

09-23-1999



101152551

COVER SHEET

ONLY

Docket No.:

D

Tab settings

To the Honorable Commissioner of Patents and Trademarks

record

09-20-1999

U.S. Patent & TM Office/TM Mail Rpt Dt. #54

or copy thereof.

1. Name of conveying party(ies):

Diversified Business Credit, Inc.

- Individual(s)
- General Partnership
- Corporation-State Minnesota
- Other

Additional names(s) of conveying party(ies) Yes No

2. Name and address of assignee:

Name: NEW PPI, INC. NEW PPI, INC

Internal Address:

Street Address: 250 Creative Drive

City: Central Islip State: NY ZIP: 11722

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State Georgia
- Other

If assignee is not domiciled in the United States, a domestic designation is Yes N
(Designations must be a separate document from Additional name(s) & address(es) Yes N

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other Sale of Entire Business
- Merger
- Change of Name

Execution Date: April 27, 1999

4. Application number(s) or registration numbers(s):

A. Trademark Application No.(s)

75/197,174 75/457,136
75/268,503 75/538,681
75/498,094

B. Trademark Registration No.(s)

2,155,651
2,160,959
2,188,516

Additional numbers Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Gerald E. Hespos

Internal Address:

Street Address: 274 Madison Avenue - Suite 1703

City: New York State: NY ZIP: 10016

6. Total number of applications and registrations involved:.....

8

7. Total fee (37 CFR 3.41):.....\$ \$215.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

03-1030

DO NOT USE THIS SPACE

1 FC:481 40.00 DP
2 FC:482 175.00 DP

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Gerald E. Hespos

Name of Person Signing

Gerald E. Hespos

Signature

SEP 17 1999

Date

Total number of pages including cover sheet, attachments, and

95

TRADEMARK

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "Agreement"), dated as of April 27, 1999, is made and entered into by and between New PPI, Inc., a Georgia corporation ("Buyer") and Diversified Business Credit, Inc., a Minnesota corporation ("Seller").

RECITALS

WHEREAS, Seller is engaged generally in the business of making secured loans to various businesses and in connection with its business entered into a Credit and Security Agreement dated June 30, 1997 ("Credit Agreement") with Dakotah, Incorporated, a South Dakota corporation, a textile manufacturer headquartered in Webster, South Dakota ("Debtor");

WHEREAS, Seller has advanced funds from time to time to Debtor under the terms of the Credit Agreement secured by a blanket, Uniform Commercial Code ("UCC") security interest in all of the Debtor's now-owned and after-acquired personal property to the extent subject to Article 9 of the UCC including, without limitation, Debtor's equipment, inventory, accounts receivable and general intangibles (the "Collateral") as those terms are defined by the UCC, which security interests have been perfected to the extent allowed by law by the filing of UCC financing statements in appropriate governmental offices;

WHEREAS, the Debtor has defaulted in its obligations under the terms of the Credit Agreement and on March 9, 1999, entered into a Repossession Agreement with Seller voluntarily relinquishing possession of all Collateral in accordance with the Credit Agreement for disposition by Seller in accordance with Article 9 of the UCC;

WHEREAS, in an Agreement for Deed in Lieu of Foreclosure, dated as of April 1, 1999, Debtor also transferred all of its right, title and interest in certain real property located in Webster,

South Dakota and more specifically described in Section 7 below (the "Webster II Plant") to a wholly-owned subsidiary of Seller called Diversified Real Estate Holdings, Inc., a Minnesota corporation ("Real Estate Subsidiary");

WHEREAS, the Debtor presently owes Seller in excess of \$9,000,000 (the "Indebtedness") for the repayment of principal and interest, plus related costs, attorneys' fees and other expenses under the terms of the Credit Agreement as of the date hereof;

