated, defined, controlled, prohibited, limited, listed or affected, whether directly or indirectly, by federal, state or local law, or (2) is or may be hazardous to human health or safety or to the environment generally including, without limitation, due to its carcinogenicity, toxicity, radioactivity, explosivity, infectiousness or other harmful or potentially harmful properties or effects. Releasers acknowledge that there is a risk that subsequent to the execution of this Agreement, Releasers may discover, incur, or suffer from Claims which were unknown or unanticipated at the time this Agreement is executed, including, without limitation, unknown or unanticipated Claims which, if known by Releasers on the date this Agreement is being executed, may have materially affected Releasers' decision to execute this Agreement. Releasers acknowledge that Releasers are assuming the risk of such unknown and unanticipated Claims and agree that this Agreement applies thereto. Releasers expressly waive the benefits of Section 1542 of the California Civil Code, which reads as follows: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

[Signature Page Follows]

This DISTRIBUTION AGREEMENT has been duly executed and delivered by the duly authorized officers of GoodHome and FF as of the date first written above.

**GOODHOME, LLC**

By: John C Zott  
Name: JOHN C. ZOTT  
Title: CFO

Address: 159 NORTHGATE DR.  
SAN RAFAEL  
Fax: 415-472-0958  
Attention: CFO

**FF HOLDINGS CORP.**

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

Address: \_\_\_\_\_  
\_\_\_\_\_  
Fax: \_\_\_\_\_  
Attention: CFO

This **DISTRIBUTION AGREEMENT** has been duly executed and delivered by the duly authorized officers of GoodHome and FF as of the date first written above.

**GOODHOME, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Fax: \_\_\_\_\_

Attention: CFO

**FF HOLDINGS CORP.**

By:  \_\_\_\_\_

Name: STEPHEN ANTISPEEL

Title: PRESIDENT

Address: 1519 B N. MAIN STREET

BUCKHAM, MICH. 49107

Fax: 616-697-4293

Attention: CFO

SCHEDULE 2.1  
TO  
DISTRIBUTION AGREEMENT

Listing of Transferred Assets

(e)(i) Registered Intellectual Property (Listings are as previously transferred to GoodHome pursuant to the Contribution Agreement)

Federal Trademarks/Service Mark Applications (Pending unless otherwise indicated as abandoned) None of these applications have yet matured into registered marks.

<u>Original Applicant</u>	<u>Mark</u>	<u>Filing Date</u>	<u>U.S. Ser. No.</u>
HomeOriginals.com Inc.	FURNITUREFIND	05/06/1999	75/698,973
HomeOriginals.com Inc.	FURNITUREFIND.COM	05/06/1999	75/697,422
HomeOriginals.com Inc.	FIND FURNITURE	07/13/1999	75/749,101
HomeOriginals.com Inc.	FIND	07/13/1999	75/749,116
HomeOriginals.com Inc.	FIND FURNITURE.COM	07/13/1999	75/749,171
HomeOriginals.com Inc.	FURNITUREFIND	03/09/1999	75/651,398

Domain Names

<u>Original Registrant</u>	<u>Domain Name</u>	<u>Registration Date</u>
Bookouts Furniture	furniturefind.com	11/20/1996
Bookouts Furniture	aardvarkavenue.com	07/16/1997
Bookouts Furniture	recliner.com	11/18/1996
Bookouts Furniture	thespeakeasy.com	02/07/1997
Furniture Find	furniturefind.org	08/17/1998
Furniture Find	furniturefynd.com	08/17/1998
Furniture Find	findfurniture.net	08/17/1998
Furniture Find	furniture-find.com	08/17/1998
Furniture Find	furniture-find.net	08/17/1998
Furniture Find	furniture-find.org	08/17/1998
Furniture Find	bd-furniturefind.com	08/17/1998
Furniture Find	c2b-furniturefind.com	08/17/1998
FurnitureFind Corporation	a-furniturefind.com	09/18/1998
FurnitureFind Corporation	a-furniturefind.net	09/18/1998
FurnitureFind Corporation	a-furniturefind.org	09/18/1998
FurnitureFind Corporation	i-furniturefind.com	09/02/1998
FurnitureFind Corporation	i-furniturefind.net	09/18/1998
FurnitureFind Corporation	m-furniturefind.com	09/14/1998
FurnitureFind Corporation	e-comfort.com	02/27/1999
FurnitureFind Corporation	furnituredirectory.org	10/29/1998

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

Applicants : FF Holdings Corp.  
Registration Nos. : 2458766, 2508505, 2418765  
Application Nos. : 75749101, 75697422, 75698973

Commissioner for Patents  
Washington, D.C. 20231

**CERTIFICATE OF MAILING**

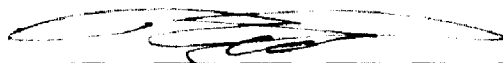
I hereby certify that the attached Recordation Form Cover Sheet for Trademarks

Only (Form PTO 1594) is being sent via Federal Express in a shipping envelope addressed to:

MS. DOROTHY RILEY  
UNITED STATES PATENT AND TRADEMARK OFFICE  
TRADEMARK ASSIGNMENT DIVISION  
CRYSTAL GATEWAY 4  
1213 JEFFERSON DAVIS HIGHWAY  
ARLINGTON, VA 22202

on January 7, 2003.

Respectfully submitted,



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Thomas W. Cronkright II, Esq.

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