

**CORPORATE
ACCESS,
INC.**

P20280

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Merger

1.) **Southern Flooring Distributing, Inc.**
(CORPORATE NAME & DOCUMENT #)

2.)
(CORPORATE NAME & DOCUMENT #)

3.)
(CORPORATE NAME & DOCUMENT #)

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(CORPORATE NAME & DOCUMENT #)

SPECIAL INSTRUCTIONS

Merger

SP 6/12/98

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DIVISION OF CORPORATIONS
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SP

**ARTICLES OF MERGER
OF COOPER FLOORING INTERNATIONAL, INC.
INTO SOUTHERN FLOORING DISTRIBUTORS, INC.**

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS

98 JUN 12 PM 1:39

**ARTICLE I
Names and Surviving Corporation**

The names and state of incorporation of the corporations which are parties to the merger are:

<u>Name</u>	<u>State of Incorporation</u>
Cooper Flooring International, Inc.	Florida
Southern Flooring Distributors, Inc.	Alabama

Southern Flooring Distributors, Inc., shall be the surviving corporation.

**ARTICLE II
Plan of Merger**

The plan of merger is as follows:

(a) Merger; Surviving Corporation. At the Effective Date (as hereinafter defined), Cooper Flooring International, Inc. ("Cooper"), shall be merged with and into Southern Flooring Distributors, Inc. ("SFD") and SFD shall be the surviving corporation (the "Surviving Corporation") and shall continue its corporate existence under the laws of the State of Alabama. At the Effective Date, the separate corporate existence of Cooper shall cease. All properties, franchises and rights belonging to Cooper shall be deemed to be vested in SFD, which shall thereafter be responsible for all the liabilities and obligations of Cooper.

(b) Directors and Officers. The directors and officers of SFD immediately prior to the Effective Date shall be the directors and officers of the Surviving Corporation. Each of such directors and officers shall hold office in accordance with the Articles of Incorporation and Bylaws of the Surviving Corporation.

(c) Conversion of Shares. The 500 shares of the common stock of Cooper issued and outstanding immediately prior to the Effective Date shall, by virtue of the Merger and without any action on the part of the sole shareholder of Cooper, TDA Industries, Inc., a New York corporation, be converted into, exchanged for and represent the right to receive:

- (i) \$2,000,000 in immediately available United States funds ("Cash Consideration"); and

- (ii) ten (10) promissory notes each in the amount of \$200,000 and each in the form of Exhibit A attached hereto (individually, a "Purchase Money Note" and collectively, the "Purchase Money Notes") and each Purchase Money Note shall provide in part for the payment of principal in ten (10) equal annual installments of Twenty Thousand and No/100 Dollars (\$20,000.00) each to be paid on or before the 1st day of each June, with the first installment due on or before June 1, 1999, and the final installment due on or before June 1, 2008, and interest on the unpaid principal balance at the rate of zero percent (0%) per annum (except that any installment of principal not paid when due and, following a default under any of the Purchase Money Notes, the entire outstanding principal balance of the Purchase Money Notes, shall bear interest at the rate of twelve and one-half percent (12.5%) per annum from the original due date of such unpaid installment or the date of acceleration, as applicable, until paid).

ARTICLE III

Date of Adoption

The date of adoption of the plan of merger by the board of directors of each corporation is:

<u>Name</u>	<u>Date of Adoption</u>
Cooper Flooring International, Inc.	June 9, 1998
Southern Flooring Distributors, Inc.	June <u>11</u> , 1998

ARTICLE IV

Shareholder Approval

Approval by the sole shareholder of Cooper was obtained on June 9, 1998. Approval by the shareholders of the Surviving Corporation was not required.

ARTICLE V

County Where Filed

The county in which the Articles of Incorporation of Southern Flooring Distributors, Inc., are filed, is Houston County, Alabama.

ARTICLE VI

Effective Date

The merger shall be effective on the date of filing by the Department of State of the States of Alabama and Florida.

Dated this 11th day of June, 1998.

COOPER FLOORING
INTERNATIONAL, INC., a Florida
corporation

By: _____

Name: FREDERICK M. FRIEDMAN

Title: VICE PRESIDENT

STATE OF NEW YORK
COUNTY OF NEW YORK

The foregoing instrument was acknowledged before me this 9th day of June, 1998,
by FREDERICK M. FRIEDMAN, as Vice President of Cooper Flooring International, Inc., a Florida
corporation, on behalf of the corporation. He is personally known to me by his production
of identification and did (did not) take an oath.


