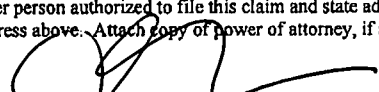



B-10 (Official Form 10) (12-2008)		UNITED STATES BANKRUPTCY COURT	Southern District of New York	PROOF OF CLAIM
Name of Debtor: Jennifer Convertibles, Inc.			Case Number: 10-13779	
NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.				
Name of Creditor (the person or other entity to whom the debtor owes money or property): South 17 Associates			<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim. Court Claim Number: _____ (If known) Filed on: _____	
Name and address where notices should be sent:				
South 17 Associates c/o Jeffrey Greenberg Heritage Capital Group, LLC 123 Prospect St. Ridgewood, NJ 07451				
Telephone number: (201) 251-9700				
Name and address where payment should be sent (if different from above):			<div style="text-align: center;">RECEIVED</div> <div style="text-align: center; font-size: 1.5em;">OCT 22 2010</div> <div style="text-align: center; font-weight: bold;">BMC GROUP</div>	
Telephone number:			<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check this box if you are the debtor or trustee in this case.	
1. Amount of Claim as of Date Case Filed: \$ <u>264,207.20</u>			5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount.	
If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4. If all or part of your claim is entitled to priority, complete item 3. <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.			Specify the priority of the claim.	
2. Basis for Claim: <u>Lease of Real Property</u> (See instruction #2 on reverse side.)			<input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$10,950*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11 U.S.C. §507 (a)(4). <input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5). <input type="checkbox"/> Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8). <input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. §507 (a)().	
3. Last four digits of any number by which creditor identifies debtor: _____			Amount entitled to priority: \$ _____	
3a. Debtor may have scheduled account as: _____ (See instruction #3a on reverse side.)			*Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.	
4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe: Value of Property: \$_____ Annual Interest Rate ____ % Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$_____ Basis for perfection: _____ Amount of Secured Claim: \$_____ Amount Unsecured: \$_____				
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.				
7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See instruction 7 and definition of "redacted" on reverse side.)				
DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.				
If the documents are not available, please explain:				
Date: <u>10/21/10</u>	Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.		FOR COURT USE ONLY	
Jeffrey Greenberg	 Jennifer Convertibles  00265			

SUMMARY OF CLAIMS

South 17 Associates ("South") is the owner of certain improved real property located at 185 Route 17 South, Paramus, New Jersey (hereinafter the "Premises"). Prior to the Petition Date (defined below), on or about June 30, 1987, South entered into a lease agreement (hereinafter the "Original Lease" along with all subsequent extensions collectively referred to herein as the "Lease" and attached hereto as Exhibit A) whereby it agreed to lease the Premises to Route 17 Convertibles, Inc. ("Route 17") with Jennifer Convertibles, Inc. ("Jennifer" or "Debtor") signing as a Guarantor. An extension to the Original Lease, also including Jennifer as the Guarantor, was subsequently entered into on May 30, 1997 ("First Lease Extension").

On September 1, 2000, Route 17's interest in the Lease was assumed and assigned by and to Jennifer. See Assignment of Lease Agreement attached hereto as Exhibit B. South and Jennifer subsequently executed additional extensions on March 8, 2002 ("Second Lease Extension") and on March 24, 2009 ("Third Lease Extension").

Pursuant to the Third Lease Extension, rent was to accrue on the first day of each month in the amount of \$11,600.00 (the "Base Rent"). See ¶2 of Third Lease Extension. Pursuant to ¶2 of the Third Lease Extension, Route 17 was obligated to begin paying the Base Rent on November 1, 2008 continuing through the end of the term ending on April 30, 2012. In addition to the Base Rent, the Lease required as "additional rent" the payment of monthly maintenance fees; most recently set at \$3,400.00 (the "Additional Rent" and with the Base Rent collectively referred to herein as the "Rent"). See ¶32(c) of Original Lease.

On July 18, 2010 (the "Petition Date"), Jennifer Convertibles, Inc. and certain of its affiliates filed for bankruptcy protection pursuant to Chapter 11 of Title 11 of the United States Code.

As of the Petition Date, Jennifer owed \$84,207.20 for past due Rent and related fees ("Pre-petition Balance"). The Pre-petition Balance is reflected in schedule F-1 of the Debtor's Schedules of Assets and Liabilities. See also Pre-petition balance sheet attached hereto as Exhibit C.

Additionally, pursuant to the Debtor's Fourth Notice of Proposed Rejection of Unexpired Leases [D.I. 268], the Lease was deemed rejected as of October 15, 2010 (the "Rejection"). As a result of the Rejection. The Debtor owes South for rejection damages in the amount of \$180,000.00. See Rejection Damages Chart attached hereto as Exhibit D.

This claim, filed in the amount of \$264,207.20, reflects the Pre-petition Balance together with the Rejection Damages. South reserves the right to supplement or amend this claim at any time as allowed by law. The filing of this claim is without waiver of South's right to file any additional or supplemental claims or motions relating to the Rejection or otherwise permitted by the United States Bankruptcy Code, including but not limited to, any claims under 11 U.S.C. §365.

EXHIBIT A

This Lease, dated the
Between SOUTH 17 ASSOCIATES

30th

day of June

19 87

COPY

hereinafter referred to as the Landlord, and

ROUTE 17 CONVERTIBLES, INC., A New Jersey Corporation

hereinafter referred to as the Tenant,
WITNESSETH: That the Landlord hereby demises and leases unto the Tenant, and the Tenant hereby
hires and takes from the Landlord for the term and upon the rentals hereinafter specified, the premises
described as follows, situated in the Borough of Paramus
County of Bergen and State of New Jersey

A portion of a one story building of 14,300 sq. ft. commonly known as
185 Route 17 South, Paramus, New Jersey.

The Demised Premises consist of approximately 4,551 sq. ft. plus 52 sq. ft.
representing Tenant's proportionate share of the existing meter room.

Parties

Premises

Term

The term of this demise shall be for Ten (10) years.
beginning May 1, 19 87 and ending April 30, 19 97.

Rent

The rent for the demised term shall be (\$), which shall accrue at the yearly rate of
See paragraph #29 of the attached rider.

Payment of
Rent

The said rent is to be payable monthly in advance on the first day of each calendar month for the
term hereof, in instalments as follows:

at the office of
or as may be otherwise directed by the Landlord in writing.

Peaceful
Possession

THE ABOVE LETTING IS UPON THE FOLLOWING CONDITIONS:

First.—The Landlord covenants that the Tenant, on paying the said rental and performing the covenants and
conditions in this Lease contained, shall and may peaceably and quietly have, hold and enjoy the demised premises for
the term aforesaid.

Purpose

Second.—The Tenant covenants and agrees to use the demised premises as a
Retail Sale of convertible sofas, tables, chairs, recliners and related products.

and agrees not to use or permit the premises to be used for any other purpose without the prior written consent of the
Landlord endorsed hereon.

Default in Pay-
ment of Rent

Third.—The Tenant shall, without any previous demand therefor, pay to the Landlord, or its agent, the said rent
at the times and in the manner above provided. In the event of the non-payment of said rent, or any instalment thereof,
at the times and in the manner above provided, and if the same shall remain in default for ten days after becoming due,
or if the Tenant shall be dispossessed for non-payment of rent, or if the leased premises shall be deserted or vacated, the
Landlord or its agents shall have the right to and may enter the said premises as the agent of the Tenant, either by force
or otherwise, without being liable for any prosecution or damages therefor, and may relet the premises as the agent of the
Tenant, and receive the rent therefor, upon such terms as shall be satisfactory to the Landlord, and all rights of the
Tenant to repossess the premises under this lease shall be forfeited. Such re-entry by the Landlord shall not operate
to release the Tenant from any rent to be paid or covenants to be performed hereunder during the full term of this
lease. For the purpose of reletting, the Landlord shall be authorized to make such repairs or alterations in or to the
leased premises as may be necessary to place the same in good order and condition. The Tenant shall be liable to the
Landlord for the cost of such repairs or alterations, and all expenses of such reletting. If the sum realized or to be
realized from the reletting is insufficient to satisfy the monthly or term rent provided in this lease, the Landlord, at its
option, may require the Tenant to pay such deficiency month by month, or may hold the Tenant in advance for the entire
deficiency to be realized during the term of the reletting. The Tenant shall not be entitled to any surplus accruing as a
result of the reletting. The Landlord is hereby granted a lien, in addition to any statutory lien or right to distrain that
may exist, on all personal property of the Tenant in or upon the demised premises, to secure payment of the rent and
performance of the covenants and conditions of this lease. The Landlord shall have the right, as agent of the Tenant,
and sell the same at public or private sale and to apply the proceeds thereof to the payment of any monies becoming
due under this lease, the Tenant hereby waiving the benefit of all laws exempting property from execution, levy and
sale on distress or judgment. The Tenant agrees to pay, as additional rent, all attorney's fees and other expenses
incurred by the Landlord in enforcing any of the obligations under this lease.

Abandonment
of Premises

Re-entry and
Relisting by
Landlord

Tenant Liable
for Deficiency

Lien of
Landlord to
Secure

Performance
Attorney's Fees

Sub-letting and
Assignment

Condition of
Premises,
Repairs

Fourth.—The Tenant shall not sub-let the demised premises nor any portion thereof, nor shall this lease be as-
signed by the Tenant without the prior written consent of the Landlord endorsed hereon. *

Fifth.—The Tenant has examined the demised premises, and accepts them in their present condition (except as
otherwise expressly provided herein) and without any representations on the part of the Landlord or its agents as to
the present or future condition of the said premises. The Tenant shall keep the demised premises in good condition, and
shall redecorate, paint and renovate the said premises as may be necessary to keep them in repair and good appearance.
The Tenant shall quit and surrender the premises at the end of the demised term in as good condition as the reasonable
use thereof will permit. The Tenant shall not make any alterations, additions, or improvements to said premises without the
Landlord's written consent.

