

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

PROOF OF CLAIM

Name of Debtor: **Jennifer Convertibles, Inc.**Case Number: **10-13779 (AJG)**

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):

Oakland Square LLC

Name and address where notices should be sent:

Oakland Square, LLC
P.O. Box 56316
Jacksonville, FL 32241-6316
Attn.: Ben Weaver
Tel.: (904) 260-5122

with a copy to: Pryor Cashman LLP
7 Times Square
New York, NY 10036-6569
Attn.: Seth H. Lieberman, Esq.
Tel.: (212) 421-4100

☐ Check this box to indicate that this claim amends a previously filed claim.

Court Claim Number: _____
(If known)
Filed on: _____

Name and address where payment should be sent (if different from above):

RECEIVED

OCT 28 2010

BMC GROUP

☐ 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.
☐ Check this box if you are the debtor or trustee in this case.

1. Amount of Claim as of Date Case Filed:

see attached addendum

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 5.

☐ 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.

2. Basis for Claim: see attached addendum

(See instruction #2 on reverse side.)

3. Last four digits of any number by which creditor identifies debtor: _____

3a. Debtor may have scheduled account as: _____

(See instruction #3a on reverse side.)

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: ☐ Real Estate ☐ Motor Vehicle ☐ 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.

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. Specify the priority of the claim.

☐ Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).

☐ Wages, salaries, or commissions (up to \$11,725*) 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).

☐ Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5).

☐ Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7).

☐ Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8).

☒ Other – Specify applicable paragraph of 11 U.S.C. §507 (a) (2).

Amount entitled to priority: see attached addendum

*Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

Date: OCT. 20, 2010

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 address above. Attach copy of power of attorney, if any.



00338

By: _____

Ben Weaver – Managing Member, Oakland Square LLC

FOR COURT USE ONLY

FILED
25 A 10:10
BANKRUPTCY COURT

**ADDENDUM TO PROOF OF CLAIM OF OAKLAND SQUARE, LLC
AGAINST JENNIFER CONVERTIBLES, INC., CASE NO. 10-13779 (AJG)**

1. Oakland Square, LLC (“Claimant”) is a limited liability company organized under the laws of the state of Florida. Claimant maintains its office at 12627 San Jose Boulevard, Suite 301, Jacksonville, Florida 32223.

Background

2. On or about July 14, 1994, Jennifer Leather-Fort Lauderdale Fl, Inc.,¹ a wholly owned subsidiary of Jennifer Convertibles, Inc. (“Jennifer”), as Tenant, entered into that certain Lease (the “Lease”) with Hale Piano and Organ Inc., as Landlord of that certain building located at 3058 North Federal Highway, Fort Lauderdale, Florida (the “Premises”). A copy of the Lease is attached hereto as Exhibit A.

3. Upon execution of the Lease, Jennifer Leather-Fort Lauderdale Fl, Inc. took possession of the Premises.

4. On or about February 25, 2000, Hale Piano and Organ Inc. assigned the Lease to Claimant and, thereafter, Jennifer Leather-Fort Lauderdale Fl, Inc. paid rent to Claimant in accordance with the terms of the Lease.

5. On or about May 31, 2005, Claimant and Jennifer Leather-Fort Lauderdale Fl, Inc. executed that certain extension of the Lease (the “Lease Extension”). A copy of the Lease Extension is attached hereto as Exhibit B.

6. On or about November 1, 2008, Claimant and Jennifer executed that certain Lease Modification Agreement (the “Lease Modification Agreement”). A copy of the Lease Modification Agreement is annexed hereto as Exhibit C.

¹ Jennifer Leather-Fort Lauderdale Fl, Inc. is a dissolved Florida Corporation.

7. On or about February 17, 2010, Claimant filed a Summons and Complaint for Tenant Eviction (the “Summons and Complaint”) in the County Court of the 17th Judicial Circuit in and for Broward County, Florida (the “State Court”), which action was docketed as Case No. 10-02870 COCE (54) (the “State Action”). A copy of the Summons and Complaint are annexed hereto as Exhibit D.

8. On or about March 22, 2010, Claimant and Jennifer entered into a settlement agreement (the “Settlement Agreement”) in resolution of the State Action. A copy of the Settlement Agreement is annexed hereto as Exhibit E.

Basis For Claim

9. On July 18, 2010 (the “Petition Date”), Jennifer and 11 of its affiliates (collectively, the “Debtors”) filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). The Debtors’ cases are jointly administered for procedural purposes.

10. On August 16, 2010, Claimant transmitted a letter to Jennifer (the “Demand Letter”) which sought, *inter alia*, immediate payment of stub rent that Jennifer owed Claimant under the Lease and Settlement Agreement. Upon information and belief, Jennifer failed to respond to the Demand Letter.²

11. On September 8, 2010, Jennifer filed with the Bankruptcy Court its Notice of Proposed Rejection of Unexpired Leases [Dkt. No. 222] (the “Rejection Notice”). A copy of the Rejection Notice is attached hereto as Exhibit F. According to the Rejection Notice, Jennifer rejected the Lease and abandoned the Premises effective September 28, 2010.

A. Prepetition Claim Amounts

12. Pursuant to the Lease and Settlement Agreement, Jennifer remains indebted to Claimant for \$56,855.84 in unpaid prepetition amounts.

13. In accordance with the terms of the Lease and Settlement Agreement, for May 2010, Jennifer was obligated to pay Claimant: (i) monthly rent of \$15,647.31, (ii) \$5,386.48 in real estate taxes and (iii) 6% sales tax of \$1,262.03. However, Jennifer failed to pay all amounts due and owing for May 2010. Therefore, Claimant is entitled to \$22,295.82 for all unpaid amounts due and owing for May 2010.

14. In accordance with the terms of the Settlement Agreement, for June 2010, Jennifer was obligated to pay Claimant: (i) monthly rent of \$13,000.00, (ii) \$5,386.48 in real estate taxes and (iii) 6% sales tax of \$1,103.19. However, Jennifer failed to pay all amounts due and owing for June 2010. Therefore, Claimant is entitled to \$19,489.67 for all unpaid amounts due and owing for June 2010.

15. In accordance with the terms of the Settlement Agreement, for July 2010, Jennifer was obligated to pay Claimant: (i) monthly rent of \$13,000.00, (ii) \$5,386.48 in real estate taxes and (iii) 6% sales tax of \$1,103.19. However, Jennifer failed to pay all amounts due and owing for July 2010. Therefore, Claimant is entitled to \$10,687.88 for those July 2010 amounts due and owing before the Petition Date.

16. In accordance with the terms of the Lease and Settlement Agreement, upon Jennifer's default, Claimant is entitled to all fees and expenses that are incurred by it and its professionals in enforcing the terms of the Lease and Settlement Agreement. Therefore,

² On September 16, 2010, Claimant followed up with Jennifer via email regarding the status of the Demand Letter (the "Demand Email"). Upon information and belief, Jennifer failed to respond to the Demand Email.

Claimant is entitled to \$4,382.47³ for its prepetition attorney's fees and costs under the Lease and Settlement Agreement.

17. Therefore, Claimant asserts a prepetition claim for unpaid rent, sales tax, real estate taxes and legal fees under the Lease and Settlement Agreement for no less than \$56,855.84.

B. Postpetition Claim Amounts

18. Pursuant to the Lease and Settlement Agreement, Jennifer remains indebted to Claimant for \$22,696.55 in unpaid postpetition claim amounts.

19. In accordance with the terms of the Settlement Agreement, for July 2010, Jennifer was obligated to pay Claimant: (i) monthly rent of \$13,000.00, (ii) \$5,386.48 in real estate taxes and (iii) 6% sales tax of \$1,103.19. However, Jennifer failed to pay all amounts due and owing for July 2010. Therefore, Claimant is entitled to stub rent of \$8,801.79 for unpaid postpetition amounts due and owing for July 2010.

20. In accordance with the terms of the Lease and Settlement Agreement, upon Jennifer's default, Claimant is entitled to all fees and expenses incurred by it and its professionals in enforcing the terms of the Lease and Settlement Agreement. Therefore, Claimant is entitled to \$13,894.76 for its postpetition attorney's fees and costs under the Lease and the Settlement Agreement. Copies of Claimant's invoices for its postpetition fees and costs are attached hereto as Exhibit G.⁴

³ This amount derives from paragraph seven of the Settlement Agreement.

⁴ Claimant's disclosure of its invoices for purposes of this Proof of Claim is not intended to be a waiver of the attorney-client privilege or the attorney work product protection, each of which Claimant specifically reserves.

21. Therefore, Claimant asserts a postpetition claim for unpaid rent, sales tax, real estate taxes and legal fees under the Lease and Settlement Agreement for no less than \$22,696.55.

22. Claimant reserves the right to amend and/or supplement this Proof of Claim for any reason.

23. This claim is based upon the Lease and the Settlement Agreement. The consideration for this claim consists of Jennifer's use and occupancy of the Premises.

24. Except as otherwise set forth herein, no part of this claim has been paid and no cash is held or was received by Claimant on account of this claim.

25. No judgment has been rendered on this claim.

26. This claim is not subject to any set off or counterclaim.

27. This claim is a general unsecured claim, except to the extent that Claimant holds an unsecured priority claim for \$22,696.55 under 11 U.S.C. § 365(d)(3) for its postpetition claim for unpaid rent, sales tax, real estate taxes and legal fees under the Lease and Settlement Agreement. Alternatively, Claimant holds an administrative claim for \$22,696.55 under 11 U.S.C. § 503(b)(1).

28. No security is held for this claim.

29. Claimant expressly reserves: (a) its rights and claims against Jennifer and against any division, subsidiary or affiliate thereof and its respective present and former creditors, agents, representatives and professionals under 11 U.S.C. § 510; (b) its rights and remedies under applicable federal and state law against Jennifer, and against any division, subsidiary or affiliate thereof and its respective present and former creditors, agents, representatives, officers and directors, shareholders and professionals for, among other things, breach of fiduciary duty,

securities law violations, lien and transfer avoidance, fraud, constructive trust, equitable lien or other legal or equitable remedies to which it may be entitled; (c) its rights to seek to impose a constructive trust or equitable lien on assets of Jennifer; and (d) its rights and remedies against any non-debtors who may have liability relating to this claim.