WHEREAS, Seller desires to sell and Buyer desires to buy a portion of the Collateral to the extent specified herein at a private foreclosure sale to be conducted in accordance with Section 9-504 of the UCC with the net proceeds therefrom to be applied by Seller to the Indebtedness in accordance with the Credit Agreement and applicable law;

WHEREAS, Seller desires to lease the Webster II Plant to Buyer and Buyer desires to occupy the Webster II Plant under the terms below; and

AGREEMENT

Accordingly, the parties hereby agree as follows:

1. Transfer of Assets. Under the terms and subject to the conditions set forth in this Agreement, Seller shall, at the Closing (as defined in Section 4 hereof), pursuant to a Bill of Sale in the form of Exhibit A (the "Bill of Sale") sell, transfer and assign to Buyer, and Buyer shall purchase and acquire from Seller at a private foreclosure sale conducted in accordance with the UCC, good title in and to all of the Assets free of all liens and encumbrances, including without limitation, the claims of Debtor and Seller and anyone claiming through either the Debtor or Seller. The term "Assets" shall mean (subject to the exclusion of the Excluded Assets, defined in Section 3 below)

all personal property assets of the Debtor constituting Collateral as of the date hereof, including without limitation, all of the following:

- (a) The equipment specifically identified on Exhibit B hereto and all other “equipment” owned by the Debtor as of the date hereof (as “equipment” is defined in the UCC) including, without limitation;
- (b) The inventory specifically identified on Exhibit C hereto and all other “inventory” owned by the Debtor as of the date hereof (as “inventory” is defined by the UCC) including, without limitation;
- (c) The trademarks identified on Exhibit D and all other goodwill, trademarks, trade names, UPC codes 011742 and 613138, and other intellectual property of the Debtor to the extent those rights constitute “general intangibles” as defined by the UCC; and
- (d) All rights of the Debtor in any and all contracts with third parties, whatever those rights may be, (but not the Debtor’s obligations thereunder) to the extent those rights constitute “general intangibles” as defined by the UCC, subject to the rights of third parties thereto, including rights relating to the assignability of Debtor’s rights thereunder.

The parties expressly agree that Buyer is not by executing this Agreement assuming any of the liabilities of Debtor or Seller relating to the Assets. Buyer shall be responsible only for those liabilities and obligations of Debtor that are expressly assumed by Buyer in writings with third parties separate from this Agreement. Buyer is not related to Debtor and is not a successor-in-interest to Debtor, but is the buyer of assets from a lender at a UCC foreclosure sale.

2. Excluded Assets. Notwithstanding the terms of Section 1 hereof, the following assets shall be retained by Seller and/or Debtor as the case may be and shall not be sold, transferred or assigned to Buyer in the Bill of Sale:

- (a) All cash of the Debtor;
- (b) All accounts receivable and other rights to payment of the Debtor, together with a right for the Seller to have reasonable access to such portion of the Debtor's business records (including the right to make copies) as may be reasonably necessary in the judgment of Seller to facilitate collection thereof;
- (c) All litigation recoveries for claims of the Debtor accruing on or before the Closing Date, whether such claims are known or unknown;
- (d) The right of the Seller to use the Debtor's name in connection with the collection of accounts receivable of the Debtor, together with the right to endorse items made payable to the Debtor on account of the accounts receivable and other rights to payment of the Debtor that are Excluded Assets under Paragraph 2(b) above.
- (e) Real estate rights of the Debtor including related rights that may be personal property interests such as options to purchase or lease real estate and related improvements thereon, provided that equipment listed on Exhibit B shall be included in the Assets without regard to their possible status as real estate fixtures.
- (f) Equipment covered by the equipment leases identified on Exhibit E (the "Equipment Leases") to the extent of the lessor's interest therein.

- (g) All property outside the scope of Article 9 of the UCC (except equipment and inventory listed on Exhibits B, C and D, respectively) to the extent Seller does not therefor hold a perfected UCC security interest therein.
- (h) Any rights of Debtor against Seller or any affiliate of Seller.