* See paragraph #58

** In excess of \$7,500.00

Alterations and Improvements

Sanitation, Inflammable Materials, Sidewalks

Mechanics' Liens

Glass

Liability of Landlord

Services and Utilities

Right to Inspect and Exhibit

Damage by Fire, Explosion, The Elements or Otherwise

Observation of Laws, Ordinances, Rules and Regulations

Signs

Subordination to Mortgages and Deeds of Trust

Sale of Premises

Rules and Regulations of Landlord

Violation of Covenants, Forfeiture of Lease, Re-entry by Landlord

Non-waiver of Breach

prior written consent of the Landlord. All erections, alterations, additions and improvements, whether temporary or permanent in character, which may be made upon the premises either by the Landlord or the Tenant, except furniture or movable trade fixtures installed at the expense of the Tenant, shall be the property of the Landlord and shall remain upon and be surrendered with the premises as a part thereof at the termination of this Lease, without compensation to the Tenant. The Tenant further agrees to keep said premises and all parts thereof in a clean and sanitary condition and free from trash, inflammable material and other objectionable matter. If this lease covers premises, all or a part of which are on the ground floor, the Tenant further agrees to keep the sidewalks in front of such ground floor portion of the demised premises clean and free of obstructions, snow and ice. Landlord agrees that the bathrooms and HVAC systems shall be in good operating condition at the inception of this lease.

Sixth.—In the event that any mechanics' lien is filed against the premises as a result of alterations, additions or improvements made by the Tenant, the Landlord, at its option, after thirty days' notice to the Tenant, may terminate this lease and may pay the said lien, without inquiring into the validity thereof, and the Tenant shall forthwith reimburse the Landlord the total expense incurred by the Landlord in discharging the said lien, as additional rent hereunder.

Seventh.—The Tenant agrees to replace at the Tenant's expense any and all glass which may become broken in and on the demised premises. Plate glass and mirrors, if any, shall be insured by the Tenant at their full insurable value in a company satisfactory to the Landlord. Said policy shall be of the full premium type, and shall be deposited with the Landlord or its agent.

Eighth.—The Landlord shall not be responsible for the loss of or damage to property, or injury to persons, occurring in or about the demised premises, by reason of any existing or future condition, defect, matter or thing in said demised premises or the property of which the premises are a part, or for the acts, omissions or negligence of other persons or tenants in and about the said property. The Tenant agrees to indemnify and save the Landlord harmless from all claims and liability for losses of or damage to property, or injuries to persons occurring in or about the demised premises.

Ninth.—Utilities and services furnished to the demised premises for the benefit of the Tenant shall be provided and paid for as follows: water by the ; gas by the ; electricity by the ;
heat by the ; refrigeration by the ; hot water by the

The Tenant shall furnish and pay for his own electricity, heating and air-conditioning. The Landlord shall provide only those utilities and services for which the Tenant shall pay his proportionate share as provided in the attached rider.

The Landlord shall not be liable for any interruption or delay in any of the above services for any reason.

Tenth.—The Landlord, or its agents, shall have the right to enter the demised premises at reasonable hours in the day or night to examine the same, or to run telephone or other wires, or to make such repairs, additions or alterations as it shall deem necessary for the safety, preservation or restoration of the improvements, or for the safety or convenience of the occupants or users thereof (there being no obligation, however, on the part of the Landlord to make any such repairs, additions or alterations), or to exhibit the same to prospective purchasers and put upon the premises a suitable "For Sale" sign. For three months prior to the expiration of the demised term, the Landlord, or its agents, may similarly exhibit the premises to prospective tenants, and may place the usual "To Let" signs thereon.

*giving reasonable notice and without interfering with Tenant's operation

Eleventh.—In the event of the destruction of the demised premises or the building containing the said premises by fire, explosion, the elements or otherwise during the term hereby created, or previous thereto, or such partial destruction thereof as to render the premises wholly untenable or unfit for occupancy, or should the demised premises be so badly injured that the same cannot be repaired within ninety days from the happening of such injury, then and in such case the term hereby created shall, at the option of the Landlord, cease and become null and void from the date of such damage or destruction, and the Tenant shall immediately surrender said premises and all the Tenant's interest therein to the Landlord, and shall pay rent only to the time of such surrender, in which event the Landlord may re-enter and re-possess the premises thus discharged from this lease and may remove all parties therefrom. Should the demised premises be rendered untenable and unfit for occupancy, but yet be repairable within ninety days from the happening of said injury, the Landlord may enter and repair the same with reasonable speed, and the rent shall not accrue after said injury or while repairs are being made, but shall recommence immediately after said repairs shall be completed. But if the premises shall be so slightly injured as not to be rendered untenable and unfit for occupancy, then the Landlord agrees to repair the same with reasonable promptness and in that case the rent accrued and accruing shall not cease or determine. The Tenant shall immediately notify the Landlord in case of fire or other damage to the premises.

Twelfth.—The Tenant agrees to observe and comply with all laws, ordinances, rules and regulations of the Federal, State, County and Municipal authorities applicable to the business to be conducted by the Tenant in the demised premises. The Tenant agrees not to do or permit anything to be done in said premises, or keep anything therein, which will increase the rate of fire insurance premiums on the improvements or any part thereof, or on property kept therein, or which will obstruct or interfere with the rights of other tenants, or conflict with the regulations of the Fire Department or with any insurance policy upon said improvements or any part thereof. In the event of any increase in insurance premiums resulting from the Tenant's occupancy of the premises, or from any act or omission on the part of the Tenant, the Tenant agrees to pay said increase in insurance premiums on the improvements or contents thereof as additional rent.

Thirteenth.—No sign, advertisement or notice shall be affixed to or placed upon any part of the demised premises by the Tenant, except in such manner, and of such size, design and color as shall be approved in advance in writing by the Landlord.

Fourteenth.—This lease is subject and is hereby subordinated to all present and future mortgages, deeds of trust and other encumbrances affecting the demised premises or the property of which said premises are a part. The Tenant agrees to execute, at no expense to the Landlord, any instrument which may be deemed necessary or desirable by the Landlord to further effect the subordination of this lease to any such mortgage, deed of trust or encumbrance.

Fifteenth.—In the event of the sale by the Landlord of the demised premises or the property of which said premises are a part, the Landlord or the purchaser may terminate this lease on the thirtieth day of April in any year upon giving the Tenant notice of such termination prior to the first day of January in the same year.

Sixteenth.—The rules and regulations regarding the demised premises, affixed to this lease, if any, as well as any other and further reasonable rules and regulations which shall be made by the Landlord, shall be observed by the Tenant and by the Tenant's employees, agents and customers. The Landlord reserves the right to rescind any presently existing rules applicable to the demised premises, and to make such other and further reasonable rules and regulations as, in its judgment, may from time to time be desirable for the safety, care and cleanliness of the premises, and for the preservation of good order therein, which rules, when so made and notice thereof given to the Tenant, shall have the same force and effect as if originally made a part of this lease. Such other and further rules shall not, however, be inconsistent with the proper and rightful enjoyment by the Tenant of the demised premises.

Seventeenth.—In case of violation by the Tenant of any of the covenants, agreements and conditions of this lease, or of the rules and regulations now or hereafter to be reasonably established by the Landlord, and upon failure to discontinue such violation within ten days after notice thereof given to the Tenant, this lease shall thenceforth, at the option of the Landlord, become null and void, and the Landlord may re-enter without further notice or demand. The rent in such case shall become due, be apportioned and paid on and up to the day of such re-entry, and the Tenant shall be liable for all loss or damage resulting from such violation as aforesaid. No waiver by the Landlord of any violation or breach of condition by the Tenant shall constitute or be construed as a waiver of any other violation or breach of condition, nor shall lapse of time after breach of condition by the Tenant before the Landlord shall exercise its option under this paragraph operate to defeat the right of the Landlord to declare this lease null and void and to re-enter upon the demised premises after the said breach or violation.

Notices

Eighteenth.—All notices and demands, legal or otherwise, incidental to this lease, or the occupation of the demised premises, shall be in writing. If the Landlord or its agent desires to give or serve upon the Tenant any notice or demand, it shall be sufficient to send a copy thereof by registered mail, addressed to the Tenant at the demised premises, or to leave a copy thereof with a person of suitable age found on the premises, or to post a copy thereof upon the door to said premises. Notices from the Tenant to the Landlord shall be sent by registered mail or delivered to the Landlord at the place hereinbefore designated for the payment of rent, or to such party or place as the Landlord may from time to time designate in writing. **

Bankruptcy,
Insolvency,
Assignment for
Benefit of
Creditors

Nineteenth.—It is further agreed that if at any time during the term of this lease the Tenant shall make any assignment for the benefit of creditors, or be decreed insolvent or bankrupt according to law, or if a receiver shall be appointed for the Tenant, then the Landlord may, at its option, terminate this lease, exercise of such option to be evidenced by notice to that effect served upon the assignee, receiver, trustee or other person in charge of the liquidation of the property of the Tenant or the Tenant's estate, but such termination shall not release or discharge any payment of rent payable hereunder and then accrued, or any liability then accrued by reason of any agreement or covenant herein contained on the part of the Tenant, or the Tenant's legal representatives.