30. The filing of this Proof of Claim is not: (a) a waiver or release of Claimant's rights against any person, entity or property; (b) a consent by Claimant to the jurisdiction of this Court with respect to the subject matter of this claim, any objections or other proceedings commenced with respect thereto, or any other proceedings commenced in this case or otherwise involving Claimant; or (c) a waiver of the right to move to withdraw the reference, or otherwise to challenge the jurisdiction of this Court with respect to the subject matter of this claim, any objection or other proceedings commenced with respect thereto or any other proceeding commenced in this case against or otherwise involving Claimant.

31. All notices to Claimant should be sent to:

Pryor Cashman LLP
7 Times Square
New York, New York 10036-6569
Attn.: Seth H. Lieberman, Esq.
Telephone: (212) 421-4100
Facsimile: (212) 326-0806
E-mail: slieberman@pryorcashman.com

-and-

Oakland Square, LLC
P.O. Box 56316
Jacksonville, Florida 32241-6316
Attn.: Ben Weaver
Telephone: (904) 260-5122
Facsimile: (904) 260-5121
E-mail: bweaver@weaverandweaverlaw.com

Exhibit A

ORIGINAL
Number 3 of
3 executed
counterparts.

LEASE

HALE PIANO AND ORGAN, INC.,

Landlord

- and -

JENNIFER LEATHER-FORT LAUDERDALE FL, INC.,

Tenant

HALE PIANO AND ORGAN, INC.

LEASE

INDEX

Page No.

I - DEFINITIONS

ARTICLE I - Leased Premises

Section 1.01 - Leased Premises	1
Section 1.02 - Use of Additional Areas	2

ARTICLE II - Term

Section 2.01 - Inspection Period	2
Section 2.02 - Permitting Period	2
Section 2.03 - Landlord's Continued Occupancy	3
Section 2.04 - Commencement Date	4
Section 2.05 - Failure to Give Possession	4
Section 2.06 - Free Fixed Rent Period	4
Section 2.07 - Length of Term	4
Section 2.08 - Lease Year	5

ARTICLE III - Rent

Section 3.01 - Payment of Rent	5
Section 3.02 - Fixed Rent	6
Section 3.03 - Total Rental	6
Section 3.04 - Security Deposit	6

ARTICLE IV - Option to Renew

Section 4.01 - Renewal Term	8
Section 4.02 - Renewal Term Rent	8
Section 4.03 - Consumer Price Index (CPI)	9

ARTICLE V - Premises Expenses

Section 5.01 - Premises Expenses	11
Section 5.02 - Real Estate Taxes on Leased Premises	12
Section 5.03 - Abatements	13
Section 5.04 - Method of Payment	14
Section 5.05 - Proration of Premises Expenses	14

ARTICLE VI - Tenant's Improvements

Section 6.01 - Tenant's Improvements	15
--------------------------------------	----

ARTICLE VII - Conduct of Business by Tenant

Section 7.01 - Use of Premises	15
Section 7.02 - Restrictions on Use	15

ARTICLE VIII - Maintenance and Repairs

Section 8.01 - Maintenance by Tenant	16
Section 8.02 - Maintenance by Landlord	16
Section 8.03 - Waiver of Claims	17
Section 8.04 - Landlord's Right to Inspect	18
Section 8.05 - Cleanliness and Waste	18

ARTICLE IX - Insurance

Section 9.01 - Insurance	18
Section 9.02 - Mutual Release and Waiver of Subrogation	19
Section 9.03 - Indemnity for Accidents	19
Section 9.04 - Destruction by Fire or Casualty	20

ARTICLE X - Condemnation

Section 10.01 - Condemnation	21
------------------------------	----

ARTICLE XI - Signs

Section 11.01 - Signs	22
-----------------------	----

ARTICLE XII - Default

Section 12.01 - Default by Tenant	22
Section 12.02 - Default by Landlord	26

ARTICLE XIII - Title

Section 13.01 - Possession by Tenant	26
Section 13.02 - Subordination and Rights of Mortgagee	27
Section 13.03 - Surrender of Premises	27
Section 13.04 - Assignment, Subletting, etc.	28
Section 13.05 - Recording	28
Section 13.06 - Force Majeure	29

ARTICLE XIV - Miscellaneous

Section 14.01 - Notices	29
Section 14.02 - Waiver	30
Section 14.03 - Consent	30
Section 14.04 - Mutuality of Lease Provisions	31
Section 14.05 - Relationship of Parties	31
Section 14.06 - Security Services	31
Section 14.07 - Governing Laws	31

Section 14.08 - Savings Clause	32
Section 14.09 - Paragraph Headings	32
Section 14.10 - Covenant to Bind Successors	32
Section 14.11 - Entire Agreement	32
Section 14.12 - Letter of Acceptance	33
Section 14.13 - Notice to Mortgagee	33
Section 14.14 - Authority	33
Section 14.15 - Execution	34
Section 14.16 - Mutuality of Lease Provisions	34

LEASE GUARANTY - JENNIFER CONVERTIBLES, INC.	35
--	----

HALE PIANO AND ORGAN, INC., Landlord

-and-

JENNIFER LEATHER-FORT LAUDERDALE FL, INC., Tenant

LEASE

LEASE dated July 14, 1994, between HALE PIANO AND ORGAN, INC. ("Landlord"), and JENNIFER LEATHER-FORT LAUDERDALE FL, INC. ("Tenant").

In consideration of the rents to be paid by the Tenant and agreements hereinafter provided to be performed by the parties hereto, the Landlord leases to the Tenant, and the Tenant accepts and rents from the Landlord, the premises hereinafter described, for the period, at the rental and upon the terms and conditions hereinafter set forth.

ARTICLE I

Leased Premises

Section 1.01 - Leased Premises.

Landlord's Store Building ("the Building") located at 3058 North Federal Highway, Fort Lauderdale, Florida, consisting of a store containing an area of approximately 13,149 square feet, in its "as is" condition ("Leased Premises"), legally described as Lots 19, 20, 21 & 22, CORAL CORNER SHOPPING CENTER, according to the Plat thereof, as recorded in Plat Book 34, Page 17 of the Public Records of Broward County, Florida.

1/2 = 6,574 SF

Section 1.02 - Use of Additional Areas. The use and occupation by the Tenant of the Leased Premises shall include use in common with others entitled thereto of the common areas of the Times Square Shopping Center, Inc. ("Association") including parking spaces, service roads, loading facilities and sidewalks, as shown on Exhibit "A;" subject, however, to the terms and conditions of this Lease and to reasonably uniform rules and regulations for the use thereof as prescribed from time to time by the Association.

ARTICLE II

Term

Section 2.01 - Inspection Period. Tenant shall have a period of thirty (30) days from the Execution Date ("Inspection Date") to inspect the Leased Premises which are being leased in their "As Is" condition. If during this thirty day period Tenant shall determine that for any reason the Leased Premises are unacceptable, Tenant may by notice in writing to Landlord given prior to the expiration of said thirty day period, cancel the Lease.

Section 2.02 - Permitting Period. Tenant shall have an additional period of sixty (60) days subsequent to the Inspection Period ("Permitting Period") to prepare plans for Tenant's improvement of the Premises and to obtain governmental approval and building permits for such improvements. No rental shall be due during the Inspection or Permitting Periods.

Section 2.03 - Landlord's Continued Occupancy. Landlord shall continue to occupy the Leased Premises during the Inspection and Permitting Periods. Landlord shall vacate the Premises upon the earlier of (a) notice from the Tenant of the expiration of the Inspection and Permitting Periods or (b) upon thirty (30) days notice in writing from Tenant to vacate given during the Inspection or Permitting Period.

Delivery of possession of the Leased Premises to Tenant shall occur upon the delivery of the Leased Premises to Tenant in a broom-clean condition, clear of all fixtures and other property of all prior Tenants and/or occupants, and with any warranties and representations contained in this Lease being true and fulfilled as of such date, and with the construction and condition of the Building and the Premises being such as to allow the issuance of a building permit for work to be performed by Tenant. Within five (5) days of the date of the tendered possession of the Leased Premises to the Tenant, both Landlord and Tenant agree to execute a certificate in form annexed herewith marked as Possession Agreement.

The present tenants listed on the attached Exhibit "B" who occupy on a month-to-month basis a portion of the second floor of the Leased Premises may continue to occupy their spaces as sublessees of the Tenant. Landlord warrants and represents that (i) such subtenants are month to month tenants under Landlord; (ii) there are no arrearages in payments of money by any subtenant

thereunder; and (iii) effective as of the date of this lease, Landlord will send written notice to each subtenant that their respective rents (including all state taxes) shall be sent directly to Tenant without deduction, offset, prior notice or demand on the first day of each calendar month under each tenant's lease.

Section 2.04 - Commencement Date. The term of this Lease shall commence ("Commencement Date") on the delivery of the Leased Premises to the Tenant, as provided in Section 2.03 above. In the event that the Commencement Date does not occur on the first day of a month, then the term hereunder shall commence on the first day of the month next succeeding the Commencement Date.

Section 2.05 - Failure to Give Possession. Notwithstanding anything in this Lease to the contrary, including any Force Majeure clause, if Landlord is unable to give Tenant possession of the Premises as required hereunder by September 15, 1994, Tenant shall have the option of terminating this Lease within thirty (30) days thereof by notice to Landlord.

Section 2.06 - Free Fixed Rent Period. The Tenant shall be entitled to possession of the Leased Premises for two (2) months subsequent to delivery of the Premises to Tenant free of the payment of fixed rent; the Tenant shall pay the Premises Expenses for such two (2) month period.

Section 2.07 - Length of Term. The initial term of this Lease shall be for the period of two (2) months free of fixed rent (as provided in Section 2.04 above), followed by ten (10) lease years

plus a partial lease month if the term commences on a date other than the first day of a month.

Section 2.08 - Lease Year. The term "lease year" as used herein means the twelve (12) month period two (2) months subsequent to the commencement of the term as hereinabove determined and each successive twelve (12) month period thereafter during the term of this Lease. The term "partial lease month" shall refer to the period between the commencement of the term hereof if the same commences on a date other than the first day of a month and the commencement of the first lease year.

