

The Project has been leased to the Lessee under and pursuant to a Lease Agreement between the County and the Lessee dated as of March 1, 1977, (hereinafter called the Lease Agreement). Under the Lease Agreement the Lessee must pay to the County such rentals as will be fully sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same mature and become due and under the Lease Agreement it is the obligation of the Lessee to pay the cost of maintaining the Project in good repair and to keep it properly insured. Payment of the principal of, premium, if any, and interest on the Bonds has been unconditionally guaranteed by House of Fabrics, Inc., a California corporation (hereinafter referred to as the Guarantor) under the terms of a Guaranty Agreement between the Guarantor and the Trustee dated as of March 1, 1977, (hereinafter called the Guaranty Agreement). Copies of the Indenture, the Lease Agreement and the Guaranty Agreement are on file at the principal office of the Trustee in the City of Tuscaloosa, State of Alabama, and the Indenture and the Lease Agreement are recorded in the Office of the Register of Mesne Conveyances for Greenville County, South Carolina, and reference is made to the Indenture, the Lease Agreement and the Guaranty Agreement for a description of the security, the provisions, among others, with respect to the nature and extent of the security, the charging and collection of rentals for the Project, the rights and remedies of the holders of the Bonds and the coupons appertaining thereto, the rights, duties and obligations of the County, the Lessee and the Trustee, and the terms upon which the Bonds are issued and secured.

This Bond and appurtenant coupons are fully negotiable and shall pass by delivery, but this Bond may be registered as to principal only on the registration books of the County in said principal office of the Trustee as Bond Registrar, upon presentation hereof at such office and the notation of such registration endorsed hereon by the Bond Registrar, and this Bond may thereafter be transferred on such books at the written request of the registered holder or by his legal representative, evidence of such transfer to be in like manner endorsed hereon. Such transfer may be to bearer, and thereby transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of this Bond, if registered, unless registered to bearer, shall be payable only to or upon the order of the registered holder or his legal representative. Interest accruing on this Bond will be paid only on presentation and surrender of the attached interest coupons as they respectively