Holding Over
by Tenant

Twentieth.—In the event that the Tenant shall remain in the demised premises after the expiration of the term of this lease without having executed a new written lease with the Landlord, such holding over shall not constitute a renewal or extension of this lease. The Landlord may, at its option, elect to treat the Tenant as one who has not removed at the end of his term, and thereupon be entitled to all the remedies against the Tenant provided by law in that situation, or the Landlord may elect, at its option, to construe such holding over as a tenancy from month to month, subject to all the terms and conditions of this lease, except as to duration thereof, and in that event the Tenant shall pay monthly rent in advance at the rate provided herein as effective during the last month of the demised term.

Eminent
Domain,
Condemnation

Twenty-first.—If the property or any part thereof wherein the demised premises are located shall be taken by public or quasi-public authority under any power of eminent domain or condemnation, this lease, at the option of the Landlord, shall forthwith terminate and the Tenant shall have no claim or interest in or to any award of damages for such taking.

Security

Twenty-second.—The Tenant has this day deposited with the Landlord the sum of \$ 30,000.00 as security for the full and faithful performance by the Tenant of all the terms, covenants and conditions of this lease upon the Tenant's part to be performed, which said sum shall be returned to the Tenant after the time fixed as the expiration of the term herein, provided the Tenant has fully and faithfully carried out all of said terms, covenants and conditions on Tenant's part to be performed. In the event of a bona fide sale, subject to this lease, the Landlord shall have the right to transfer the security to the vendee for the benefit of the Tenant and the Tenant agrees to look to the new Landlord solely for the return of the said security, and it is agreed that this shall apply to every transfer or assignment made of the security to a new Landlord. The security deposited under this lease shall not be mortgaged, assigned or encumbered by the Tenant without the written consent of the Landlord. The Landlord agrees to pay the Tenant annual interest of the lower of 5% or Passbook rates on said security deposit. ***

Arbitration

Twenty-third.—Any dispute arising under this lease shall be settled by arbitration. Then Landlord and Tenant shall each choose an arbitrator, and the two arbitrators thus chosen shall select a third arbitrator. The findings and award of the three arbitrators thus chosen shall be final and binding on the parties hereto.

Delivery of
Lease

Twenty-fourth.—No rights are to be conferred upon the Tenant until this lease has been signed by the Landlord, and an executed copy of the lease has been delivered to the Tenant.

Lease
Provisions Not
Exclusive

Twenty-fifth.—The foregoing rights and remedies are not intended to be exclusive but as additional to all rights, and remedies the Landlord would otherwise have by law.

Lease Binding
on Heirs,
Successors, Etc.

Twenty-sixth.—All of the terms, covenants and conditions of this lease shall inure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns of the parties hereto. However, in the event of the death of the Tenant, if an individual, the Landlord may, at its option, terminate this lease by notifying the executor or administrator of the Tenant at the demised premises.

Twenty-seventh.—This lease and the obligation of Tenant to pay rent hereunder and perform all of the other covenants and agreements hereunder on part of Tenant to be performed shall in nowise be affected, impaired or excused because Landlord is unable to supply or is delayed in supplying any service expressly or impliedly to be supplied or is unable to make, or is delayed in making any repairs, additions, alterations or decorations or is unable to supply or is delayed in supplying any equipment or fixtures if Landlord is prevented or delayed from so doing by reason of governmental preemption in connection with the National Emergency declared by the President of the United States or in connection with any rule, order or regulation of any department or subdivision thereof of any governmental agency or by reason of the conditions of supply and demand which have been or are affected by the war.

Twenty-eighth.—This instrument may not be changed orally.

See attached rider made a part hereof. containing paragraphs 29

* or certified thru 60

** With a copy to Bernard Wincig, Esq., 574 Fifth Ave., New York, New York 10036

*** Landlord agrees to guarantee the security deposit during the term of its ownership of the building pursuant to the terms of this Lease.



IN WITNESS WHEREOF, the said Parties have hereunto set their hands and seals the day and first above written.

Witness:

SOUTH 17 ASSOCIATES

David Sherry (SEAL)
Landlord

By ROUTE 17 CONVERTIBLES, INC.

[Signature] (SEAL)
Tenant

Rider to Lease dated June 30, 1987 by and between South 17 Associates, as Landlord, and Route 17 Convertibles Inc., as Tenant

Twenty-ninth: Tenant shall pay on the first day of each month in advance a net base rental as follows:

A. Commencing July 1, 1987 thru March 31, 1988, Ten Thousand Three Hundred Fifty Seven Dollars (\$10,357.00) per month.

B. Commencing April 1, 1988 thru March 31, 1989, Ten Thousand Seven Hundred Forty Dollars (\$10,740.00) per month.

C. Commencing April 1, 1989 thru March 31, 1990, Eleven Thousand One Hundred Twenty Four Dollars (\$11,124.00) per month.

~~D. Commencing April 1, 1990 thru March 31, 1991 Eleven Thousand Five Hundred Eight Dollars (\$11,508.00) per month.~~

~~E. Commencing April 1, 1991 thru March 31, 1992 Eleven Thousand Eight Hundred Ninety One Dollars (\$11,891.00)~~

F. Commencing April 1, 1992 the higher of Twelve Thousand Two Hundred Seventy Five Dollars (\$12,275.00) or Ten Thousand Three Hundred Fifty Seven Dollars (\$10,357.00) increased by the change in the Consumer Price Index from April 1, 1987 thru April 1, 1992 expressed as a percentage on a monthly basis.

G. On April 1st of each year after 1992 until the end of the Lease Term, the monthly rent calculated in "F" above shall be increased by Three Hundred Eighty Four Dollars (\$384.00) per month for that twelve month period.

Thirtieth: This paragraph has been intentionally omitted.

Sum of Labor Statistics

212-337-2400

CPI - 4/1/89

116.6

- 4/1/92

149.2

OK

Thirty-first: The Tenant understands and agrees that the monthly rental due hereunder is payable on the first of each month in advance and agrees that, if payment of such rent is not received on or before the 10th day of each month, the Tenant shall pay to the Landlord a "late charge" equal to 5% of the monthly installment due. Such "late charge" shall become additional rent payable with the next monthly installment of rent due hereunder. Tenant shall not be responsible for a late charge for the first two (2) late payments during the Lease term until ten (10) days after notice.

Thirty-second: The Tenant covenants and agrees to pay to the Landlord as additional rent) in addition to that provided in the face hereof) the following:

A. An amount equal to 32.2% ("Tenant's Share") of all taxes, general or special, all public rates, dues and special assessments of every kind, including but not limited to property taxes, water and sewer charges, which shall become due and payable or which are to be assessed against or levied upon the Landlord's Building and the land on which same is located, during the term of this Lease.

B. An amount equal to the Tenant's Share of the Landlord's insurance premiums for insurance coverage on the subject premises referred to in Paragraph Thirty-third. In addition, if the insurance rate increases as a result of the use or conduct of the Tenant, then in that event the Tenant shall pay any such increase. However, if, as a result of the Landlord's action in leasing the remaining portion of the Landlord's Building to a third party, or as the result of any assignment, or subletting by said party, his heirs, executors administrators or assigns, the Landlord's insurance rate shall be increased, then and in that event the Tenant shall not be liable for that increase in insurance rate.

C. An amount equal to Tenant's share of the expense incurred by the Landlord in the operation, repair, replacement and maintenance of the Landlord's Building and common areas of Landlord's Land, including but not limited to grounds, landscaping, sidewalks, parking areas, outside lighting, exit signs, driveways and an administration fee of eight (8) percent of the total expenses as outlined in this paragraph 32. Landlord's mortgage interest expense shall not be an includable expense.

D. Other expenses, charges, or penalties, which during any term of this Lease shall be levied, assessed, or imposed by a governmental authority upon or with respect to, or incurred in connection with possession, occupation, operation, maintenance, repair and use of the Demised Premises by the Tenant, by the Borough of Paramus, or any governmental subdivision body or agency which replace the Borough of Paramus as the applicable governmental body, it being intended that this Lease shall yield to the Landlord the sums specified as fixed rents as provided in the face thereof as a net rental.

In the event that Tenant shall fail to make the above payments of additional rent when due, the Landlord shall be permitted to make same and be entitled to payment therefor from the Tenant within fifteen (15) days of written demand therefor, together with interest thereon at the rate of eighteen (18%) percent annum, but no higher than allowed by law, until said sum is paid.

The parties agree that the initial estimate of the Additional Rent required to be paid to the Landlord under Paragraphs A, B and C above, is \$695 and Tenant agrees to pay the Landlord said sum as additional rent together with the monthly

fixed rental on the first of each month during the term hereof in advance. Within sixty (60) days of the end of the calendar year, Landlord shall furnish Tenant with a complete accounting for all expenses of the landlord's Building and Land with all reasonable back-up required by Tenant. Landlord shall repay any overpayment by Tenant or Tenant shall reimburse Landlord for any underpayment upon receipt of said information.

Thirty-third: The Tenant, at Tenant's own cost and expense shall obtain from a company or companies authorized to do business in the State of New Jersey or provide and keep in full force for the benefit of the Landlord, during the term hereof, general public liability insurance, insuring the Landlord against any and all liability or claims of liability arising out of, occasioned by or resulting from any accident or otherwise in or about the leased premises, for injuries to any person or persons, and for loss or damage to Lessor's personal property or that property of any person or persons for not less than \$1,000,000.00, single limit. Such policy or policies shall name Lessor as additional insured (except for Lessee's contents coverage), and shall be satisfactory to Lessor in form and content. The Tenant shall provide evidence of such insurance being in effect to Landlord and proof of payment of the annual premium therefor initially prior to entering possession and annually thereafter prior to each anniversary date.