ARTICLE III

Rent

Section 3.01 - Payment of Rent. Tenant agrees to pay rent as a "fixed rent" to the Landlord and also pay the "Premises Expenses" as hereinafter provided. The payment of fixed rent and Premises Expenses shall begin on the Commencement Date as provided in Section 2.04 hereof. In the event the commencement date occurs on a day other than the first day of a month, Tenant shall pay rent for the fractional month on a per diem basis (calculated on the basis of a thirty (30) day month) until the first day of the month following such commencement date, when the term hereunder shall commence and thereafter, the fixed rent shall be paid in equal monthly installments on the first day of each and every month in advance. Rents shall be mailed and payable to Landlord at its notice address, or at such other place as may be designated in

writing by notice as provided for herein from time to time by Landlord.

Section 3.02 - Fixed Rent. Subsequent to the expiration of the free fixed rent period provided for in Section 2.05 above, during the remaining term of this Lease, the Tenant agrees to pay to the Landlord as fixed rent, the following monthly sums:

Initial six months (and partial lease month)	\$ 5,341.78	
Second six months and second lease year	\$10,683.56	to 11/96
Third and fourth lease years	\$11,779.31	to 11/98
Fifth and sixth lease years	\$12,929.85	to 11/00
Seventh and eighth lease years	\$14,222.84	to 11/02
Ninth and tenth lease years	(14.28) \$28.56 for 1st floor	\$15,647.31 to 11/04

Section 3.03 - Total Rental. All sums of money required to be paid by Tenant to the Landlord under any of the provisions of this lease agreement, no matter how the same may be designated herein, shall be deemed and designated to be total rent. In addition thereto, the Tenant shall pay to the Landlord any governmental sales tax imposed thereon. If the Tenant shall fail to pay when rent is due and payable, after ten (10) days' notice that such rent is past due, any such rent or such unpaid amounts shall bear interest from the due date thereof to the date of payment at the rate of New York banks prime rate plus five (5%) percent per annum.

Section 3.04 - Security Deposit. Landlord acknowledges the receipt of the sum of FIFTEEN THOUSAND SIX HUNDRED FORTY SEVEN

DOLLARS AND THIRTY ONE CENTS (\$15,647.31) as security deposit. This security deposit is security for the punctual performance by Tenant of each and every obligation of it under this Lease. In the event of any default beyond any applicable cure period by Tenant, Landlord may apply or retain all or any part of the security to cure the default or to reimburse Landlord for any sum which Landlord may spend by reason of the default. In the case of every such application or retention, Tenant shall on written notice pay to Landlord the sum so applied or retained, which shall be added to the security deposit so that it shall be restored to its original amount. If, at the end of the lease term, Tenant shall not be in default beyond any applicable cure period under this lease and shall have delivered to Landlord evidence of final utility service ratings and payment thereof, the security deposit, or any balance thereof, shall be returned to Tenant within thirty (30) days. If Landlord shall sell the Leased Premises and the lands on which it stands, subject to this lease or shall otherwise assign or dispose of this lease, Landlord may assign and turn over the security deposit or any balance thereof to Landlord's grantee, lessee or assignee, and the Tenant hereby releases and relieves Landlord from any and all liability for the return of said deposit and will look solely to said grantee, lessee or assignee; it being expressly agreed that this provision shall apply to each and every sale or conveyance of the Leased Premises or assignment or disposition of this lease.

ARTICLE IV

Option to Renew

Section 4.01 - Renewal Term. Provided Tenant is not in default of any material term, condition or covenant contained in this Lease beyond any period for curing same at the time of exercise of an option to extend the Term, Tenant shall have the option of renewing this Lease for two (2) additional terms (hereafter, collectively referred to as "Renewal Terms" or individually as a "Renewal Term") of five (5) years each on the same terms and conditions as provided herein except for the fixed rent as shown in Section 3.02 hereof. Notice of the exercise of such option shall be given by Tenant to Landlord in writing not later than ninety (90) days prior to the expiration of the Primary Term or the previous Renewal Term; provided, however, Tenant's right to exercise the option granted hereunder shall not expire until ten (10) days after receipt of written notice from Landlord, which notice shall request Tenant to inform Landlord whether Tenant desires to vacate the Premises or extend the Term of this Lease.

Section 4.02 - Renewal Term Rent. The monthly fixed rent to be paid by the Tenant during any Renewal Term shall be the greater of:

using Aug- a) \$15,647.31, or

= 13,587.48 b) \$10,683.56 multiplied by a fraction, the numerator of which shall be the Consumer Price Index (CPI) three (3) months prior to the commencement of any Lease Year of a Renewal Term and

the denominator shall be the CPI for the same month prior to the original Commencement Date of this Lease.

The monthly fixed rent shall be adjusted at the commencement of every other Lease Year of any Renewal Term as provided in this paragraph, i.e., the CPI adjustment shall be made each two (2) years during the renewal term(s); provided, however, no such adjustment shall increase the monthly fixed rent by an amount greater than twenty (20%) percent of the previous monthly fixed rent.

Section 4.03 - Consumer Price Index (CPI). As used herein, the term Consumer Price Index (CPI) shall be the Consumer Price Index (revised using the 1982-84 average as equal to 100), United States average on all items and commodity groups issued by the Bureau of Labor Statistics of the United States Department of Labor, hereinafter referred to as the "Index".

The minimum fixed rental for any Renewal Term of \$15,647.31 shall be a minimum fixed rent charge and, notwithstanding anything to the contrary herein contained, no decrease in the cost of living shall ever serve to reduce the rent charge, and once increased, pursuant to the provisions of this section, shall not hereafter be decreased. Failure on the part of the Landlord to exercise the right to an adjustment in the basic rental pursuant to the provisions hereof as of any computation date shall not operate as a waiver of the right to an adjustment and increase of the basic rentals as of any subsequent and future computation date.

It is understood that the above Index is now being published by the Bureau of Labor Statistics of the United States Department of Labor, monthly. Should it be published at other intervals so that the Index figure cannot be determined exactly as above contemplated for the Basic Standard, then the Basic Standard shall be arrived at from the Index or Indexes published by said Bureau most closely approximating such interval. Should said Bureau of Labor Statistics change the manner of computing such Index, the Bureau shall be requested to furnish a conversion factor designed to adjust the new Index to the one previously in use, and the adjustment to the new Index shall be made on the basis of such conversion factor. Should the publication of said Index be discontinued by said Bureau of Labor Statistics, then such other Index as may be published by such Bureau most nearly approaching said discontinued Index shall be used in making the adjustment herein provided for. Should said Bureau discontinue the publication of an Index approximating the Index herein contemplated, then such Index as may be published by another United States Governmental Agency as an Index herein first above referred to shall govern and be substituted as the Index to be used, subject to the application of an appropriate conversion factor to be furnished by the government agency publishing the adopted Index. If such governmental agency will not furnish such conversion factor, then the parties shall agree upon a conversion factor or a new Index and, in the event agreement cannot be reached as to

such conversion factor or such new Index, then the parties hereto agree to submit to three arbitrators, chosen in the usual manner; the selection of a new Index may be the one published by a governmental agency or one published by a private agency and generally accepted and approved as an Index reflecting the contemplated fluctuation in the purchasing power of the dollar. Should there be no such publication by a governmental agency, then an Index prepared by a private agency generally accepted and approved as an Index reflecting the contemplated fluctuation in the purchasing power of the dollar shall be agreed upon by the parties hereto, or failing such an agreement, a generally accepted and approved Index shall be selected by three arbitrators chosen in the usual manner. The selection of an Index by such arbitrators in either of the above events shall be binding upon the parties hereof.

In the event of any controversy arising as to the proper adjustment for rental payments as herein provided, the Tenant shall continue paying the rental under the last preceding rental adjustment as herein provided until such time as said controversy has been settled, at which time an adjustment will be made retroactive to the beginning of the adjustment period in which the controversy arose.

ARTICLE V

Premises Expenses

Section 5.01 - Premises Expenses. In each lease year, Tenant will pay or reimburse Landlord for all expenses of the Leased

Premises (Premises Expenses). Premises Expenses shall include all real estate taxes (as defined in Section 5.02), utilities, insurance premiums, maintenance, assessments of the Association, repairs (including interior, exterior, electrical, plumbing, HVAC, roofing and all other necessary repairs) and all other expenses of the Leased Premises.

Section 5.02 - Real Estate Taxes on the Leased Premises.

Tenant shall pay to Landlord, as part of Premises Expenses, with respect to each tax year or portion thereof included in the term of this Lease, the amount of real estate taxes upon the Leased Premises for each such tax year or portion thereof. "Tax Year" shall mean the twelve (12) calendar month period to which real estate tax assessments relate.

The term "real estate taxes" shall mean all taxes and special assessments of every kind and nature assessed by any governmental authority on the Leased Premises which Landlord shall become obligated to pay because of or in connection with the ownership, leasing and operation of the Leased Premises, subject to the following:

(a) The amount of special taxes or special assessments to be included shall be limited to the amount of the installment (plus any interest, other than penalty interest, payable thereon) of such special tax or special assessment required to be paid during the year in respect of which such taxes are being determined; and

(b) There shall be excluded from such taxes all income taxes, excess profit taxes, excise taxes, franchise taxes, estate, succession, inheritance and transfer taxes; provided, however, that if at any time during the Lease Term the present system of ad valorem taxation of real property shall be changed so that in lieu of the whole or any part of the ad valorem tax on real property there shall be assessed on Landlord a capital levy or other tax on the gross rents received with respect to the Leased Premises, or a federal, state, county, municipal or other local income, franchise, excise or similar tax, assessment, levy or charge (distinct from any now in effect) measured by or based, in whole or in part, upon any such gross rents, than any and all of such taxes, assessments, levies or charges, to the extent so measured or based, shall be deemed to be included within the term "real estate tax."

Tenant's share of such real estate taxes upon the Premises shall be equitably adjusted for and with respect to any portion of the Lease Term which does not include an entire tax year. Where the applicable tax bill is not available prior to the end of the Lease Term, then a tentative computation shall be made on the basis of the previous year's taxes, with a final adjustment to be made between Landlord and Tenant within thirty (30) days after Landlord shall have received the tax bill for such period.

