

WHEREAS, the execution and delivery of this Trust Indenture (hereinafter sometimes referred to as the Indenture) have been authorized by an Ordinance duly enacted by the County Council of Greenville County (hereinafter sometimes referred to as the County Board) and the County in accordance with the requirements of Section 14 of the Act has submitted its Petition to the State Budget and Control Board of South Carolina, including a general summary of the terms and conditions of this Indenture, and the State Budget and Control Board of South Carolina has duly approved the Project in accordance with the provisions of the Act and thereby authorized the County Board to proceed with the acquisition and financing of the Project. Notice of the approval was duly published in a newspaper having general circulation in the County and notwithstanding more than twenty days have elapsed from the date of the publication of such notice, no challenge was made to the validity of such approval as provided in the Act; and

WHEREAS, it has been determined that the estimated amount necessary to finance the cost of the Project will require the issuance, sale and delivery of Bonds designated as "GREENVILLE COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE BONDS, SERIES 1977, (HOUSE OF FABRICS OF SOUTH CAROLINA, INC.-LESSEE) (the Bonds) in the aggregate principal amount of \$2,250,000 as hereinafter provided; and

WHEREAS, House of Fabrics, Inc., a California corporation (the Guarantor) has entered into a Guaranty Agreement with the Trustee dated as of March 1, 1977 (the Guaranty Agreement) whereby the Guarantor has unconditionally guaranteed the payment of the principal of, premium, if any, and interest on the Bonds; and

WHEREAS, the issuance of such Bonds under the Act has been in all respects duly and validly authorized by an Ordinance duly passed and approved by the County Board; and

WHEREAS, the \$2,250,000 aggregate principal amount of Bonds to be issued, the interest coupons, if any, to be attached thereto, and the Trustee's Certificate of Authentication to be endorsed on such Bonds, are all to be in substantially the form hereto attached as Exhibit C with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture; and