During the term herein, the Landlord may provide and keep in force for its own benefit fire and extended coverage insurance covering the building owned by the Landlord ("Landlord's Building"), of which the demised premises are a part as well as liability coverage in amounts to be determined by the Landlord. The Landlord shall submit a copy of the premium bill to the Tenant and the Tenant shall pay to the Landlord an amount equal to the Tenant's Share (as hereinafter defined) as additional rent as hereinafter provided.

Thirty-fourth: If Tenant shall at any time be in default in the payment of any amounts to be paid by him hereunder, or in the performance of any other act on its part to be performed hereunder, Landlord, in addition to invoking any other remedy for such default, may, but shall not be obligated to, pay any such amount or, after giving Tenant fifteen (15) days prior written notice, perform such other act on the part of Tenant to be performed, in such manner and to such extent as Landlord may deem desirable, and may pay any expenses incidental thereto. All sums so paid by the Landlord and all costs and expenses incurred by the Landlord in connection with the performance of any such act, together with interest thereon at the rate of 18% per annum but no higher than allowed by law from the respective dates of each such payment and such costs and expenses, shall constitute additional rent payable by the Tenant under this lease and shall be paid by the Tenant to the Landlord on demand. All sums so paid by Landlord shall constitute Additional Rent payable on demand. Failure to make such payments of any Additional Rent due to the landlord on demand or within the specific time period provided for hereunder, if any, shall constitute a new default by Tenant and Landlord shall have the same rights and remedies as in the case of default by Tenant in the payment of any installment of rent.

Thirty-fifth: The parties acknowledge that no Brokers negotiated or was responsible for effecting the within Lease except Wm. A. White/Tishman East Inc., whose commission is subject to a separate agreement and each party represents to each other and agrees to indemnify the other against and hold harmless from any claim for any commission by any other Real Estate Broker.

Thirty-sixth: This Lease shall not be recorded or filed in the Bergen County Clerk's Office by the Tenant without the Landlord's written consent and any attempt by Tenant to do so shall constitute a default hereunder.

Thirty-seventh: Supplementing paragraph Third of the printed portion of this Lease, in the event that the Landlord shall institute an action in a court of competent jurisdiction for (or if the Landlord is made a party defendant and as a

party defendant seeks) the enforcement of any right that it has hereunder or to obtain possession of the premises as is permitted hereunder or under the Statutes of the State of New Jersey, made and provided, the Tenant agrees to pay to the Landlord an amount equal to the reasonable attorney's fees and court costs incurred by the Landlord in prosecuting such action (whether same proceeds to final judgment in favor of the Landlord or the Tenant cures the default after institution of suit and same is dismissed by the Landlord), and such sum shall be due and payable as additional rent hereunder, same to be payable prior to the discontinuance of any Summary Dispossess action, or, if incurred in any other action, upon written demand by the Landlord.

Thirty-eighth: In case Landlord or any successor owner of the Demised Premises shall convey or otherwise dispose of the Demised Premises or of the interest of Landlord in and to this Lease, and the within Lease has not been terminated, all liabilities and obligations on the part of the Landlord or successor owner as Landlord under this Lease accruing after such conveyance or disposal shall terminate upon such conveyance or disposal, and thereupon all such liabilities and obligations shall be binding upon the new owner of the Demised Premises.

Thirty-ninth: There shall be no personal liability in respect to any of the covenants or conditions of this Lease as same shall or may be imposed upon the Landlord. The Tenant, its successors and assigns under this Lease, if any, shall look solely to the equity of the Landlord in the property for satisfaction of the remedies of the Tenant in the event of a breach by the Landlord of any of the covenants or conditions of this Lease, and, no other property or assets of the Landlord shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies in the event of a violation by Landlord of any provisions of this Lease or any actions arising under this Lease.

Fortieth: The Tenant shall be responsible for all governmental and zoning approvals, including obtaining a Certificate of Occupancy, fire, sanitation, and health-code approval and regulations of the municipality in which the Demised Premises is located. Tenant shall promptly cure all violations and hold the Landlord harmless for any sums the Landlord is required to pay on behalf of the Tenant to governmental agencies involving the use and occupation of the Demised Premises by the Tenant. If the Landlord is named in any board or bureau in which it is alleged that there is a violation of any governmental statute, ordinance, rule or regulation, the obligation for the performance of which is the duty of the Tenant hereunder, the Tenant agrees to pay to the Landlord the reasonable attorneys' fees, costs and expenses incurred by the Landlord in the defense of such action and the amount of any fine or damage award required to be paid by the Landlord; such amount being due and payable as Additional Rent hereunder. If it is determined that a Certificate of Occupancy is not required in order for the Tenant to use and occupy the Demised Premises, the Tenant agrees to supply written evidence thereof to the Landlord.

Forty-first: The Landlord shall not be required to make any improvements to or repairs of the Demised Premises.

Forty-second: Landlord grants to Tenant, in common with other tenants and their agents and employees and customers and persons doing work for or business with tenants in the Landlord's Building the right to use the "common areas" consisting of the parking areas, roadways, pathways, sidewalks, entrances and exits designated by Landlord for common use in or about Landlord's Building or the Landlord's Land. The Landlord shall not be liable for any interruption in use by the Tenant of any of the Common Areas.

A. The Landlord shall have the right to expend, in its sole discretion, such sums as it deems necessary (i) to maintain and keep in good repair (including the making of any necessary replacements) all portions of the common areas serving the

Landlord's Building (including those in premises not leased to Tenant); (ii) to keep the common areas reasonably free from accumulated snow, ice and refuse, and open for use and fully lighted during all business days from dusk until 10:00 P.M.; (iii) to keep the curb cuts of the Landlord's Land and to keep the sidewalks and curbs, if any, adjacent to and immediately in front of the Landlord's Land, in good condition and repair, and reasonably free from accumulated snow, ice and refuse, and to comply with all governmental requirements respecting same.

B. The common areas shall be subject to the exclusive control and management of Landlord, and Landlord shall have the right to establish, modify, change and enforce rules and regulations with respect to the common areas and Tenant agrees to abide by and conform with such rules and regulations. The right of Tenant's employees, agents, representatives, licensees and invitees to use the parking facilities shall apply only while they are visiting or working in the Demised Premises or the premises of another Tenant in the Landlord's Building. Tenant agrees that it and its officers and employees will park their automobiles only in such of the parking areas as Landlord from time to time designates for employees. Tenant shall not park any trucks or delivery vehicles in the parking areas. Landlord shall have the right to close any part of the common areas for such time as may, in the opinion of Landlord's counsel, be necessary to prevent a dedication thereof, or the accrual of any rights in any person, or to clean and repair the same, and to close any part of the parking areas for such time as Landlord deems necessary in order to discourage non-customer parking and to do other things in the parking areas as Landlord deems necessary for the benefit of the Landlord's Building.

Forty-third: Tenant agrees that at all times during the term of this lease it shall comply with all rules and regulations as are from time-to-time adopted by the Landlord, a copy of which current rules and regulations are attached hereto as Exhibit 3.

Landlord reserves the right to refuse admission to the Landlord's Building, Landlord's Land and the demised premises, outside of ordinary business hours, to any person not known to any watchman in charge or properly identified; to eject any person from the Landlord's Land whose conduct, in Landlord's sole judgement, may tend to be harmful to the safety and interests of the tenants and the property therein; to close any part of the Landlord's Land during any riot or other commotion where person or property may be imperiled.

Forty-fourth: The period of time during which Landlord is prevented or delayed in the performance of the making of any improvements or repairs or fulfilling any obligation required under this lease due to delays caused by fire, catastrophe, strikes, or labor trouble, civil commotion, acts of God or the public enemy, governmental prohibitions or regulations, or inability or difficulty to obtain materials, or other causes beyond Landlord's control, shall be added to Landlord's time for performance thereof, and Landlord shall have no liability by reason thereof.

Forty-fifth: Within ten (10) days after request therefor by Landlord, Tenant agrees to deliver in recordable form a certification to any proposed mortgagee, trustee or purchaser, certifying that this lease is in full force and effect and that there are no defenses or offsets thereto, or stating those claimed by Tenant. Any certification required of Tenant hereunder shall be prepared by Landlord and submitted to Tenant for its signature.

Forty-sixth: The Tenant represents to the Landlord that the purpose for which it intends to use the demised premises do not include the use of "Hazardous Substances" and/or "Hazardous Waste" as defined in the New Jersey Environmental Cleanup Responsibility Act (N.J.S.A. 13:1K-6 et seq.) ("ECRA"), and it

covenants and agrees that it shall not maintain or operate in the demised premises an "Industrial Establishment" as defined in ECRA (together with the rules and regulations of the Department of Environmental Protection issued in connection therewith) ("DEP Regulations"), and to indemnify the Landlord against and hold it harmless from any and all penalties, damages, charges, costs and expenses, including but not limited to, reasonable attorney's fees that may be incurred by the Landlord as a result of the violation of ECRA and/or the DEP Regulations by the Tenant.