Section 5.03 - Abatements. The real estate taxes upon the Leased Premises for any tax year shall mean such amount as shall

be finally determined after deducting abatements, refunds or rebates, if any, less the cost and expense of obtaining the same, to be the real estate taxes payable with respect to the Lease Premised for said tax year. For the purposes of determining payments due from Tenant to Landlord in accordance with the provisions of Article VI, the real estate taxes upon the Leased Premises for any tax year shall be deemed to be the real estate taxes assessed for such year until such time as an abatement, refund or rebate shall be made for any tax year, and if any abatement, refund or rebate shall be made for any tax year, an appropriate adjustment or refund shall be made in the amount due from or paid by Tenant to Landlord on account of such real estate taxes dependent upon the amount of such abatement, rebate or refund less the cost and expense of obtaining the same. During the term of this Lease, Tenant shall have the right, but not the obligation, to protest the assessed valuation of the Leased Premises and to obtain such abatement, refund or rebate.

Section 5.04 - Method of Payment. Payment on account of real estate taxes upon the Premises shall be paid by Tenant by November 30 of each tax year.

Section 5.05 - Proration of Premises Expenses. Premises Expenses paid by Landlord for the period prior to the commencement of the term of this Lease subsequent to the delivery of the Premises to Tenant shall be reimbursed to Landlord on the Commencement Date of this Lease. The rental payments of the

existing tenants described on Exhibit "B" shall be prorated on the Commencement Date.

ARTICLE VI

Tenant's Improvements

Section 6.01 - Tenant's Improvements. The Leased Premises are being delivered to the Tenant in "As Is" condition subject to the Inspection Period as provided in Section 2.01, above. Tenant shall make improvements to the Premises at its expense pursuant to plans and specifications approved by the Landlord, which approval shall not be unreasonably withheld.

Tenant may make improvements to the Premises of less than TWENTY FIVE THOUSAND (\$25,000) DOLLARS in any Lease Year without the consent of the Landlord.

ARTICLE VII

Conduct of Business by Tenant

Section 7.01 - Use of Premises. Tenant shall occupy and use the Leased Premises for the purpose of conducting the business of the sale of sofas, furniture, home furnishings and related items and ancillary items; Tenant may continue to sublet portions of the Premises, with Landlord's consent.

Section 7.02 - Restrictions on Use. Tenant shall not use nor permit the Leased Premises to be used for any purpose other than that set forth in Section 7.01 above, and further covenants and agrees to execute and comply promptly with all statutes, ordinance, rules, orders, regulations and requirements of federal, state, county and city governments regulating the use by Tenant of the

Leased Premises. Tenant will not use, or permit the use of the Premises, in any such manner that will tend to create a nuisance. The restrictions set forth in this paragraph shall extend to all agents and employees of the Tenant. No auctions, fire, going out of business or bankruptcy sales may be conducted on the Leased Premises without the previous written consent of the Landlord.

ARTICLE VIII

Maintenance and Repairs

Section 8.01 - Maintenance by Tenant. Tenant shall at all times keep the Leased Premises, including but not limited to the maintenance of the roof, exterior entrances, all glass in show windows, moldings, partitions, doors, fixtures, equipment and appurtenances, and all heating, lighting, air conditioning and plumbing fixtures and equipment in good order, condition and repair, including reasonable periodic service and painting as may be required, including structural portions of the Premises, any damage by unavoidable casualty excepted. If Landlord is required to make repairs to structural portions by reason of Tenant's negligent acts or omissions to act or by reason of damage caused by burglary or break-in, Landlord may add the cost of such repairs to the rent which shall thereafter become due, unless Landlord is indemnified by insurance therefor.

Section 8.02 - Maintenance by Landlord. If Tenant refuses or neglects to repair properly the Premises as required in Section 8.01 hereof in a reasonable time after written demand by the Landlord not less than thirty (30) days after written notice has

been given to Tenant and Tenant is afforded an opportunity to cure, the Landlord may make such repairs without liability to Tenant for any loss or damage that may accrue to Tenant's merchandise, fixtures and/or other property, or to the loss of business occasioned by reason thereof.

Section 8.03 - Waiver of Claims. Neither Landlord nor Landlord's agents nor servants shall be liable, and Tenant waives all claims for damage to persons or property sustained by Tenant or any occupant of the Leased Premises or any equipment or appurtenances becoming out of repair, or resulting from any accident in or about the Leased Premises or the Association's lands, or resulting directly or indirectly from any act or neglect of any tenant or occupant or of any other person, including Landlord's agents and servants. This paragraph shall apply especially, but not exclusively to, flooding and to damage caused by refrigerators, sprinkling devices, air conditioning apparatus, water, frost, steam, excessive heat or cold, falling plaster, broken glass, sewage, gas, odors or noise, or the bursting or leaking of pipes or plumbing fixtures and shall apply equally whether any such damage results from the act or neglect of Landlord or of other tenants, or of any thing or circumstances above mentioned or referred to, or any other thing or circumstance whether of a like nature or of a wholly different nature. All property belonging to Tenant or any occupant of the Leased Premises shall be there at the risk of Tenant or such other person only, and

Landlord shall not be liable for damages thereof or theft or misappropriation thereof.

Section 8.04 - Landlord's Right to Inspect. Landlord and its agents shall have free access to the Leased Premises during all reasonable and regular business hours for the purpose of examining the same and to ascertain if they are in good repair, to make reasonable repairs which the Landlord may be required to make hereunder, and to exhibit the same to prospective purchasers or tenants. Whenever Landlord shall enter, or perform any work in or about the Premises, such entry shall be made, and such work shall be performed, to the extent practicable, without interfering with the conduct of Tenant's business.

Section 8.05 - Cleanliness and Waste. Tenant shall keep the Leased Premises and the walks legally adjacent thereto at all times in a neat, clean and sanitary condition, free from waste or debris and shall neither commit nor permit any waste or nuisance thereon.

ARTICLE IX

Insurance

Section 9.01 - Insurance. Tenant agrees to carry (a) Commercial General Liability Insurance on the Premises during the Term hereof covering both Tenant and Landlord, as their interests may appear, with companies reasonably satisfactory to Landlord and giving Landlord and Tenant a minimum of ten (10) days' written notice by the insurance company prior to cancellation, termination or change in such insurance. Such insurance shall be for limits

of not less than One Million (\$1,000,000) Dollars for each individual and Two Million (\$2,000,000) Dollars for each occurrence, (b) All Risk Property Insurance covering fire and extended coverage, vandalism and malicious mischief, sprinkler leakage, plate glass and all other perils of direct physical loss or damage for the full replacement cost of the Leased Premises, all of Tenant's property located on or within the Leased Premises, and (c) Rental Income Insurance in a minimum amount of the then current year's lease fixed rent hereunder; the proceeds of this insurance shall be payable to the Landlord. Tenant is permitted to self-insure plate glass.

Tenant shall provide Landlord certificates evidencing that Tenant's Insurance is in full force and effect.

Section 9.02 - Mutual Release and Waiver of Subrogation.

Landlord and Tenant and all parties claiming under them mutually release and discharge each other from all claims and liabilities arising from or caused by any casualty or hazard, covered or required hereunder to be covered in whole or in part by insurance on the Leased Premises or in connection with property on or activities conducted on the Leased Premises, or on common areas and waive any right of subrogation which might otherwise exist in or accrue to any person on account thereof.

Section 9.03 - Indemnity for Accidents. Tenant covenants and agrees that it will protect and save and keep the Landlord forever harmless and indemnified against and from any penalty or damage or charges imposed for any violation of, any laws or ordinances,

whether occasioned by the neglect of Tenant or those legally holding under Tenant, and Tenant will at all times protect, indemnify and save and keep harmless the Landlord against and from any and all claims, loss, cost, damage or expense, arising out of or from any accident or other occurrences on or about the Leased Premises, causing injury to any person or property whomsoever or whatsoever and will protect, indemnify and save and keep harmless the Landlord against and from any and all loss, cost, damage or expense arising out of any failure of Tenant in respect to comply with and perform all the requirements and provisions of this Lease.

Section 9.04 - Destruction by Fire or Casualty. In the event the Leased Premises shall be damaged by fire, explosion, windstorm or any other casualty, Tenant shall repair such damages and put the Leased Premises in good condition as rapidly as reasonably possible and Tenant shall be entitled to an equitable abatement based upon the portion of the Premises rendered untenable or unusable of the fixed rent, unless Landlord shall establish by prevailing in a court proceeding that such damage was occasioned by the negligence of Tenant, its agents or employees. However, if the Leased Premises shall be damaged during the last two (2) years of the term, and such damage shall be to the extent of more than twenty five (25%) percent of the value of the Leased Premises at the time of such damage, then either party, at its election upon notice to the other party within sixty (60) days after such damage, terminate this Lease as of the date of such damage; in the event of such termination of the Lease, all insurance proceeds

attributable to the Leased Premises shall be payable to and the property of the Landlord.

ARTICLE X

Condemnation

Section 10.01 - Condemnation. Tenant may terminate this Lease if there is any substantial impairment of ingress or egress from or to the Leased Premises through condemnation or if the following property, or any interest in it, is condemned for public or quasi-public use:

(a) More than ten (10%) percent of the Leased Premises;

or

(b) More than twenty-five (25%) percent of the common area of the Association.

Tenant will not have any claim or be entitled to any award for diminution in value of its rights under this Lease or for the value of any unexpired term of this Lease; however, Tenant may make its own claim for any separate award that may be made by the condemnor for Tenant's loss of business or for the taking of or injury to Tenant's improvements, or on account of any cost or loss Tenant may sustain in the removal of Tenant's trade fixtures, equipment and furnishings, or as a result of any alterations, modifications or repairs that may be reasonably required by Tenant in order to place the remaining portion of the Premises not taken in a suitable condition for the continuance of Tenant's occupancy.

If this Lease is terminated pursuant to the provisions of this paragraph, then all rentals and other charges payable by

Tenant to Landlord under this Lease will be paid to the date of the taking, and any rentals and other charges paid in advance and allocable to the period after the date of the taking will be repaid to Tenant by Landlord. Landlord and Tenant will then be released from all further liability under this Lease.

ARTICLE XI

Signs

Section 11.01 - Signs. Tenant may, with the Landlord's consent, place and maintain appropriate dignified displays of customary type for its display windows on the interior of the window area, or elsewhere on the Premises so as to be visible to the public as allowed by law.