3. The Purchase Price.

- (a) Amount. The total purchase price (the "Purchase Price") for the Assets shall be Five Million and 00/100 Dollars (\$5,000,000.00). The Purchase Price shall be paid to the Seller on the Closing Date by wire transfer to Seller's account at National City Bank of Minneapolis, ABA No. 091001157 to Diversified Business Credit, Inc., Account No. 1068423, for further credit to Dakotah Incorporated.
- (b) Allocation of Purchase Price. The Purchase Price is allocated among the Assets as reflected on Exhibits B, C and D as follows:

Inventory	\$3,700,000
Machinery & Equipment	1,200,000
Intangibles	<u>100,000</u>
TOTAL:	\$5,000,000

4. Closing.

- (a) Time and Place. Closing of the transactions contemplated by this Agreement (the "Closing") will take place in the offices of Maslon Edelman Borman & Brand, LLP, 3300 Norwest Center, 90 South Seventh Street, Minneapolis, Minnesota simultaneously with the execution of this Agreement. The date on which the Closing occurs is referred to herein as the "Closing Date," and

the Closing shall be deemed effective as of 8:00 a.m. Minneapolis time on the Closing Date.

- (b) Deliveries at Closing. At the Closing, each party shall deliver to the party entitled to receipt thereof the documents required to be delivered by this Agreement, and such other documents, instruments and materials (or complete accurate copies thereof, where appropriate) as may be reasonably required in order to effect the intent and provisions of this Agreement, and all such documents, instruments and materials shall be satisfactory in form and substance to counsel for the receiving party. The conveyance, transfer, assignment and delivery of the Assets shall be by Seller's execution and delivery to the Buyer of a Bill of Sale substantially in the form attached hereto as Exhibit A (the "Bill of Sale") and such other instruments of conveyance, transfer, assignment and delivery as Buyer shall reasonably request to cause Seller to transfer, convey, assign and deliver the Assets to Buyer. The Purchase Price shall be paid in full at the Closing.

5. Representations and Warranties of Seller. Seller hereby represents and warrants to

Buyer the following:

- (a) The Corporation and Corporate Power. The Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Minnesota and has all requisite corporate power, authority and all authorizations, licenses, permits necessary to transfer the assets in accordance with this Agreement.

- (b) Execution, Delivery; Valid and Binding Agreement. The execution, delivery and performance of this Agreement by the Seller and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action of the Seller and no other proceedings on its part are necessary to authorize the execution, delivery and performance of this Agreement. This Agreement has been duly executed and delivered by Seller and, assuming that this Agreement is the valid and binding Agreement of Buyer, it constitutes the valid and binding obligations of Seller, enforceable in accordance with its terms.
- (c) Transfer of Good Title. Seller is lawfully entitled to transfer, sell and convey the Assets to Buyer pursuant to the provisions of the Uniform Commercial Code and Buyer (i) shall acquire thereby good title to the assets identified on Exhibits B, C and D free and clear of all security interests and liens, (ii) and shall otherwise as to Assets not identified on Exhibits B, C and D obtain whatever rights Debtor may have therein (which may or may not constitute good right or title) on the Closing Date free and clear of security interests and liens. Seller has and will conduct this sale of the Assets in accordance with and in compliance with Section 9-504 of the UCC. Except for the foregoing, Seller makes no representations or warranties whatsoever with respect to the Assets, and the sale of the Assets shall be “as is,” “where is.” SELLER EXPRESSLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY AND DISCLAIMS ANY WARRANTY THAT THE ASSETS ARE FIT

FOR ANY PARTICULAR PURPOSES. Buyer acknowledges that it has done its own due diligence with respect to the Assets, including without limitation, it has verified to its satisfaction the accuracy of the equipment list attached as Exhibit B, the inventory list attached as Exhibit C and the trademarks on Exhibit D to its satisfaction and is not relying upon any representation of Seller and Seller makes no warranty with respect to the existence, location or condition of any of the Assets.