Forty-seventh: No agreement to accept a surrender of the demised premises shall be valid unless in writing signed by Landlord. The delivery of keys to any employee of Landlord or to Landlord's agents shall not operate as termination of the lease or a surrender of the premises. The failure of the Landlord to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this lease, or of any rule or regulation, shall not prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. The receipt by Landlord of rent with knowledge of the breach of any covenant of this lease shall not be deemed a waiver of such breach. No provision of this lease shall be deemed to have been waived by Landlord, unless such waiver be in writing signed by Landlord. No payment by Tenant or receipt by Landlord of a lesser amount than the rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement on any check nor any letter accompanying any check or payment as rent be deemed in accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this lease provided. This lease contains the entire agreement between the parties, and any agreement hereafter made shall be ineffective to change, modify, or discharge it in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the change, modification or discharge is sought.

Forty-eighth: If for any reason whatsoever Landlord shall be unable to give possession of the demised premises on the date of the commencement of the term hereof, Landlord shall not be subject to any liability for the failure to give possession on said date. Under such circumstances, the rent served and covenanted to be paid herein shall not commence until the possession on the date of commencement of the term shall in any wise affect the validity of this lease or the obligations of Tenant hereunder nor shall same be construed in any wise to extend the term of this lease. If as a result of the Landlord being able to give possession of the whole premises on said date, the Tenant occupies only a portion thereof, the Tenant shall pay rent therefor for the period so occupied until the possession of the whole premises is given or the premises are available for occupancy by the Tenant, which rent shall be in an amount in proportion to the square footage so occupied.

Forty-ninth: Tenant shall be entitled to its proportionate share (32.2%) of the allowable signage on the front facade of the building. Tenant will further be entitled to use the side facades, rear facade and pylon sign equally in conjunction with other tenants in the building. The Landlord reserves the right to approve all signage prior to installation with regards to type, color, location and installation.

Fiftieth: Tenant agrees to submit to Landlord, prior to beginning installation, a plan in reasonable detail showing the improvements Tenant intends to make in the Demised Premises. It is understood that the finish in the public area must be of a first class nature and Landlord shall have the right of his sole discretion to approve said installation. Tenant shall have the further responsibility to redecorate the Demised Premises at Forty (40) month intervals (by 1/1/91 and 7/1/94). Said redecoration shall be done so that after its completion

the walls and/or wall coverings, the floor and/or floor coverings and the fixtures are in a first class condition.

Fifty-first: This is a negotiated Lease Agreement and this Lease Agreement shall not be construed against Landlord by reason of this Lease being prepared by Landlord and/or its attorney's.

Fifty-second: The rights and remedies of the Landlord contained in this Lease are not intended to be exclusive but as additional to all other rights and remedies the Landlord would otherwise have by law.

Fifty-third: It is understood and agreed that in the event the Tenant shall move or arrange to move from the leased premises at any time before the expiration of this Lease, without written consent of the Landlord or his agent, all rents reserved under the terms of this Lease, accrued or to accrue, shall become immediately due and payable and the Landlord or his agents, shall have all and the same rights and remedies for the collection of such accelerated rents as the Landlord or his agents has for the collection of the rents accruing monthly. Landlord recognizes his responsibility to mitigate damages hereunder.

Fifty-fourth: The Tenant agrees to and shall save, hold and keep harmless and indemnify the Landlord from and for any and all payments, expenses, costs, attorney fees and from and for any and all claims and liability for losses or damage to property or injuries to persons occasioned wholly or in part by or resulting from any acts or omissions by the Tenant or the Tenant's agents, employees, guests, licensees, invitees, subtenants, assignees or successors, or for any cause or reason whatsoever arising out of or by reason of the occupancy by the Tenant and the conduct of the Tenant's business.

In no event shall the Tenant make any claim against Landlord, its successors and assigns, for any damage caused by water or leaks, whether such damage is alleged to have been caused by Landlord, its agents or employees or by any other Tenant; said loss being one which is to be insured against by the Tenant under its own insurance policy, until notice has been given to the Landlord and Landlord has had a reasonable time to cure.

Fifty-fifth: The Tenant shall be required to carry his own plate glass insurance in an amount satisfactory to the Landlord and a certificate of such coverage shall be duly delivered by Tenant to Landlord prior to the occupancy under this Lease, and the Tenant shall provide to the Landlord a copy of said policy.

The Tenant shall be responsible for the replacement of any damage whatsoever to the plate glass contained in the demised premises. Within two (2) days after any damage to said plate glass, the Tenant shall replace, or cause to be replaced, the damaged plate glass at its own costs and expense. In the event that Tenant does not effect such repair within two (2) days, Landlord shall have the right to effect said repairs, the cost and expense of which shall become additional rent due and payable as Additional Rent to be payable with the rent payment due the following month.

Fifty-sixth: The Landlord agrees to remove the wall which presently runs down the center of the Demised Premises. Said removal shall be done by Tenant's Contractor at Landlord's expense. Tenant's contractor shall advise Landlord of the cost prior to removal and Landlord shall either agree to said cost or have the wall removed by his own contractor.

Fifty-seventh: Landlord represents that he will rehabilitate the exterior of the building and will include the upgrading of the storefront and resurfacing or repair and restripping of the parking lot. It is anticipated that this work will be substantially completed on or about July 1, 1987.



Fifty-eighth: Further to paragraph #4, in the event Tenant wishes to sublet to a Tenant acceptable to the Landlord, Landlord shall have the option to approve such sublet and participate in 50% of the rents collected under the Lease or cancel the Lease and recapture the premises. In the event of any sublet the Tenant shall remain primarily liable under this Lease.

Fifty-ninth: It is understood and agreed that the prevailing party in any litigation brought under the terms of this Lease shall be entitled to reasonable attorney's fees.

Sixtieth: Notwithstanding anything to contrary contained herein, the payment of rent and additional rent shall commence thirty(30) days after the required work to be done by Landlord which is to include the installation of storefront.



EXHIBIT 3

RULES AND REGULATIONS

Tenant agrees that at all times during the term of this lease it shall:

1. Keep the demised premises and all show windows and signs and any loading dock and other areas allocated for the sole use of Tenant in good, neat and clean condition.
2. Keep its display windows and illuminated signs electrically lighted during such periods of time as may from time to time be required by Landlord or substantially all other retail businesses on Landlord's Land.
3. Furnish to Landlord in writing the license numbers of the vehicles of Tenant and its officers and employees.
4. Remain open for business at least eight (8) hours per day, five (5) days per week.
5. Load and unload its merchandise, equipment and supplies, and remove its rubbish only by way of the service road and service doors designated for Tenant's use. All garbage, refuse and rubbish shall be kept in such containers as are specified by Landlord and shall be placed outside of the premises prepared for collection, in the manner and at the times and places specified by Landlord and shall be removed at Tenant's expense by a contractor approved by Landlord.
6. Not permit any act or practice which may tend to injure the Landlord's Building or its equipment or be a nuisance to other tenants; nor keep merchandise on or obstruct the sidewalks or areas outside of the demised premises; nor conduct or permit any fire, bankruptcy, auction or going-out-of-business sale; nor burn any rubbish in or about the demised premises; nor change the exterior color of the demised premises or the color, size, illumination or location of any sign previously approved by Landlord; nor install or employ any exterior lighting, shades, awnings or advertising device.
7. Not install radio or television or other similar device without, in each instance, Landlord's prior consent in writing. No aerial or other device for receiving radio or television programs shall be erected in the roof or exterior walls of the demised premises, or within the shopping center without, in each instance, the written consent of Landlord. Any aerial or other device so installed without such written consent shall be subject to removal without notice at any time.
8. Not use loudspeakers, television receivers, phonographs, radios or other devices in a manner so that the same or any of them are heard or seen outside of the demised premises.
9. Keep the premises at a temperature sufficiently high to prevent freezing of water in pipes and fixtures.
10. Keep the outside areas immediately adjoining the demised premises clean and free from snow, ice, dirt and rubbish and not place or permit any obstructions or merchandise in any of such areas.
11. Not use nor permit the use of the plumbing facilities for any other purpose than for which they are constructed.
12. Use, at Tenant's cost, such pest extermination contractor as Landlord may direct or approve and at such intervals as Landlord may require.
13. Use, at Tenant's cost, such window cleaning and store maintenance contractor as Landlord may direct or approve.
14. Not use nor permit the use of any portion of the demised premises as sleeping or living quarters or for the keeping of any live animals, fish or birds.



GUARANTY OF LEASE

THIS GUARANTY, given this 16th day of June 1989
by Jennifer Convertibles, Inc. A Delaware Corporation to South 17 Associates
(Landlord).