ARTICLE XII

Default

Section 12.01 - Default by Tenant. All rights and remedies of Landlord herein enumerated shall be cumulative and none shall exclude any other right or remedy allowed by law. It is agreed that: (i) in the event Tenant shall fail, neglect or refuse to pay any installment of fixed rent at the time and in the amount as herein provided, or to pay any other monies agreed by it to be paid promptly when and as the same shall become due and payable under the terms hereof, which failure shall continue for fifteen (15) days after written notice thereof; or (ii) if Tenant shall vacate or abandon the Leased Premises during the term hereof (Tenant's temporary closure of the Leased Premises for taking of inventory or renovation shall not be deemed a vacation or abandonment of the

Leased Premises); (iii) any voluntary or involuntary petition or similar pleading under any section or sections of any bankruptcy act shall be filed by or against Tenant, or any voluntary or involuntary proceeding in any court or tribunal shall be instituted to declare Tenant insolvent or unable to pay Tenant's debts, and the same shall not be dismissed or discharged within thirty (30) days after notice thereof in writing given to the Tenant by Landlord; (iv) the Tenant shall fail, neglect or refuse to keep and perform any of the other covenants, conditions, stipulations or agreements herein contained and covenanted and agreed to be kept and performed by it, and in the event any such non-monetary default* (as set forth in Section 12 (ii), (iii) or (iv)) shall continue for a period of more than thirty (30) days after notice thereof in writing given to the Tenant by the Landlord [provided, however, that if the cause for giving such notice involves the making of repairs or other matters reasonably requiring a longer period of time than the period of such notice, the Tenant shall be deemed to have complied with such notice so long as it has commenced to comply with said notice within the period set forth in the notice and is diligently prosecuting compliance with said notice, or has taken proper steps or proceedings, under the circumstances to prevent the seizure, destruction, alteration or other interference with said Leased Premises by reason of non-compliance with the requirements of any law or ordinance or with the rules, regulations or directions of any governmental authority as the case may be]; (v) the Tenant makes any assignment of its property for the benefit of creditors;

or (vi) should the Leased Premises be taken under a levy of execution or attachment in an action against Tenant and such levy, attachment or assignment is not dismissed and discharged within thirty (30) days after written notice thereof to Tenant by Landlord, then the Tenant does hereby authorize and fully empower said Landlord or Landlord's agent to cancel or annul, i.e., terminate, this Lease at once and to reenter and take possession of said Leased Premises immediately by legal process to recover at once full and exclusive possession of said Tenant or of their persons or otherwise.

Landlord may, however, at its option, at any time after such default or violation of condition or covenant, reenter and take possession of said Leased Premises without such reentering working a forfeiture of the rents to be paid and the covenants, agreements and conditions to be kept and performed by said Tenant for the full term of this Lease. In such event, the Landlord shall have the right, but not the obligation, to divide or subdivide the Leased Premises in any manner the Landlord may determine and to lease or let the same or portions thereof for such periods of time and at such rentals and for such use and upon such covenants and conditions as Landlord may elect, applying the net rentals from such letting first to the payment of Landlord's expenses incurred in dispossession of the Tenant and the costs and expenses of making such improvements in the Leased Premises as may be necessary in order to enable the Landlord to relet the same, and to the payment of any brokerage commissions or other necessary expenses of the

Landlord in connection with such reletting. The balance, if any, shall be applied by the Landlord from time to time, but in any event no less than once each month, on account of the payments due or payable by the Tenant hereunder, with the right reserved to Landlord to bring such actions or proceedings for the recovery of any deficits remaining unpaid as it may deem advisable from time to time, without being obligated to await the end of the term hereof for a final determination of the Tenant's account and the commencement or maintenance of one or more actions shall not bar the Landlord from bringing other or subsequent actions for further accruals pursuant to the provisions of this paragraph.

Any balance remaining, however, after full payment and liquidation of Landlord's account as aforesaid, shall be paid to the Tenant from time to time with the right reserved to the Landlord at any time to give notice in writing to the Tenant of Landlord's election to cancel and terminate this Lease and all Tenant's obligations hereunder and upon the giving of such notice and the simultaneous payment by Landlord to Tenant of any credit balance in Landlord's favor that may at the time be owing to Tenant shall constitute a final and effective cancellation and termination of this Lease and the obligations thereunder on the part of either party to the other as of the date of such cancellation and termination.

In determining any damages hereunder, Landlord shall use its best efforts to mitigate its damages.

In the event either Landlord or Tenant prevails in a lawsuit against the other party, the losing party agrees to reimburse the prevailing party for reasonable costs, including attorney's fees.

Section 12.02 - Default by Landlord. Landlord shall in no event be charged with default in the performance of any of its obligations hereunder unless and until Landlord shall have failed to perform such obligations within thirty (30) days (or such additional time as is reasonably required to correct any such defaults provided Landlord shall timely commence such corrections and diligently prosecute same to completion) after notice by Tenant to Landlord properly specifying wherein Landlord has failed to perform any such obligation.

ARTICLE XIII

Title

Section 13.01 - Possession by Tenant. Landlord covenants and warrants that it is the sole owner of the fee simple interest in the Leased Premises and has full right and authority to enter into this Lease for the full term hereof. Landlord warrants it is unaware of any zoning violations, governmental use restrictions, restrictive agreements, leases, environmental laws or other instruments or limitations that prevent or restrict the use of the Building or any part of the Building, or prevent or limit the use of the Premises, for the business Tenant initially intends to conduct therein, with which intended use Landlord is familiar, or

otherwise conflict with any of the provisions of this Lease. Landlord further covenants that Tenant, upon paying the rents provided for herein and upon performing the covenants and agreement of this Lease to be performed by said Tenant, will have, hold and enjoy the quiet possession of the Leased Premises.

Section 13.02 - Subordination and Rights of Mortgagee. Tenant agrees that at the request of Landlord to subordinate this Lease to any institutional first mortgage or deed of trust placed or to be placed upon the Premises by Landlord, provided that such holder agrees not to disturb the possession and other rights of Tenant under or pursuant to this Lease during the Lease Term, so long as Tenant continues to perform its obligations hereunder and in the event of acquisition of title, or coming into possession, by said holder through foreclosure proceedings or otherwise, to accept Tenant as Tenant of the Premises under the terms and conditions hereunder and to assume and perform all of Landlord's obligations hereunder.

Section 13.03 - Surrender of Premises. Tenant shall, upon termination of this Lease, whether by lapse of time or otherwise, surrender to Landlord the Leased Premises, together with all replacements thereto in good order, condition and repair, except for ordinary wear and tear and loss by fire or other casualty. In the event Tenant fails to surrender the Premises at the expiration or termination of this Lease, the continued occupancy shall be on a month to month basis only, at a fixed rental equal to 150% of the fixed rental prevailing immediately prior to the holding over.

Section 13.04 - Assignment, Subletting, etc.

(a) Tenant shall have the right to make any assignment, transfer or subletting of the Premises, or any part thereof, upon the consent of Landlord, which consent shall not be unreasonably withheld, conditioned, delayed or charged for to any other entity or person.

(b) Notwithstanding the above, no consent shall be required for, and Tenant shall have the right to make, any assignment, transfer or subletting of the Premises, or any part thereof (i) to a parent, subsidiary, licensee or affiliated company, (ii) directly or indirectly, in any manner, in connection with a merger, or a consolidation or a combination, or a sale of substantially all of the assets constituting a portion and/or all of the retail chain of which the business in the Premises is a part in the state in which the Premises is located.

Section 13.05 - Recording. Each party agrees not to record this Lease, but each party hereto agrees on request by the other, to execute a Notice or Short Form of this Lease in recordable form in accordance with applicable statutes, and reasonably satisfactory to Landlord's and Tenant's attorneys. In no event shall such document set forth the rental or other charges payable by Tenant under this Lease; and any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease, and is not intended to vary the terms and conditions of this Lease.

Section 13.06 - Force Majeure. Except as otherwise specifically provided herein, in any case where either party hereto is required to do any act, delays caused by or resulting from acts of God, war, civil commotion, fire or other casualty, labor difficulties, shortages of labor, materials or equipment, government regulations, or other causes beyond such party's reasonable control shall not be counted in determining the time during which work shall be completed, whether such time be designated by a fixed date, a fixed time or "a reasonable time."

ARTICLE XIV

Miscellaneous

Section 14.01 - Notices. Whenever under this Lease a provision is made for any demand, notice or declaration of any kind or where it is deemed desirable or necessary by either party to give or serve any such notice, demand or declaration to the other, it shall be in writing sent by certified mail, return receipt requested with postage prepaid,

if to Tenant: Jennifer Leather - Fort Lauderdale
FL, Inc.
c/o Jennifer Convertibles, Inc.
245 Rogers Avenue
Inwood, New York 11696

with a copy to: Law Office of Bernard Wincig
Attn: Bernard Wincig, Esq.
574 Fifth Avenue
New York, New York 10036

if to Landlord: Mr. Charles K. Hale
890 South Andrews Avenue
Pompano Beach, Florida 33069

with a copy to: Mr. George W. Weaver
Rauch, Weaver, Millsaps & Co.
871 East Commercial Boulevard
Fort Lauderdale, Florida 33334-3290

and to: Wilson B. Greaton, Jr., Esq.
Greaton and Greaton
P. O. Box 39238
Fort Lauderdale, Florida 33339-9238

and any party may by like notice at any time and from time to time designate a different address to which notices shall be sent. Such notices, demands or declarations shall be deemed sufficiently served or given for all purposes hereunder at the time they shall be mailed by U.S. certified mail as aforesaid.

Section 14.02 - Waiver. One or more waivers of any covenant, term or condition of this Lease by either party shall not be construed by the other party as a waiver of a subsequent breach of the same covenant, term or condition. The consent or approval of either party to or of any act by the other party of a nature requiring consent or approval shall not be deemed to waive or render unnecessary consent to or approval of any subsequent similar act.

Section 14.03 - Consent. Where pursuant to the terms of this Lease, or in connection with the administration of the Lease, the consent, approval, judgment, satisfaction or similar exercise of discretion of or by one party shall be required, requested or appropriate, such party covenants and agrees that its consent, approval, judgment, satisfaction or similar exercise of discretion

shall not be unreasonably withheld, delayed or conditioned, and shall not be charged for.