- (d) Insurance. Seller does not represent that the Assets are covered by any insurance as of the date hereof or the Closing Date.
- (e) Brokerage. No third party shall be entitled to receive any brokerage commissions, finders fees, fees for financial services or similar compensation from Buyer in connection with the transactions contemplated by this Agreement based upon any arrangement made by the Seller other than Orion Financial Corporation and Seller shall satisfy any and all obligations to pay compensation to Orion Financial Corporation.
- (f) Full Disclosure. No representation or warranty made by the Seller in this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading. There is no fact which the Seller has not disclosed to the Buyer in writing which the Seller presently believes has or reasonably could be expected to have a material adverse effect or

materially impair or restrict the ability of the Seller to perform its obligations under this Agreement.

6. Representations and Warranties of Buyer. Buyer represents and warrants to Seller

that:

- (a) Incorporation and Corporate Power. Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Georgia, with requisite corporate power and authority to enter into this Agreement and perform its obligations hereunder.
- (b) Execution and Delivery; Valid and Binding Agreement. The execution, delivery and performance of this Agreement by Buyer and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action, and no other corporate proceedings on its part are necessary to authorize the execution, delivery or performance of this Agreement. This Agreement has been duly executed and delivered by Buyer and constitutes the valid and binding obligation of Buyer, enforceable in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or otherwise of general application affecting the enforcement of creditors' rights or by general principles of equity.
- (c) No Breach. The execution, delivery and performance of this Agreement by Buyer and the consummation by Buyer of the transactions contemplated hereby that conflict with or result in any breach of any of the provisions of,

constitute a default under, result in a violation of, result in the creation of a right of termination or acceleration or any lien, security interest, charge or encumbrance upon any assets of the Buyer or require any authorization, consent, approval, exemption or other action or notice to any court or other governmental body under the provisions of its corporate documents or under any indenture, mortgage, lease, loan agreement or other agreement or instrument by which Buyer is bound or affected, or any law, statute, rule or regulation or order or judgment or decree to which Buyer is subject.

- (d) Brokerage. No third party shall be entitled to receive any brokerage commissions, finders fees, fees for financial services or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made on behalf of Buyer. Seller shall pay any fee owed to Orion set forth in Section 5(e).

7. Lease of Webster II Plant. Effective as of the Closing Date, Buyer and Seller (or the Real Estate Subsidiary) shall enter into a lease for the Webster II Plant substantially in the form of Exhibit F hereto (the "Webster II Lease"), covering the real property described in Attachment F-1 thereto. The Webster II Lease shall provide for a monthly base rent of \$12,547.00, for an initial term of approximately 24 months, with Buyer to be solely responsible for all triple net costs related to the Webster II Plant. The Webster II Lease shall also contain an option for the Buyer to purchase the Webster II Plant. The price for Buyer to exercise this option shall be \$1,500,000 in cash.

8. The Assumed Leases. On the Closing Date, Buyer shall execute such assumption and assignment documents as it may elect in order to assume the obligations of Debtor with respect to

one or more of the Equipment Leases identified on Exhibit E hereto. Buyer acknowledges that its rights in the equipment covered by the Equipment Leases shall depend upon its decision to execute such documents and its contractual relationship with the lessor.