My Commission Expires: 11/30/98

(Signature)
Name: LUCILLE MANNO
(Legibly Printed)
Notary Public, State of NEW YORK

(AFFIX OFFICIAL SEAL)

LUCILLE MANNO
Notary Public, State of New York
No. 01MA4518395
Qualified in Suffolk County
Commission Expires 11-30-98

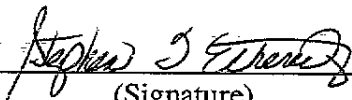
**SOUTHERN FLOORING
DISTRIBUTORS, INC., an Alabama
corporation**

By: 
Name: Gilbert W. Carpenter
Title: Chief Executive Officer

STATE OF ALABAMA
COUNTY OF HOUSTON

The foregoing instrument was acknowledged before me this 10th day of ^{June}~~May~~, 1998,
by Gilbert W. Carpenter as CEO of Southern Flooring Distributors, Inc., an
Alabama corporation, on behalf of the corporation. He is personally known to me or has
produced _____ as identification and did (~~not~~) take an oath.

My Commission Expires: 4/15/2002


(Signature)
Name: Stephen T. Etheredge
(Legibly Printed)
Notary Public, State of Alabama

(AFFIX OFFICIAL SEAL)

EXHIBIT A

PROMISSORY NOTE

\$200,000.00

Charlotte, North Carolina
June 12, 1998

FOR VALUE RECEIVED, the undersigned, SOUTHERN FLOORING DISTRIBUTORS, INC., an Alabama corporation, as successor by merger with Cooper Flooring International, Inc., a Florida corporation ("Maker"), promises to pay to the order of TDA INDUSTRIES, INC., a New York corporation ("TDA" and, together with its successors and any assignee of all or any part of the indebtedness evidenced hereby, "Holder"), in lawful money of the United States of America, in immediately available funds, at the principal office of Holder at 122 East 42nd Street, Suite 1116, New York, New York 10168, or at such other location as the Holder may designate from time to time, the principal sum of TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$200,000.00), together with any applicable interest thereon, as described below.

The outstanding principal balance hereof shall be due and payable in ten (10) equal annual installments in the amount of \$20,000.00 each, commencing on June 1, 1999 and continuing on each June 1 thereafter continuing through June 1, 2007, with a final payment of all outstanding principal together with any accrued and unpaid interest thereon on June 1, 2008 ("Maturity Date"). Interest shall accrue only on any amounts not paid when due hereunder at the rate, and in the manner, set forth below.

This Promissory Note ("Note") is one of ten promissory notes (the "Term Notes") issued pursuant to that certain Agreement and Plan of Merger dated of even date herewith, executed by and among Southern Flooring Distributors, Inc., an Alabama corporation, Cooper Flooring International, Inc., a Florida corporation, TDA, Gilbert W. Carpenter and Harry H. Carpenter ("Merger Agreement"), and a portion of the principal amount hereof is subject to offset pursuant to the terms of the Merger Agreement.

This Note is secured by the inventory and accounts receivable of Maker pursuant that certain Credit and Security Agreement dated of even date herewith executed by and among Maker and TDA, individually and as agent for any Holder ("Credit and Security Agreement"). EACH HOLDER OF THIS NOTE, BY ITS ACCEPTANCE OF THIS NOTE, HEREBY CONSENTS TO THE TERMS AND PROVISIONS OF THE CREDIT AND SECURITY AGREEMENT, INCLUDING, WITHOUT LIMITATION, THE OFFSET AND AGENCY PROVISIONS SET FORTH THEREIN, AND AGREES TO BE BOUND THEREBY, AND FURTHER CONSENTS TO THE TERMS AND PROVISIONS OF THAT CERTAIN INTERCREDITOR AGREEMENT AND THAT CERTAIN SUBORDINATION AGREEMENT, EACH DATED OF EVEN DATE HEREWITH AND EACH EXECUTED BY AND AMONG THE CIT GROUP/CREDIT FINANCE, INC.,

TDA, AS AGENT, AND MAKER, INCLUDING WITHOUT LIMITATION, THE PROVISIONS SET FORTH THEREIN RESTRICTING ACCELERATION OF THE PRINCIPAL INDEBTEDNESS EVIDENCED BY THIS NOTE, AND AGREES TO BE BOUND THEREBY.