Section 14.04 - Mutuality of Lease Provisions. All provisions of said Lease relating to (i) payment of attorneys' fees, (ii) effect of waivers (or lack of waivers), (iii) delays ("force majeure"), and (iv) indemnification and/or exculpation of Landlord, shall be deemed mutual, Tenant having the same rights with respect thereto as Landlord.

Section 14.05 - Relationship of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association whatsoever between Landlord and Tenant, it being expressly understood and agreed that neither the method of computation of rent nor any of the other provisions contained in this Lease nor any act or acts of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

Section 14.06 - Security Services. Tenant understands that neither the Landlord nor the Association provide any security services for the Leased Premises.

Section 14.07 - Governing Laws. The laws of the State of Florida shall govern the validity, performance and enforcement of this Lease.

Section 14.08 - Savings Clause. The invalidity or unenforceability of any provision of this Lease shall not affect or impair the validity of any other provision.

Section 14.09 - Paragraph Headings. The paragraph titles herein are for convenience only and do not define, limit or construe the contents of such paragraphs.

Section 14.10 - Covenant to Bind Successors. It is agreed that the provisions, covenants and conditions of this Lease shall be binding on the legal representatives, heirs, successors and assigns of the respective parties hereto.

Section 14.11 - Entire Agreement. This Lease and the Exhibits and Rider, if any, attached hereto and forming a part hereof, set forth all of the covenants, promises, agreements, conditions and understandings between Landlord and Tenant governing the Leased Premises. There are no covenants, promises, agreements, conditions and understandings, either oral or written, between them other than those herein set forth. Except as herein provided, no subsequent alterations, amendments, changes or additions to this Lease shall be binding upon the Landlord or Tenant unless and until reduced to writing and signed by both parties. Submission of this instrument by Landlord to Tenant for examination shall not bind Landlord in any manner, and no lease, contract, option, agreement to lease or other obligation of Landlord shall arise until this instrument is signed by Landlord and delivered to Tenant.

Section 14.12 - Letter of Acceptance. Within ten (10) days after request therefor by Landlord, Tenant shall provide an offset statement or acceptance letter. Tenant agrees to deliver in recordable form a certificate to any proposed mortgagee or purchaser, or to Landlord, certifying (if such be the case) that this Lease is in full force and effect and there are no defenses or offsets thereto, or stating those claimed by Tenant. The failure by Tenant to furnish such letter or certificate after written notice and any applicable cure period shall be deemed to mean that this Lease is in full force and effect and there are no defenses or offsets by Tenant.

Section 14.13 - Notice to Mortgagee. If the Leased Premises or any part thereof or Premises of which the Leased Premises are a part are at any time subject to a first mortgage or a first deed of trust and this Lease or the rentals are assigned to such mortgagee or trustee or beneficiary and the Tenant is given written notice thereof, including the post office address of such assignee, then the Tenant shall not terminate this Lease for any default on the part of the Landlord without first giving written notice to such assignee, specifying the default in reasonable detail and affording such assignee a reasonable opportunity to make performance for and on behalf of Landlord.

Section 14.14 - Authority. The individuals executing this Lease hereby represent that they are empowered and duly authorized to so execute this Lease on behalf of the parties they represent.

Section 14.15 - Execution. Landlord shall have seven (7) days from receipt of Tenant's executed copies of the Lease in which to execute and return this Lease to Tenant or this Lease shall be considered null and void and Landlord shall return any and all monies, if any, advanced by Tenant to Landlord in connection with this Lease.

Section 14.16 - Mutuality of Lease Provisions. All provisions of said Lease relating to (i) payment of attorneys' fees, (ii) effects of waivers (or lack of waivers), (iii) delays ("force majeure"), and (iv) indemnification and/or exculpation of Landlord, shall be deemed mutual, Tenant having the same rights with respect thereto as Landlord.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease, under seal, as of the day and year first above written.

Witnesses:

W. E. B. S. R.
Linda Miller

LANDLORD:

HALE PIANO & ORGAN, INC.

By:

Charles K. Hale
CHARLES K. HALE
President

TENANT:

JENNIFER LEATHER-FORT LAUDERDALE
FL, INC.

By:

Harley Greenfield
HARLEY GREENFIELD
President

Lisa Centeno
Karen Martens

Exhibit B

Oakland Square LLC
P.O. Box 7932
Ft. Lauderdale, FL 33338

May 31, 2005

Mr. Edward B. Seidner
Jennifer Leather - Ft Lauderdale, Inc.
419 Crossways Park Rd.
Woodbury, NY 11797

Dear Ed:

In accordance with the terms of your lease dated July 14, 1994 for the space at 3058 N. Federal Hwy., Ft. Lauderdale, FL 33306 please indicate by signing below on behalf of your corporation that you wish to exercise your right to renew the lease for an additional five (5) years, from December 1, 2004 to May 31, 2010.

The Landlord has further agreed to extend the renewal term to May 31, 2010, and to refund to you the security deposit of \$15,647.31, within 30 days of full execution.

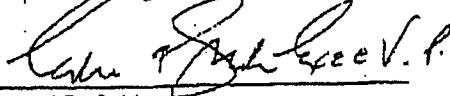
All of the terms and conditions of the original lease remain in full force and effect except as modified herein.

Please sign below and return this letter by fax and mail.

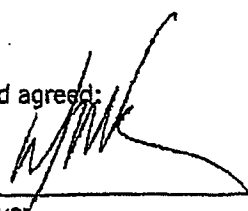
Sincerely,

Steve Hall
Property Manager

Accepted and agreed:


Edward B. Seidner
Executive Vice President
Tenant

Accepted and agreed:


Dianne Weaver
Landlord

★★ Minus any monies
presently due under
the lease

TOTAL P.02
P.02

Exhibit C

BOW
CC

LEASE MODIFICATION AGREEMENT

AGREEMENT made as of November 1, 2008, between Oakland Square, LLC, Landlord and Jennifer Convertibles, Inc., Tenant.

WHEREAS, the Tenant is now in possession of that certain premises known as 3058 N. Federal Highway, Fort Lauderdale, FL (the "Demised Premises") under a certain lease dated July 14, 1994, subsequently modified and extended for the period through May 31, 2010 (the "Lease"); and

WHEREAS, the parties desire to amend certain terms and conditions of the Lease;

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties agree that the following paragraphs amend the Lease and are deemed added to and shall be part of the Lease:

1. Defined Terms. All capitalized terms not defined herein shall have the same meaning ascribed to such terms as set forth in the Lease.
2. Rent Concession. The Fixed Monthly Rent for the period November 1, 2008 through August 31, 2009 shall be reduced by \$750.00 per month.
3. Late Fees and Interest. Landlord acknowledges that for the limited period November 2008 through and including August 31, 2009, rent and additional rent will be tendered late, and without waiving any other rights, the Landlord agrees not to assert any remedies provided for in the lease so long as same is received within the month that same is due.
4. Ratification of Lease/Waiver of Claim. Except as modified by this Agreement, the Lease is hereby ratified and confirmed and the Parties agree to be bound by the terms thereof. Tenant further waives any claim against Landlord up to and including the date hereof. If any of the provisions of this Agreement conflict with any of the provisions of the Lease, the provisions of this Agreement shall control.
5. No Amendment. This Agreement may not be amended, modified, superseded or canceled, and any of the terms herein may not be waived, except by a written instrument executed by the signatories hereto, their legal representatives, heirs, successors or assigns, or in the case of a waiver, by the party waiving compliance.

IN WITNESS WHEREOF, the parties have signed this modification agreement as of the date first written above.

OWNER:

Oakland Square, LLC

By: 

TENANT:

Jennifer Convertibles, Inc.

By: 

Edward B. Sedner

Its: Executive Vice President

Exhibit D

IN THE COUNTY COURT OF THE
17TH JUDICIAL CIRCUIT IN AND FOR
BROWARD COUNTY, FLORIDA

OAKLAND SQUARE, LLC, a Florida
limited liability company,

Plaintiff,

Case No.

10-02870

COGE

LISA TRACHMAN

54

vs.

JENNIFER LEATHER-FORT LAUDERDALE
FL, INC., a dissolved Florida corporation, and
JENNIFER CONVERTIBLES, INC., a
Delaware corporation,

Defendants.

SUMMONS

HOWARD C. FORMAN
A TRUE COPY

To All and Singular the Sheriffs of said State:

YOU ARE HEREBY COMMANDED to serve this Summons and a copy of the Complaint in this action
on Defendant:

JENNIFER LEATHER-FORT LAUDERDALE FL, INC.
a Dissolved Florida corporation

By posting a copy of this Summons and Complaint on the Premises located at 3058 North Federal
Highway, Fort Lauderdale, Broward County, Florida

Each Defendant is required to serve written defenses to the Complaint or Petition on JOSEPH M.
BALOCCO, P.A., Attorney for Plaintiff, whose address is 1323 SE Third Avenue, Fort Lauderdale, FL
33316, within five (5) days after service of this Summons on that Defendant, exclusive of the day of
service, Saturdays, Sundays and legal holidays, and to file the original of the defenses with the Clerk of
this Court either before service on Plaintiff's attorney or immediately thereafter at 201 SE Sixth Street,
Fort Lauderdale, FL 33301. If a Defendant fails to do so, a default will be entered against that Defendant
for the relief demanded in the Complaint or Petition.

FEB 17 2010

WITNESS my hand and the Seal of said Court.

HOWARD C. FORMAN

By:

As Clerk of said Court

By:

As Deputy Clerk

SHIRLEY TISDALE

A TRUE COPY
CIRCUIT/COUNTY
COURT SEAL

IN THE COUNTY COURT OF THE
17TH JUDICIAL CIRCUIT IN AND FOR
BROWARD COUNTY, FLORIDA

OAKLAND SQUARE, LLC, a Florida
limited liability company,

Plaintiff,

Case No.

10-02870

vs.

JENNIFER LEATHER-FORT LAUDERDALE
FL, INC., a dissolved Florida corporation, and
JENNIFER CONVERTIBLES, INC., a Delaware
corporation,

LISA TRACHMAN

Defendants.