9. Conditions to Buyer's Obligations. The obligation of Buyer to consummate the transactions contemplated by this Agreement is subject to the satisfaction or waiver of the following conditions on or before the Closing Date:

- (a) The representations and warranties of Seller in this Agreement shall be true and correct in all material respects at and as of the Closing Date;
- (b) The Seller shall have performed in all material respects all the covenants and agreements required to be performed and complied by it under the Agreement prior to the Closing;
- (c) All of the equipment listed on Exhibit B shall be available to Buyer as of the Closing Date.
- (d) All of the inventory listed on Exhibit C shall be available to Buyer as of the Closing Date.
- (e) Seller shall be authorized to occupy the premises known as Webster II pursuant to the Lease as of the Closing Date.
- (f) Buyer shall be authorized, at its option, to occupy the real property known as Webster I, together with all improvements thereon pursuant to the terms of triple net, month to month real estate lease.
- (g) On the Closing Date, Seller shall have delivered to Buyer all of the following:

- (i) The Bill of Sale and such other instruments of conveyance, transfer, assignment and delivery as Buyer shall have reasonably requested pursuant to this Agreement;
- (ii) An Opinion of Seller's Counsel for the transactions contemplated by this Agreement, pursuant to which that attorney will opine as to: i) that Seller has the authority to convey the Assets in accordance with this Agreement and has complied with UCC Section 9-504 with respect to the sale of the Assets to Buyer; ii) that this Agreement, and all documents executed by Seller pursuant thereto, have been duly executed and authorized by Seller; iii) that the conveyance of the Assets does not violate any of Seller's organizational documents; and
- (iii) Such other certificates, documents, leases and instruments as are contemplated by this Agreement or that the Buyer reasonably requests related to the transactions described herein.

The above conditions other than those described in Section 9(a) shall be deemed waived if not satisfied as of Closing.

10. Conditions to Seller's Obligations. The obligation of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions:

- (a) The representations and warranties set forth in Section 6 are true and correct in all material respects at and as of the Closing Date as though then made;

- (b) The Buyer shall have performed in all material respects all covenants and agreements required to be performed by it under this Agreement prior to Closing;
- (c) There shall not be threatened, instituted or pending any action or proceeding before any court or governmental authority or agency, domestic or foreign challenging or seeking to make illegal or to delay or otherwise directly or indirectly restrain or prohibit the consummation of the transactions contemplated hereby or seeking to obtain material damages in connection with such transactions or seeking to invalidate or render unenforceable any material provision of this Agreement or any agreement delivered or to be delivered in connection herewith or otherwise relating to or materially adversely affecting the transactions contemplated hereby;
- (d) There shall not have been any action taken, or any statute, rule, regulation, judgment, order or injunction enacted, entered, enforced, promulgated, issued or deemed applicable to the transactions contemplated hereby by any federal, state or foreign court or governmental authority or agency which would reasonably be expected to result, directly or indirectly, in any of the consequences described in the preceding subparagraph (d); and
- (e) On the Closing Date, Buyer shall have delivered the Purchase Price to the Seller by wire transfer in immediately available funds.

The above conditions other than those described in Section 10(a) shall be deemed waived if not satisfied as of Closing.

11. Indemnification/Damages From Seller. Solely with respect to Seller's warranty of title set forth in Section 5(c), Seller covenants and agrees to defend, indemnify, and hold Buyer harmless against any loss, damage, claim of third parties, actions, suits, demands, judgments, or expense (including legal and other fees and charges) incurred or sustained by Buyer as a result of or attributable to Seller's breach thereof, provided that Buyer shall not be entitled to recover any special, incidental or consequential damages, including lost profits, from Seller by reason of this Agreement, whether by direct claim for breach or pursuant to this Section.

12. Press Releases and Announcements. Prior to the Closing Date, neither party hereto shall issue any press release (or make any other public announcement) related to this Agreement or the transactions contemplated hereby or make any announcement to the employees, customers or suppliers of Seller without prior written approval of the other party hereto, except as may be necessary, in the opinion of counsel to the party seeking to make disclosure, to comply with the requirements of this Agreement or applicable law. If any such press release or public announcement is so required, the party making such disclosure shall consult with the other party prior to making such disclosure, and the parties shall use all reasonable efforts, acting in good faith, to agree upon a text for such disclosure which is satisfactory to both parties.