WITNESSETH:

In order to induce Landlord to demise to Route 17 Convertibles, Inc. (hereinafter with its successors and assigns to be referred to as "Tenant") certain premises in 185 Route 17 South, Paramus, NJ pursuant to a lease dated (the "Lease"), Guarantor agrees as follows:

1. That it does hereby unconditionally and absolutely guarantee to Owner the full, prompt and complete payment by Tenant of the rent and all other sums payable by Tenant under the Lease and the full, prompt and complete performance by Tenant of all and singular the terms, covenants, conditions and provisions in the Lease required to be performed by Tenant.
2. That it does hereby waive notice of acceptance hereof and any and all other notices which by law or under the terms and provisions of the Lease are required to be given to Tenant, and it also waives any demand for or notice of default of the payment of rent and other sums payable by Tenant under the Lease and the performance of all and singular the terms, covenants, conditions and provisions in the Lease required to be performed by Tenant; and Guarantor does further expressly hereby waive any legal obligation, duty or necessity for Owner to proceed first against Tenant or to exhaust any remedy Owner may have against Tenant, it being agreed that in the event of default or failure of performance in any respect by Tenant under the Lease, Owner may proceed and have right of action solely against either Guarantor or Tenant or jointly against Guarantor and Tenant.
3. That any modification, amendment, change or extension of any of the terms, covenants, or conditions of the Lease which Tenant and Owner may hereafter make, or any forbearance, delay, neglect or failure on the part of Owner in enforcing any of the terms, covenants, conditions or provisions of the Lease, shall not in any way affect, impair or discharge Guarantor's unconditional liability to Owner hereunder, nor shall Guarantor's liability hereunder be impaired, affected or discharged by any act done or omitted to be done or by any waiver by either Owner or Tenant, notwithstanding that Guarantor may not have consented thereto or may not have notice or knowledge thereof.
4. That this Guaranty shall continue during the entire term of the Lease and any renewals or extensions thereof and until Tenant has fully discharged all its obligations thereunder, and that this Guaranty shall not be diminished by any payment of rent or performance of the terms, covenants, conditions of Tenant by Guarantor, until each and all of Tenant's obligations under the Lease have been fully discharged.
5. That Guarantor shall not be entitled to make any defense against any claim asserted by Owner in any suit or action instituted by Owner to enforce this Guaranty or the Lease or be excused from any liability hereunder which Tenant could not make or invoke, and Guarantor hereby expressly waives any defense in law or in equity which is not or would not be available to Tenant, it being the intent hereof that the liability of Guarantor hereunder is primary and unconditional.
6. That in the event suit or action be brought upon and in connection with the enforcement of this Guaranty, Guarantor shall pay reasonable attorney's fees and all court costs incurred by Owner, if Owner prevails.

Executed the date first above written.

ATTEST:


W. D. Burdick

By 
JENNIFER CONVERTIBLES, INC.

Imprinted Aug 21, 1986

**SOUTH 17 ASSOCIATES
LEASE EXTENSION AGREEMENT**

ORIGINAL
COPY Number 2 of 4
4 executed
counterparts

may This LEASE EXTENSION AGREEMENT ("Agreement"), made the 30 of April, 1997 between SOUTH 17 ASSOCIATES, a New Jersey General Partnership, (hereinafter called the "Landlord"), and ROUTE 17 CONVERTIBLES, INC., a New Jersey Corporation, (hereinafter called the "Tenant") and JENNIFER CONVERTIBLES, INC., a Delaware Corporation, (hereinafter called the "Guarantor")

WHEREAS, the Tenant now occupies certain premises located at 185 Route 17 South, Paramus, New Jersey, (hereinafter the "Premises") under a Lease Agreement with South 17 Associates dated June 30, 1987 (hereinafter the "Lease"); and

WHEREAS, the Guarantor now guaranties the performance of the Tenant's obligations under a Guaranty of Lease ("Guaranty") dated June 16, 1987; and

WHEREAS, the Tenant has requested to extend the term of the Lease and the Landlord has agreed and consented thereto, and the Guarantor has agreed and consented thereto;

IT IS THEREFORE AGREED in consideration of such terms and conditions as hereinafter set forth:

1. All of the recitals set forth above shall be deemed a part of this Agreement.
2. The term of the Lease is extended for Five (5) years commencing May 1, 1997 and ending on April 30, 2002.
3. Commencing May 1, 1997, the Tenant shall pay on the first day of each month in advance a net base rental as follows:

<u>Dates</u>	<u>Monthly Net Base Rental</u>
May 1, 1997 to April 30, 1998	\$11,458.34
May 1, 1998 to April 30, 1999	\$11,802.08
May 1, 1999 to April 30, 2000	\$12,156.15
May 1, 2000 to April 30, 2001	\$12,520.83
May 1, 2001 to April 30, 2002	\$12,896.45

4. During the term of this Lease Extension, Guarantor shall guaranty, pursuant to the Guaranty, Tenant's performance and obligations under the Lease provided that Guarantor's liability shall be limited to six (6) months of Tenant's obligations under the Lease, except as provided for in Paragraph 5 below. In other words, during the term of this Lease Extension, Guarantor guarantees at least six (6) months of Tenant's obligations under the Guaranty and Lease.

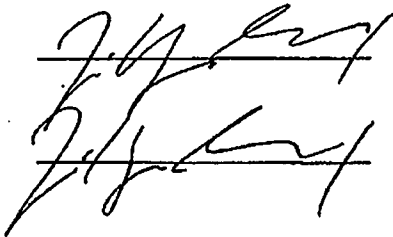
5. Regardless of anything herein to the contrary, Guarantor will continue to guaranty Tenant's obligations under the Guaranty and Lease through October 31, 1998. The provisions of this paragraph are in addition to those in Paragraph 4 of the Lease Extension above. By way of example only, if Tenant should stop performing its obligations under the Lease as of December 31, 1997, Guarantor's liability under the Guaranty would extend through October 31,

1998. But if Tenant stopped performing its obligations under the Lease as of July 31, 1998, Guarantor's obligations would extend for six (6) months through January 31, 1999.

6. Except for the foregoing, all of the terms, covenants, guaranties, conditions and agreements set forth in the Lease shall remain in full force and effect and shall bind the respective parties hereto.

7. The parties executing this Agreement warrant and represent that they are authorized to do so.

Witness



Attest:

Attest:

SOUTH 17 ASSOCIATES

Landlord

By


Judith Greenberg, Partner

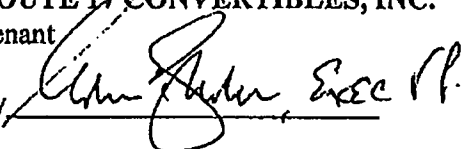
By


Eugene Kalkin, Partner

ROUTE 17 CONVERTIBLES, INC.

Tenant

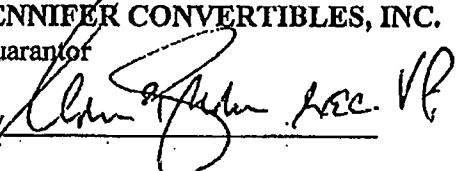
By

 Exec VP

JENNIFER CONVERTIBLES, INC.

Guarantor

By

 Exec VP

SOUTH 17 ASSOCIATES
SECOND LEASE EXTENSION AGREEMENT

COPY

This SECOND LEASE EXTENSION AGREEMENT ("Agreement"), made the 8th of March 2002 between SOUTH 17 ASSOCIATES, a New Jersey General Partnership, (hereinafter called the "Landlord"), and ROUTE 17 CONVERTIBLES, INC., a New Jersey Corporation, (hereinafter called the "Tenant") and JENNIFER CONVERTIBLES, INC., a Delaware Corporation, (hereinafter called the "Guarantor")

WHEREAS, the Tenant now occupies certain premises located at 185 Route 17 South, Paramus, New Jersey, (hereinafter the "Premises") under a Lease Agreement with South 17 Associates dated June 30, 1987 and a Lease Extension Agreement dated May 30, 1997 (hereinafter the "Lease"); and

WHEREAS, the Guarantor now guaranties the performance of the Tenant's obligations under a Guaranty of Lease ("Guaranty") dated June 16, 1987; and

WHEREAS, the Tenant has requested to extend the term of the Lease and the Landlord has agreed and consented thereto, and the Guarantor has agreed and consented thereto;

IT IS THEREFORE AGREED in consideration of such terms and conditions as hereinafter set forth:

1. All of the recitals set forth above shall be deemed a part of this Agreement.
2. The term of the Lease is extended for Ten (10) years commencing May 1, 2002 and ending on April 30, 2012.
3. Commencing May 1, 2002, the Tenant shall pay on the first day of each month in advance a net base rental as follows:

<u>Dates</u>	<u>Monthly Net Base Rental</u>
May 1, 2002 to April 30, 2003	\$11,507.50
May 1, 2003 to April 30, 2004	\$11,891.08
May 1, 2004 to April 30, 2005	\$12,274.67
May 1, 2005 to April 30, 2006	\$12,658.25
May 1, 2006 to April 30, 2007	\$13,041.83
May 1, 2007 to April 30, 2008	\$13,425.42
May 1, 2008 to April 30, 2009	\$13,809.00
May 1, 2009 to April 30, 2010	\$14,192.58
May 1, 2010 to April 30, 2011	\$14,576.17
May 1, 2011 to April 30, 2012	\$14,959.75

4. As of May 1, 2002, Landlord shall be responsible for the maintenance, repair and replacement of the roof of the Premises.
5. Tenant shall obtain and pay for a maintenance service contract for the Premises' HVAC units with a reputable contractor throughout the term of this Lease. Tenant shall be responsible for all regular costs to maintain the HVAC units. Tenant will supply Landlord with a copy of such maintenance contracts. If Tenant fails to obtain the maintenance contract for the HVAC units, the Tenant shall be in default under its Lease and Landlord may obtain such HVAC maintenance contracts as it deems necessary at Tenant's sole cost and expense. So long as Tenant maintains in place the HVAC service contracts, Landlord shall be responsible for any capital replacements required to the HVAC units.
6. Landlord shall return to Tenant the thirty thousand dollar (\$30,000.00) security deposit Tenant has with Landlord as a rent credit of \$3,000.00 per month commencing with the May 1, 2002 rent payment and ending with the February 1, 2003 rent payment. Thereafter, Landlord and Tenant shall have no further obligation to each other regarding any security deposits under the Lease.
7. During the term of this Lease Extension, Guarantor shall guaranty, pursuant to the Guaranty, Tenant's performance and obligations under the Lease provided that Guarantor's liability shall be limited to six (6) months of Tenant's obligations under the Lease, except as provided for in Paragraph 8 below. In other words, during the term of this Lease Extension, Guarantor guarantees at least six (6) months of Tenant's obligations under the Guaranty and Lease.
8. Regardless of anything herein to the contrary, Guarantor will continue to fully guaranty Tenant's obligations under the Guaranty and Lease through October 31, 2003. The provisions of this paragraph are in addition to those in Paragraph 7 of the Lease Extension above. By way of example only, if Tenant should stop performing its obligations under the Lease as of December 31, 2002, Guarantor's liability under the Guaranty would extend through October 31, 2003. But if Tenant stopped performing its obligations under the Lease as of July 31, 2003, Guarantor's obligations would extend for six (6) months through January 31, 2004.
9. Except for the foregoing, all of the terms, covenants, guaranties, conditions and agreements set forth in the Lease shall remain in full force and effect and shall bind the respective parties hereto.