54

COGE

COMPLAINT FOR TENANT EVICTION

HOWARD C. FORMAN
A TRUE COPY

Plaintiff, OAKLAND SQUARE, LLC, a Florida limited liability company, by and through its undersigned attorney, sues Defendants JENNIFER LEATHER-FORT LAUDERDALE FL, INC., a dissolved Florida corporation, and JENNIFER CONVERTIBLES, INC., a Delaware corporation, and alleges:

1. This is an action for possession of real property located at 3058 North Federal Highway, Fort Lauderdale, Broward County, Florida
2. Plaintiff is a Florida limited liability company organized, existing and in good standing under the laws of the State of Florida.
3. Defendant JENNIFER LEATHER-FORT LAUDERDALE FL, INC. is a dissolved Florida corporation.
4. Defendant JENNIFER CONVERTIBLES, INC. is a corporation organized under the laws of the State of Delaware. Upon information and belief, Defendant JENNIFER LEATHER-FORT LAUDERDALE FL, INC. is a wholly-owned subsidiary of Defendant JENNIFER CONVERTIBLES, INC.
5. On or about the 14th day of July, 1994, Defendant JENNIFER LEATHER-FORT LAUDERDALE FL, INC., as Tenant, entered into that certain Lease with HALE PIANO AND ORGAN, INC., as Landlord, a copy of which Lease is attached hereto as Exhibit "A". Upon execution of said Lease, Defendant JENNIFER LEATHER-FORT LAUDERDALE FL, INC. took possession of the Premises identified therein.
6. On or about the 25th day of February, 2000, HALE PIANO AND ORGAN, INC. assigned the subject Lease to Plaintiff; thereafter Defendant JENNIFER LEATHER-FORT LAUDERDALE FL, INC. paid rent to Plaintiff in accordance with the terms of said Lease.

7. On or about the 31st day of May, 2005, Plaintiff and Defendant JENNIFER LEATHER-FORT LAUDERDALE FL, INC. executed that certain extension of Lease, a copy of which is attached hereto as Exhibit "B".

8. On or about the 1st day of November, 2008, Plaintiff and Defendant JENNIFER CONVERTIBLES, INC., as Tenant, executed that certain Lease Modification Agreement, a copy of which is attached hereto as Exhibit "C".

9. Defendant JENNIFER CONVERTIBLES, INC. has defaulted under the Lease by failing to make the rental payments due for the months of November and December 2009 and January and February 2010.

10. That pursuant to the terms and conditions of Article XIV, Section 14.01 of the Lease, Plaintiff delivered its 15-day Notice on Defendant JENNIFER LEATHER-FORT LAUDERDALE FL, INC and Defendant JENNIFER CONVERTIBLES, INC. on the 22nd day of January, 2010, a copy of which Notice and certified mail receipts evidencing Defendants receipt of said Notice are attached hereto as Exhibit "D".

11. Pursuant to the provisions of Article XII, Plaintiff is entitled to immediate possession of the Premises.

12. That Plaintiff was obligated to retain the services of undersigned counsel to prosecute this action and is entitled to an award of reasonable attorney's fees and costs.

WHEREFORE, Plaintiff demands that this Court find the Defendants in default under the terms of the Lease for non-payment of rent and enter a Final Judgment placing the Plaintiff in immediate possession of the Premises, together with entry of a Final Judgment awarding Plaintiff reasonable attorney's fees and costs.

JOSEPH M. BALOCCO, P.A.

By: 

JOSEPH M. BALOCCO, JR., ESQ.

1323 SE Third Avenue

Fort Lauderdale, FL 33316

Telephone: 954-764-0005

FBN: 0750271

Exhibit E

IN THE COUNTY COURT OF THE
17TH JUDICIAL CIRCUIT IN AND FOR
BROWARD COUNTY, FLORIDA

OAKLAND SQUARE, LLC, a Florida
limited liability company,

Plaintiff,

Case No. 10-02870 COCE (54)

vs.

JENNIFER LEATHER-FORT LAUDERDALE
FL, INC., a dissolved Florida corporation, and
JENNIFER CONVERTIBLES, INC., a Delaware
corporation,

Defendants.

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT is made this 22nd day of March, 2010, by and among Plaintiff, OAKLAND SQUARE, LLC, a Florida limited liability company, and Defendants JENNIFER LEATHER-FORT LAUDERDALE FL, INC., a dissolved Florida corporation, and JENNIFER CONVERTIBLES, INC., a Delaware corporation (collectively "Defendants").

WHEREAS, Plaintiff filed the above-styled action seeking possession of certain real property located in Broward County, Florida, based upon Defendants' failure to pay the rent due under that certain Lease Agreement (hereinafter "Lease") as more particularly identified in Plaintiff's Complaint; and

WHEREAS, the parties desire to enter into an agreement for the purpose of settling their differences and providing for the timely payment by Defendants of all sums due and owing under the terms of the Lease;

NOW, THEREFORE, in consideration of the foregoing, it is agreed as follows:

1. Defendants do hereby acknowledge the validity of the Lease and their obligation to pay all sums due and owing thereunder in a timely manner.
2. Previously, Defendants have tendered the rent due for the months of November and December 2009 and January and February 2010; however, Plaintiff, pending resolution of this action, has not negotiated the rent checks. Simultaneous with the execution of this Settlement Agreement by all parties, Plaintiff shall negotiate said checks. Failure of any or all of said checks to clear Plaintiff's bank, following Plaintiff's five-day notice to Defendant, shall constitute a default hereunder.
3. Simultaneous with the execution hereof by Defendants, Defendants shall tender the rent due March 1, 2010, together with a sum equal to 1/12th of the 2010 estimated real property taxes, to wit: \$5,386.48. A like sum shall be due and payable on April 1, 2010 and May 1, 2010.

4. Simultaneous with the execution hereof by Defendants, Defendants shall pay to Coral Corner Shopping Center, Inc. the sum of \$2,253.35 representing the 2010 Assessment for the months of January through May, 2010.

5. Commencing June 1, 2010, the Lease shall be amended to provide that the Tenant may continue to occupy the Property on a month-to-month tenancy cancellable by either party upon 120 days prior written notice to the other party. The rent commencing June 1, 2010 and each month thereafter shall be a gross rent. Commencing June 1, 2010, Landlord shall be responsible for insurance on the building, real property taxes, and the merchants association's dues. Tenant shall continue to maintain insurance on Tenant's property and liability insurance as required under the terms of the Lease and shall provide evidence of same to Landlord. The rent for this extended month-to-month term shall be \$13,000.00 per month plus applicable sales tax. Said rent for the months of June and July 2010 shall be accompanied by Defendants' obligation for the remaining two months of 2010 real property taxes in the sum of \$5,386.48 per month.

6. All of the other terms of the Lease not specifically amended hereby or inconsistent herewith shall remain in full force and effect and the parties shall be bound by the terms thereof.

7. The parties acknowledge that Plaintiff has incurred attorney's fees and costs in the sum of \$5,382.47. Simultaneous with the execution hereof, Defendants shall pay the sum of \$1,000.00 to Joseph M. Balocco, P.A., as attorney for Plaintiff. The balance of the afore-referenced attorney's fees and costs shall be deferred pending Defendants full and timely compliance with the terms and conditions of this Settlement Agreement. In the event that Defendants shall be in compliance with the terms hereof, at termination of Defendants' tenancy, said additional fees shall be deemed waived. Should Defendants default under the terms hereof following ten-days notice to Defendant with opportunity to cure, the full amount of said attorney's fees and costs plus such additional fees and costs as shall be incurred in prosecuting this action shall be the obligation of Defendants.

8. In the event that Defendants shall fail to timely comply with each and every term and condition of this Settlement Agreement, and upon ten days written notice of default, during which ten day period Defendant shall have the opportunity to cure said default, Plaintiff shall be entitled to the issuance of a Writ of Possession and all such other rights as shall exist under the Lease, in law or equity.

9. Time is of the essence with respect to all payment dates referenced herein.

10. All notices required under the terms of this Settlement Agreement shall be deemed given when made by facsimile transmission or to mailing addresses hereinafter provided to the following parties:

Plaintiff:
Oakland Square, LLC

To Ben Weaver

P.O. Box 56316
Jacksonville, FL 32241-6316

Copy to Joseph M. Balocco, Esq.

Facsimile: 954-764-1478

Defendant:
Jennifer Convertibles, Inc.

To Ed Seidner

Facsimile: 516-496-0008

Copy to Owen Wincig, Esq.

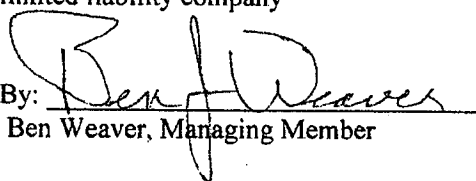
Facsimile: 212-575-8525

11. Upon Defendants full and complete compliance with the terms of this Settlement Agreement, Plaintiff shall cause the above-styled litigation to be dismissed without prejudice.

IN WITNESS WHEREOF the parties have executed this Settlement Agreement the day and year first above written.

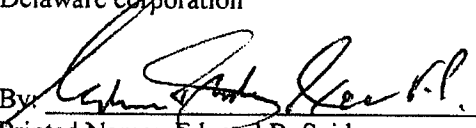
Plaintiff:

Oakland Square, LLC, a Florida
limited liability company

By: 
Ben Weaver, Managing Member

Defendants:

Jennifer Convertibles, Inc., a
Delaware corporation

By: 
Printed Name: Edward B. Seidner
Title: Executive Vice President

JOSEPH M. BALOCCO, P.A.