13. Expenses. Except as otherwise expressly provided for herein, Seller and Buyer will pay all of their own expenses including attorneys' and accountants' fees in connection with the negotiation of this Agreement, the performance of their respective obligations hereunder and the consummation of the transactions contemplated by this Agreement (whether consummated or not).

14. Further Assurances. Seller and Buyer agree that, on and after the Closing Date, it shall, upon the request of the other take reasonable actions (without incurring any out-of-pocket

expenses) and execute any documents, instruments or conveyances of any kind which may be reasonably necessary or advisable to carry out any of the provisions hereof, including, without limitation, putting Buyer in possession and control of the available Assets as contemplated by this Agreement.

15. Amendment and Waiver. This Agreement may not be amended or waived except in a writing executed by the party against which such amendment or waiver is sought to be enforced. No course of dealing between or among any persons having any interest in this Agreement will be deemed effective to modify or amend any part of this Agreement or any rights or obligations of any person under or by reason of this Agreement.

16. Notices All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given when personally delivered or three business days after being mailed by first class U.S. mail, return receipt requested, or when receipt is acknowledged, if sent by facsimile, telecopy or other electronic transmission device. Notices, demands and communications to Buyer and Seller will, unless another address is specified in writing, be sent to the address indicated below:

Notices to Buyer:

New PPI, Inc.
250 Creative Drive
Central Islip, NY 11722
Attention: Mat Meinzinger

with a copy to:

Paradise Alberts & Fisher
630 Third Avenue
New York, NY 10017
Attention: Timothy Fisher

Notices to Seller:

Diversified Business Credit, Inc.
3630 Dain Rauscher Plaza
60 South Sixth Street
Minneapolis, MN 55402
Attention: Bridget Manahan

with a copy to:

Maslon Edelman Borman & Brand, LLP
3300 Norwest Center
90 South Seventh Street
Minneapolis, MN 55402
Attention: Clark Whitmore

17. Turn Over of Property Belonging to Other Party. If after the Closing Date, either party to this Agreement obtains possession of property or money that the other party is entitled to by reason of the transactions contemplated by this Agreement, it shall immediately turn over possession of such property to the other party. The foregoing covenant shall, without limitation, require the Buyer to turn over any proceeds from accounts receivable or other rights of payment of the Debtor that accrued on or before the Closing Date that come into Buyer's possession on or after the Closing Date to Seller and it shall obligate Seller to deliver any business records, communications, correspondence and the like received by Seller in connection with the collection of accounts receivable and other rights of payment of the Debtor that are not reasonably necessary in connection with Seller's ongoing collection efforts. Likewise, Seller shall immediately pay to Buyer any funds that come into its possession after the date hereof that belong to Buyer. The parties agree that any payment that (i) is received by either party after Closing from an obligor of Debtor under any of the Accounts Receivable and (ii) is specifically allocated by the obligor to one or more specific invoices, whether issued by Debtor or by Buyer, shall be credited against the outstanding amount of the invoices specified.

18. Audit Right. Buyer and Seller shall each have the right, but not any obligation, to audit the books and records of the other at their own expense during reasonable business hours. Such audits shall be limited in scope and duration to that reasonably necessary to determine if the other party has complied or is complying with this Agreement. Each party shall cooperate with any audit conducted by the other, making all appropriate business records available. Requests for audits shall be made in writing. No audit shall be requested after six (6) months following the date of this

Agreement pursuant to this Section, without any limitation to the right of either party to obtain information from each other by other measures.

19. Assignment. This Agreement and all of the provisions hereof will be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by either party hereto without the prior written consent of the other party hereto.

20. Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

21. Complete Agreement. This Agreement and the Exhibits hereto, the Disclosure Schedule and the other documents referred to herein contain the complete agreement between the parties and supersede any prior understandings, agreements or representations by or between the parties, written or oral, which may have related to the subject matter hereof in any way.

22. Counterparts. This Agreement may be executed in one or more counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same instrument.