10. The parties executing this Agreement warrant and represent that they are authorized to do so.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals to this Second Lease Extension, or caused these presents to be signed by their proper corporate officers and caused their proper corporate seals to be hereunto affixed, as of the day and year first above written.

WITNESS

Barbara Tesa

Dana Bonnell

SOUTH 17 ASSOCIATES

Landlord

By Judith Greenberg
Judith Greenberg, Partner

By Eugene Kalkin
Eugene Kalkin, Partner

Attest

[Signature]

ATTEST:

[Signature]

ROUTE 17 CONVERTIBLES, INC.

Tenant

By [Signature]

JENNIFER CONVERTIBLES, INC.

Guarantor

By [Signature]

SOUTH 17 ASSOCIATES
THIRD LEASE MODIFICATION AGREEMENT

This THIRD LEASE EXTENSION AGREEMENT ("Agreement"), made the 2nd of March, 2009 between **SOUTH 17 ASSOCIATES**, (hereinafter called the "Landlord"), and **ROUTE 17 CONVERTIBLES, INC.**, a New Jersey Corporation, (hereinafter called the "Tenant") and **JENNIFER CONVERTIBLES, INC.**, a Delaware Corporation, (hereinafter called the "Guarantor")

WHEREAS, the Tenant now occupies certain premises located at 185 Route 17 South, Paramus, New Jersey, (hereinafter the "Premises") under a Lease Agreement with South 17 Associates dated June 30, 1987, a Lease Extension Agreement dated May 30, 1997 and a Second Lease Extension Agreement dated March 8th, 2002 (hereinafter the "Lease"); and

WHEREAS, the Guarantor now guaranties the performance of the Tenant's obligations under a Guaranty of Lease ("Guaranty") dated June 16, 1987; and

WHEREAS, the Tenant has requested to modify the terms of the Lease and the Landlord has agreed and consented thereto, and the Guarantor has agreed and consented thereto;

IT IS THEREFORE AGREED in consideration of such terms and conditions as hereinafter set forth:

1. All of the recitals set forth above shall be deemed a part of this Agreement.
2. Commencing November 1, 2008 and continuing through the end of the Term, the Tenant shall pay on the first day of each month in advance a net base rental as follows:

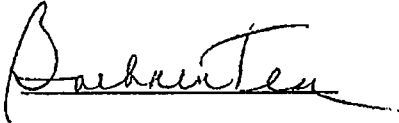
<u>Dates</u>	<u>Monthly Net Base Rental</u>
November 1, 2008 to April 30, 2012	\$11,600.00

3. Landlord shall not charge a late fee on the Rent until the Rent is forty-five (45) days past due.
4. Landlord shall have the right to terminate the Lease on one hundred and twenty (120) days advance written notice ("Termination Notice"). If Landlord provides the Termination Notice, the Lease shall automatically terminate on the 120th day ("Termination Date") after the notice and shall vacate the Premises by the Termination Date.

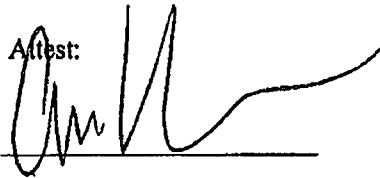
5. Except for the foregoing, all of the terms, covenants, guaranties, conditions and agreements set forth in the Lease shall remain in full force and effect and shall bind the respective parties hereto.
6. The parties executing this Agreement warrant and represent that they are authorized to do so.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals to this Third Lease Extension, or caused these presents to be signed by their proper corporate officers and caused their proper corporate seals to be hereunto affixed, as of the day and year first above written.

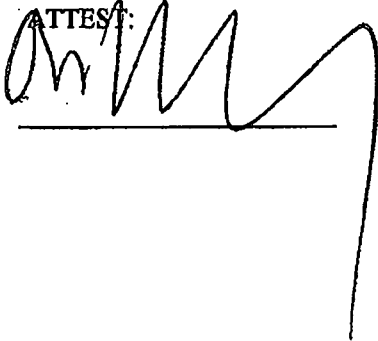
WITNESS



Attest:



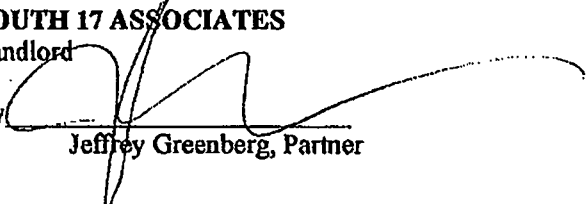
ATTES:



SOUTH 17 ASSOCIATES

Landlord

By


Jeffrey Greenberg, Partner

ROUTE 17 CONVERTIBLES, INC.

Tenant

By



JENNIFER CONVERTIBLES, INC.

Guarantor

By

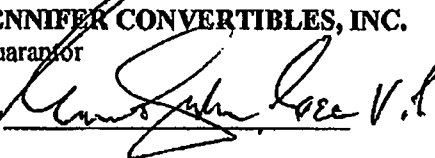


EXHIBIT B

COPY

ASSIGNMENT OF LEASE AGREEMENT

This Assignment is made, effective as of the 1st day of September, 2000, by and between Route 17 Convertibles, Inc., a New Jersey corporation with corporate offices at 419 Crossways Park Drive, Woodbury, New York, 11797 (hereinafter referred to as "Assignor") and Jennifer Convertibles, Inc., a Delaware corporation, with corporate offices at 419 Crossways Park Drive, Woodbury, New York, 11797 (hereinafter referred to as "Assignee").

WITNESSETH:

WHEREAS, South 17 Associates, the address of which is c/o Heritage Management Co., LLC, 50 West Ridgewood Avenue, Ridgewood, New Jersey, as Landlord ("Landlord"), demised certain premises located at a portion of a one story building known as 185 Route 17, Paramus, New Jersey (the "Premises") to Assignor, as tenant, pursuant to a certain Lease dated as June 30, 1987; and

WHEREAS, Assignor desires to assign the Lease to Assignee and Assignee desires to acquire all of Assignor's rights under the Lease pursuant to the terms of this Assignment.

AGREEMENT:

NOW, THEREFORE, for Ten (\$10.00) Dollars and other valuable consideration, receipt which is mutually acknowledged by both parties, the parties hereto agree as follows:

1. Assignor hereby transfers and assigns to Assignee all of Assignor's right, title and interest together with any Security Deposit, and any accrued interest thereon, and obligations in and to and under the Lease, and any and all amendments, modifications, and extensions thereto, effective as of the date hereof.
2. This Assignment shall be binding on and inure to the benefit of Assignor and Assignee and their respective successors and permitted assigns.
3. As a material inducement to Assignee to execute and deliver this Agreement, Assignor represents to Assignee the following :

(a) As of the date hereof, Assignor has not entered into any other Agreement to assign or sublet all or any portion of the Premises for any period during any part of the term of the Lease from and after this Date and has not granted any rights or options to any third party with respect to the Premises which exist as of the date hereof;

(b) The Lease Agreement is in full force and effect, and all of the terms, conditions, and promises of the lease have been complied with. As of the delivery of possession, there shall be no default under the Lease for the payment of fixed rent or additional rent due up until the delivery of the Premises (the "Delivery Date");

(c) As of the Delivery Date, there shall be no monetary default by Assignor;

(d) The provisions of this Section shall survive the closing of this Agreement; and

(f) Assignor has full power and authority to assign the Lease in accordance with this Agreement. The party executing this Agreement is authorized to bind Assignor and this Agreement will not violate any law, court orders or other Agreements. This provision shall not apply to any representations in connection with consent requirements under the Lease.

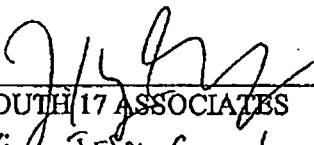
4. As an inducement for Assignor entering into this Agreement, Assignee further agrees to assume any and all obligations under the Lease after the Delivery Date.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Agreement as of the 28 day of August, 2000.

CONSENTED TO:

SOUTH 17 ASSOCIATES

by:


Jeffrey Greenberg

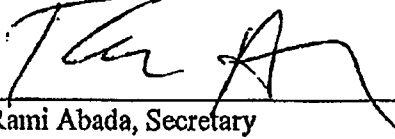
ROUTE 17, CONVERTIBLES, INC.

By:


Harley Greenfield, President

JENNIFER CONVERTIBLES, INC., Assignee

By:


Rami Abada, Secretary

STATE OF NEW YORK)

ss:

COUNTY OF NASSAU)

On the 28 day of August, 2000, before me personally came Harley Greenfield, to me known, who, being by me duly sworn, did depose and say that he is the President of Route 17, Convertibles, Inc. (Assignor), the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.


