

LEASE GUARANTY AGREEMENT

Attached to Lease Agreement between Greenville County, South Carolina and House of Fabrics of South Carolina, Inc., dated as of May 1, 1971.

FOR VALUE RECEIVED, and as an inducement to and as part of the consideration for the execution and delivery by Greenville County, South Carolina (the "County") of the foregoing Lease Agreement dated as of May 1, 1971, between the County and House of Fabrics of South Carolina, Inc., a South Carolina corporation (the "Lessee") and the leasing by the County of any property thereunder, and as an inducement to and as part of the consideration for the issuance, execution, sale, delivery and purchase of \$1,500,000 Greenville County, South Carolina, First Mortgage Industrial Revenue Bonds, Series 1971 (House of Fabrics of South Carolina, Inc. - Lessee) (the "Bonds") described in the Lease Agreement by the purchasers thereof, and the assignment by the County of all its right, title and interest in, to and under the Lease Agreement by the Indenture dated as of May 1, 1971, between the County and National Bank of South Carolina, as Trustee (the "Trustee"), to provide for the acquisition and construction of the Project (as defined in the Lease Agreement) the undersigned House of Fabrics, Inc., a California corporation (the "Guarantor") unconditionally guarantees to the County and the Trustee, their successors or assigns, the full and prompt payment, when due and at all times thereafter, of each and all of the rents and other sums required to be paid by the Lessee to the County or the Trustee under the terms of the Lease Agreement, as amended or supplemented by an instrument amending or supplementing the Lease Agreement (the foregoing Lease Agreement, as from time to time amended or supplemented, being hereinafter called the "Lease") and the full and prompt performance and observance by the Lessee of each and all of the covenants and agreements required

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