Failure to pay any installment of principal due hereunder on its annual installment due date, or within ten (10) days of notice from Holder stating that such installment has not been received and instructing Maker as to where to wire transfer funds in payment of such installment, shall constitute a default under this Note, under the other nine Term Notes, and under the Credit and Security Agreement and a default under the Credit and Security Agreement or any of the other nine Term Notes shall constitute a default hereunder.

Upon the occurrence of any default hereunder (including the failure by Maker to pay the indebtedness outstanding hereunder on the Maturity Date), Holder shall be entitled to any and all rights and remedies afforded to it under the Credit and Security Agreement and under all applicable laws, including but not limited to, the right, at Holder's option and without prior notice to Maker, to accelerate and declare immediately due and payable all outstanding indebtedness hereunder.

Any payment of principal not made when due and, following maturity (whether by acceleration or otherwise), the entire unpaid principal balance hereof, shall bear interest from the due date of the unpaid installment at a fixed rate of twelve and one-half percent (12.5%) per annum (based on a year of 360 days and actual days elapsed), which interest rate shall apply as well before as after any judgment is entered on or in connection with this Note.

This Note may be prepaid in whole or in part at any time.

All payments received by Holder hereunder shall be applied as follows: first, to out of pocket costs incurred by Holder in connection with the collection of amounts due hereunder or in connection with any other exercise of Holder's rights and remedies hereunder; second, to any unpaid interest and other charges, if any, payable by Maker; and third, to the principal balance hereof.

If any payment of principal or interest on this Note shall become due on a Saturday, Sunday or on any other day on which Holder is not open for business, such payment shall be due on the next succeeding day on which Holder is open for business.

Maker hereby waives presentment, demand, protest and notice of any kind in connection with this Note.

In the event that this Note shall at any time be placed with an attorney for collection, Maker agrees to pay, in addition to the entire remaining principal balance and accrued and unpaid interest thereon, all attorney's and paralegal's fees and costs, including, without limitation, attorney's and paralegal's fees and costs incurred in connection with any

litigation, mediation, arbitration, administrative or bankruptcy proceedings and appeals . therefrom or settlements thereof incurred in connection with any action to enforce the terms and provisions of this Note.

This Note shall bind Maker and its successors and assigns, and the benefits hereof shall inure to the benefit of Holder and its successors and assigns. All references herein to "Maker" and "Holder" shall be deemed to apply to Maker and Holder, respectively, and their respective successors and assigns.

In the event any provision of this Note shall be prohibited or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Note.

This Note and any other agreement executed in connection herewith shall be interpreted, and the rights and liabilities of the parties hereto and thereto shall for all purposes be governed by, and construed and enforced in accordance with, the laws of the State of Florida applicable to agreements executed, delivered and performed within such state notwithstanding execution of this Note and the other agreements executed in connection herewith outside the State of Florida, without giving effect to the principles of conflicts of laws. As part of the consideration for new value this day received, Maker hereby consents to the exclusive jurisdiction of the Federal District Court for the Middle District of Florida, Tampa Division. Maker waives any objection to such venue of any action instituted hereunder and consents to sole and exclusive venue in the Federal District Court, Middle District of Florida, Tampa Division. Maker has appointed Will Gautney, a resident of the State of Florida residing at 4301 Emerson Street, Jacksonville, Florida 32207, as its non-exclusive agent within the State of Florida for the receipt of service of process with respect to any action arising out of the provisions of this Note, all documents executed in connection herewith, or its dealings with Holder.

WAIVER OF JURY TRIAL. NEITHER MAKER NOR HOLDER, NOR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF MAKER OR HOLDER, SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM, OR ANY OTHER LITIGATION PROCEDURE BASED UPON OR ARISING OUT OF THIS NOTE, ANY RELATED AGREEMENT OR INSTRUMENT, ANY SECURITY FOR THE INDEBTEDNESS EVIDENCED HEREBY OR THE DEALINGS OR THE RELATIONSHIP BETWEEN MAKER AND HOLDER. NEITHER MAKER NOR HOLDER WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY DISCUSSED BY MAKER AND HOLDER, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NEITHER MAKER NOR HOLDER HAS IN ANY WAY AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

IN WITNESS WHEREOF, Maker has executed this Note on the date first above written.

SOUTHERN FLOORING DISTRIBUTORS,
INC., an Alabama corporation, as successor by
merger with Cooper Flooring International, Inc.,
a Florida corporation

By: _____

Name: _____

Title: _____

(Seal)