Notary Public

STATE OF NEW YORK)

ss:

COUNTY OF NASSAU)

On the 28 day of August, 2000 before me personally came Rami Abada, to me known, who, being by me duly sworn, did depose and say that he is the Secretary of Jennifer Convertibles, Inc. (Assignee), the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.


Notary Public

SANDRA M. SARCONA
Notary Public State of New York
No. 01SA4726457
Qualified in Nassau County
Commission Expires May 31, 192002

EXHIBIT C

10/6/2010

User: NANNETTE

HERITAGE MANAGEMENT COMPANY, L.L.C.

OCCUPANT LEDGER

Unit Reference Number : S17-2
 Property Name : SOUTH 17 ASSOCIATES
 Co. Name : RT 17 CONVERTIBLES
 Address1 : 185 ROUTE 17 SOUTH
 Address2 :
 City, State, Zip : Paramus, New Jersey 07652
 D/B/A Name : REDept@jennifer
 Email Address :

Occupant Type : CURRENT
 Tenant Id : 13323000052
 Phone Number : (516) 496-1900
 Cell Number
 Fax Number :
 Unit Number : 1

This Tenant has no Lease Options

Chronological History

Date	Charge Code	Charge Description	Amount	Balance
12/01/2008	RNT	MONTHLY BASE RENT	11,600.00	11,600.00
12/01/2008	CAM	COMMON AREA & MAINTENANCE	3,400.00	15,000.00
12/08/2008	CAM	Pymt. Batch 415 Check 60635	-11,688.37	3,311.63
12/08/2008	RNT	Pymt. Batch 415 Check 60635	-3,311.63	0.00
01/01/2009	RNT	MONTHLY BASE RENT	11,600.00	11,600.00
01/01/2009	CAM	COMMON AREA & MAINTENANCE	3,400.00	15,000.00
02/01/2009	RNT	MONTHLY BASE RENT	11,600.00	26,600.00
02/01/2009	CAM	COMMON AREA & MAINTENANCE	3,400.00	30,000.00
02/24/2009	CAM	Pymt. Batch 617 Check 061309	-15,000.00	15,000.00
03/01/2009	RNT	MONTHLY BASE RENT	11,600.00	26,600.00
03/01/2009	CAM	COMMON AREA & MAINTENANCE	3,400.00	30,000.00
03/10/2009	CAM	Pymt. Batch 653 Check 62055	-11,688.37	18,311.63
03/10/2009	RNT	Pymt. Batch 653 Check 62055	-3,311.63	15,000.00
04/01/2009	RNT	MONTHLY BASE RENT	11,600.00	26,600.00
04/01/2009	CAM	COMMON AREA & MAINTENANCE	3,400.00	30,000.00
04/07/2009	CAM	Pymt. Batch 763 Check 63679	-15,000.00	15,000.00
05/01/2009	RNT	MONTHLY BASE RENT	11,600.00	26,600.00
05/01/2009	CAM	COMMON AREA & MAINTENANCE	3,400.00	30,000.00
5/15/2009	LAT	LATE CHARGE	750.00	30,750.00
06/01/2009	RNT	MONTHLY BASE RENT	11,600.00	42,350.00
06/01/2009	CAM	COMMON AREA & MAINTENANCE	3,400.00	45,750.00
06/09/2009	CAM	Pymt. Batch 922 Check 065075	-22,190.33	23,559.67
6/15/2009	CAM	LATE CHARGE	427.98	23,987.65
07/01/2009	RNT	MONTHLY BASE RENT	11,600.00	35,587.65
07/01/2009	CAM	Pymt. Batch 984 Check 65790	-15,400.00	20,187.65
07/01/2009	CAM	COMMON AREA & MAINTENANCE	3,400.00	23,587.65
7/15/2009	LAT	LATE CHARGE	429.38	24,017.03
08/01/2009	RNT	MONTHLY BASE RENT	11,600.00	35,617.03
08/01/2009	CAM	COMMON AREA & MAINTENANCE	3,400.00	39,017.03
08/11/2009	CAM	Pymt. Batch 095 Check 066632	-15,400.00	23,617.03
8/18/2009	LAT	LATE CHARGE	430.85	24,047.88
09/01/2009	RNT	MONTHLY BASE RENT	11,600.00	35,647.88
09/01/2009	CAM	COMMON AREA & MAINTENANCE	3,400.00	39,047.88

09/03/2009 CAM	Pymt. Batch 151 Check 66741	-15,400.00	23,647.88
9/15/2009 CAM	Pymt. Batch 183 Check 67824	-15,400.00	8,247.88
10/01/2009 RNT	MONTHLY BASE RENT	11,600.00	19,847.88
10/01/2009 CAM	COMMON AREA & MAITENANCE	3,400.00	23,247.88
10/02/2009 CAM	Pymt. Batch 249 Check 68336	-15,400.00	7,847.88
11/01/2009 RNT	MONTHLY BASE RENT	11,600.00	19,447.88
11/01/2009 CAM	COMMON AREA & MAITENANCE	3,400.00	22,847.88
11/15/2009 LAT	LATE CHARGE	392.39	23,240.27
12/01/2009 RNT	MONTHLY BASE RENT	11,600.00	34,840.27
12/01/2009 CAM	Pymt. Batch 377 Check 69020	-15,400.00	19,440.27
12/01/2009 CAM	COMMON AREA & MAITENANCE	3,400.00	22,840.27
12/15/2009 LAT	LATE CHARGE	392.01	23,232.28
01/01/2010 RNT	MONTHLY BASE RENT	11,600.00	34,832.28
01/01/2010 CAM	COMMON AREA & MAITENANCE	3,400.00	38,232.28
1/15/2010 LAT	LATE CHARGE	1,161.61	39,393.89
02/01/2010 RNT	MONTHLY BASE RENT	11,600.00	50,993.89
02/01/2010 CAM	COMMON AREA & MAITENANCE	3,400.00	54,393.89
2/15/2010 LAT	LATE CHARGE	1,969.69	56,363.58
2/16/2010 CAM	2009 CAM ADJUSTMENT	10,971.80	67,335.38
02/17/2010 CAM	Pymt. Batch 564 Check 071473	-15,400.00	51,935.38
03/01/2010 RNT	MONTHLY BASE RENT	11,600.00	63,535.38
03/01/2010 CAM	COMMON AREA & MAITENANCE	3,400.00	66,935.38
03/10/2010 CAM	Pymt. Batch 629 Check 72107	-30,800.00	36,135.38
03/17/2010 CAM	Pymt. Batch 660 Check 72354	-15,400.00	20,735.38
3/15/2010 CAM	LATE CHARGE	368.22	21,103.60
04/01/2010 RNT	MONTHLY BASE RENT	11,600.00	32,703.60
04/01/2010 CAM	COMMON AREA & MAITENANCE	3,400.00	36,103.60
4/15/2010 LAT	LATE CHARGE	1,082.43	37,186.03
05/01/2010 RNT	MONTHLY BASE RENT	11,600.00	48,786.03
05/01/2010 CAM	COMMON AREA & MAITENANCE	3,400.00	52,186.03
5/15/2010 LAT	LATE CHARGE	1,886.55	54,072.58
06/01/2010 RNT	MONTHLY BASE RENT	11,600.00	65,672.58
06/01/2010 CAM	COMMON AREA & MAITENANCE	3,400.00	69,072.58
6/15/2010 LAT	LATE CHARGE	2,730.88	71,803.46
07/01/2010 RNT	MONTHLY BASE RENT 7/1/10-7/19/10	7,023.56	78,827.02
07/01/2010 CAM	COMMON AREA & MAITENANCE 7/1/10-7/19/10	2,058.64	80,885.66
7/15/2010 LAT	LATE CHARGE	3,321.54	84,207.20

EXHIBIT D

Jennifer Convertibles, Inc. - Rejection Damages for Lease with South 17 Associates

Jennifer - Remaining Rent Obligations

10/15/10 - 10/31/10 (Base Rent)	\$6,361.29
11/1/10 - 4/30/12 (Base Rent - 18 mo.)	\$208,800.00
10/15/10 - 10/31/10 (Additional Rent)	\$1,864.50
11/1/10 - 4/30/12 (Additional Rent - 18 mo.)	\$61,200.00

Remaining Term Total = \$278,225.79

Rejection Damages Pursuant to 502(b)(6)

1 year = \$180,000.00 $((\$11,600 + \$3,400) \times 12 \text{ mo.})$
15% of Remaining term = \$41,733.87
Rejection Damages Owed = \$180,000.00



123 Prospect Street
Post Office Box 627
Ridgewood, New Jersey 07451
T: 201-251-9700
F: 201-251-9009

www.HeritageCapitalGroup.net

October 21, 2010

Via Federal Express

BMC Group, Inc.
Attn: Jennifer Convertibles Claims Processing
18750 Lake Drive East
Chanhassen, MN 55317

Re: Proof of Claim
Jennifer Convertibles, Inc.

To Whom It May Concern:

Please find enclosed an original Proof of Claim against the above referenced Debtor.

Additionally, please find enclosed a self-addressed, stamped envelope and a copy of the Claim.
Kindly return a time-stamped copy to us for our records.

If you have any questions, please feel free to contact us.

Sincerely,
SOUTH 17 ASSOCIATES

A handwritten signature in black ink, appearing to read "Jeffrey Greenberg", is written over the typed name. The signature is fluid and stylized, with a large loop at the beginning and a long horizontal stroke at the end.

Jeffrey Greenberg

/bmt
Enclosures