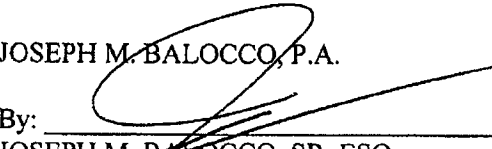
By: 
JOSEPH M. BALOCCO, SR, ESQ.
1323 SE Third Avenue
Fort Lauderdale, FL 33316
Telephone: 954-764-0005
FBN: 160385

Exhibit F

**OLSHAN GRUNDMAN FROME
ROSENZWEIG & WOLOSKY LLP**

Park Avenue Tower
65 East 55th Street
New York, New York 10022
Michael S. Fox, Esq.
Jordanna L. Nadritch, Esq.
Jayme M. Bethel, Esq.
212.451.2300

Counsel for the Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
THE SOUTHERN DISTRICT OF NEW YORK**

In re:

JENNIFER CONVERTIBLES, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 10-13779 (ALG)

(Jointly Administered)

NOTICE OF PROPOSED REJECTION OF UNEXPIRED LEASES

PLEASE TAKE NOTICE that on August 31, 2010, the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) entered an *Order Approving Expedited Procedure for Rejection of Certain Unexpired Leases of Nonresidential Real Property* (the “Procedures Order”) in the above-referenced chapter 11 cases of Jennifer Convertibles, Inc. and its debtor affiliates, as debtors and debtors in possession (collectively, the “Debtors”), approving expedited procedures (the “Rejection Procedures”) for the rejection of unexpired leases of nonresidential property.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, if applicable, are: (i) Jennifer Convertibles, Inc. (4646); (ii) Jennifer Convertibles Boylston MA, Inc. (7904); (iii) Jennifer Chicago Ltd. (0505); (iv) Elegant Living Management, Ltd. (5049); (v) Hartsdale Convertibles, Inc. (1681); (vi) Jennifer Management III Corp. (3552); (vii) Jennifer Purchasing Corp. (7319); (viii) Jennifer Management II Corp. (9177); (ix) Jennifer Management V Ltd. (9876); (x) Jennifer Convertibles Natick, Inc. (2227); (xi) Nicole Convertibles, Inc. (5985); (xii) Washington Heights Convertibles, Inc. (0783).

PLEASE TAKE FURTHER NOTICE that in accordance with the terms of the Procedures Order, the Debtors hereby provide notice or have already provided notice of their intent to reject the leases described in Annex I hereto (the “Affected Leases”) and to abandon certain property that is related to or located on the premises that are subject to the Affected Leases (the “Related Property”). Pursuant to the terms of the Procedures Order, unless a written objection is filed and served accordance with the terms of the Procedures Order, the Affected Leases will be rejected pursuant to 11 U.S.C. § 365(a), and the Related Property shall be abandoned pursuant to 11 U.S.C. § 554(a) on the effective date set forth in this Notice, or, if no such date is set forth herein, the date this Notice is filed with the Court, provided, however, that the effective date of the rejection of a lease shall not occur until (i) the Debtors unequivocally relinquish control of the premises to the affected landlords in writing of the Debtors’ surrender of the premises or by turning over keys or “key codes” to the affected landlord, and (ii) the Collection Period (as defined below), if applicable, expires (the “Rejection Date”).

PLEASE TAKE FURTHER NOTICE that if any property that is proposed to be abandoned is subject to a personal property lease, the personal property lessor with respect to such property shall have seven (7) days from the date this Notice is filed to retrieve their property (the “Collection Period”).

PLEASE TAKE FURTHER NOTICE that, should you object to the Debtors’ rejection of the Affected Leases, you must file and serve a written objection so that such objection is filed with the Court and actually received by the following parties no later than fourteen (14) days after the date the Rejection Notice is filed with the court: (i) counsel to Jennifer Convertibles, Inc., Olshan Grundman Frome Rosenzweig & Wolosky LLP, Park Avenue Tower, 65 East 55th Street, New York NY 10022, Attention: Michael S. Fox, Esq. and Jordanna L. Nadritch, Esq.;

(ii) counsel to the Committee, Kelley Drye & Warren LLP, 101 Park Avenue, New York NY 10178, Attention: James S. Carr, Esq.; and (iii) the Office of the U.S. Trustee, 33 Whitehall Street, 21st Floor, New York, NY 10004, Attention: Nazar Khodorovsky, Esq. and Andy Velez-Rivera, Esq.

PLEASE TAKE FURTHER NOTICE that if an objection to this Notice is timely filed and received in accordance with these Rejection Procedures, the Debtors shall attempt to reach a consensual resolution of such objection. If the parties are unable to resolve the objection, the Debtors shall schedule a hearing on such objection and shall provide at least five (5) days' notice of such hearing to the objecting party and the Objection Notice Parties. If such objection is overruled by the Court or withdrawn by the objecting party, then the applicable lease shall be deemed rejected as of (a) the Rejection Date, or (b) such other date as the Court may set forth in any order overruling such objection. If the objection concerns the abandonment of property or other matters that may be determined independently of the rejection of the lease, the rejection of such lease shall be deemed to have occurred on the Rejection Date.

PLEASE TAKE FURTHER NOTICE that, in connection with the rejection of an Affected Lease, if the Debtors have deposited monies with an Affected Lease counterparty as a security deposit or other arrangement, such Affected Lease counterparty may not set off or recoup or otherwise use such deposit without prior approval of this Court or agreement of the parties.

PLEASE TAKE FURTHER NOTICE that, pursuant to the terms of the Order, should you have a claim for any damages as a result of any Affected Leases, you must submit a proof of claim to BMC Group, Inc. (the Debtors' claims and noticing agent) on or before the later of (i) the date that is thirty days after the effective date of the rejection of such Affected Lease, or (ii)

the general bar date established by this Court for filing proofs of claim against the Debtors. If you do not timely file such proof of claim, you shall be forever barred from asserting a claim for any damages.

PLEASE TAKE FURTHER NOTICE that, in all events, any personal property remaining at any premises as of the Rejection Date, or the expiration of the Collection Period if the property is subject to a true lease, shall be deemed abandoned without further order of this Court free and clear of any interests and landlord or its designee shall be free to dispose of same without liability to any party. The right of any party in interest to assert a claim against the Debtors' estates for costs associated with abandoned property is preserved; provided, however, that any claim must be made within the time set by this Court in this order for filing proofs of claim. The Debtors and the Committee's rights to contest any such claim are fully preserved.

Dated: New York, New York
September 8, 2010

OLSHAN GRUNDMAN FROME
ROSENZWEIG & WOLOSKY LLP

By: /s/ Michael S. Fox
Michael S. Fox
Jordanna L. Nadritch
Jayme M. Bethel
Park Avenue Tower
65 East 55th Street
New York, New York 10022
(212) 451-2300

*Counsel for the Debtors and Debtors in
Possession*

ANNEX I

Affected Leases

No location set forth below is subject to a personal property lease, and there is no property to be abandoned.

ADDRESS OF SUBJECT PROPERTY	MONTHLY RENTAL OBLIGATION	LEASE EXPIRATION	LANDLORD NAME/ADDRESS	EFFECTIVE DATE OF REJECTION	
13623 S Dixie Highway Miami FL 33176	\$16,306	12/31/2012	Tim or Margaret Hackett 440 Barrett Parkway, Suite 70 Kennesaw, GA 30144	9/28/2010	
7160 Carpenter Rd. Skokie, IL 60077	\$9,587	3/31/2012	Bill Read 3300 Enterprise Pkwy Beachwood, OH 44122	9/28/2010	
15 Cambridge St. Burlington, MA 01803	\$7,600	Month-to-month	Donna Stietligtz 14 Old Stagecoach Rd. Bedford, MA 01730	9/28/2010	
1524 VFW Parkway, Route 1 West Roxbury, MA 02132	\$15,750	10/31/2013	Larry Cohen 1901 Hansen St Sarasota, FL 34231	9/28/2010	
3058 North Federal Highway Fort Lauderdale, FL 33306	\$13,780	Month-to-month	Steve Hall PO Box 7932 Fort Lauderdale, FL 33338	9/28/2010	

Exhibit G



PRYOR CASHMAN LLP

New York | Los Angeles

7 Times Square, New York, NY 10036 Tel: 212-421-4100 Fax: 212-326-0806

www.pryorcashman.com

EMAIL: Accounting@PryorCashman.com

TIN: 13-1859294

August 20, 2010

INVOICE #235969

Oak Square LLC
12627 San Jose Blvd., Suite 301
Jacksonville, FL 32223

RE: 16549.00001 Jennifer Convertibles

FOR PROFESSIONAL SERVICES RENDERED THROUGH July 31, 2010

MATTER	HOURS	FEE AMOUNT	DISBURSEMENT AMOUNT
16549.00001 Jennifer Convertibles	1.80	\$810.00	\$0.00
FEES			\$810.00
TOTAL FEES			\$810.00
TOTAL DISBURSEMENTS			\$0.00
TOTAL FEES AND DISBURSEMENTS			\$810.00

*****REMITTANCE COPY*****



PRYOR CASHMAN LLP

New York | Los Angeles

7 Times Square, New York, NY 10036 Tel: 212-421-4100 Fax: 212-326-0806

www.pryorcashman.com

EMAIL: Accounting@PryorCashman.com

TIN: 13-1859294

October 14, 2010

INVOICE #238128

Oak Square LLC
12627 San Jose Blvd., Suite 301
Jacksonville, FL 32223

RE: 16549.00001 Jennifer Convertibles

FOR PROFESSIONAL SERVICES RENDERED THROUGH September 30, 2010

MATTER	HOURS	FEE AMOUNT	DISBURSEMENT AMOUNT
16549.00001 Jennifer Convertibles	15.60	\$6,825.00	\$160.95
FEEs			\$6,825.00
TOTAL FEEs			\$6,825.00
TOTAL DISBURSEMENTS			\$160.95
TOTAL FEEs AND DISBURSEMENTS			\$6,985.95

*****REMITTANCE COPY*****



PRYOR CASHMAN LLP

New York | Los Angeles

7 Times Square, New York, NY 10036 Tel: 212-421-4100 Fax: 212-326-0806

www.pryorcashman.com

EMAIL: Accounting@PryorCashman.com

TIN: 13-1850294

October 22, 2010

INVOICE #238577

Oak Square LLC
12627 San Jose Blvd., Suite 301
Jacksonville, FL 32223

RE: 16549.00001 Jennifer Convertibles

FOR PROFESSIONAL SERVICES RENDERED THROUGH October 22, 2010

MATTER	HOURS	FEE AMOUNT	DISBURSEMENT AMOUNT
16549.00001 Jennifer Convertibles	13.80	\$6,047.50	\$51.31

FEES	\$6,047.50
TOTAL FEES	\$6,047.50
TOTAL DISBURSEMENTS	\$51.31
TOTAL FEES AND DISBURSEMENTS	\$6,098.81

*****REMITTANCE COPY*****