23. Governing Law. The internal law, without regard to conflicts of laws principles, of the State of Minnesota will govern all questions concerning the construction, validity and interpretation of this Agreement and the performance of the obligations imposed by this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and
year first above written.

NEW PPI, INC. [BUYER]

By: *Jeanette Barab*
Its: *Vice President*

DIVERSIFIED BUSINESS CREDIT, INC. [SELLER]

By: *D. J. [Signature]*
Its: *Vice President*

19894.5

BILL OF SALE

In consideration of the payment of a cash purchase price of \$5,000,000 paid by New PPI, Inc., a Georgia corporation ("Buyer") to Diversified Business Credit, Inc., a Minnesota corporation ("Seller"), Seller hereby bargains, sells, grants, transfers and conveys to the Buyer pursuant to Section 9-504 of the Uniform Commercial Code "as is", "where is" all right, title and interest in and to the Assets, as defined in that certain Asset Purchase Agreement of even date herewith by and between Buyer and Seller ("Asset Purchase Agreement"). The Assets subject to this Bill of Sale shall include but are not limited to the inventory and equipment and trademarks specified on Exhibits B, C and D, respectively, to the Asset Purchase Agreement.

The terms of the Asset Purchase Agreement are hereby incorporated by reference for all purposes. Without limitation of the rights of the parties, the warranty of title granted by Seller in Section 5(c) of the Asset Purchase Agreement is intended to survive the execution and delivery of this Bill of Sale.

The Buyer shall pay any sales, use and other taxes, except income taxes, due in connection with this transaction.

Dated: April ___, 1999

DIVERSIFIED BUSINESS CREDIT, INC.

By: _____
Its: _____

Dakotah, Inc. Machine Listing

EXHIBIT B

AIR COMPRESSOR,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
546	AJ	LAPP	0110/03	8805238	DKTH0440		
202	WB	CURTIS	10HT12-13	A6091705	24X68 - 120 GAL. TANK COM		
444	RF	SEARS	919-153411	14K90			
213	WB	BALDOR	M3218T	F1082	200 PSI TANK		
545	AJ	SULLAIR	NONE	DKTH0296			
214	WB	SANBORN	SS1-AT24-BOV	M0565116	200 PSI 80 GALLON TANK	BACKUP TO WB MAIN	

Summary for 'Machine Type' = AIR COMPRESSOR, (8 detail records)
Sum

BIAS,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
215	WB	UTTICA MILL	BM-J	113	BIAS REROLLER	JUKJ DLM-5200N	
216	WB	UTTICAL MILL	BM-D	117	BIAS REROLLER		
218	WB	JUKJ	DLM-5200N	DLMZB27444	SINGLE NEEDLE ON BIAS M		
217	WB	ROBESON	NONE	DKTH0491	BIAS SLITTER		
616	MB	UTTICA MILL	NONE	DKTH0180	SLITTER		

Summary for 'Machine Type' = BIAS, (5 detail records)
Sum

BLEND LINE,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
419	RF	BALEMASTER	242 BALEWELL	B024-02-13296027			
352	RF	FIBER CONTROL	B124X30	1055	CONVEYOR AND BLOWER/		

354	RF	WISE	11W0-36-2	NC4786	GRINDER		
349	RF	FIBER CONTROL	NONE	BLEND2	BLEND LINE HOPPER		
351	RF	FIBER CONTROL	NONE	BLEND1	BLEND LINE HOPPER		
348	RF	FIBER CONTROL	NONE	BLEND3	BLEND LINE HOPPER		

Summary for Machine Type = BLEND LINE, (8 detail records)
 Sum

BLIND STTCH,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
539	AI	US	1118-2	DKTH00029			
30	WB	US	718-9	DKTH00028			
540	AI	US	718-9	DKTH00035			
29	WB	US	718-9	DKTH00025			

Summary for Machine Type = BLIND STTCH, (4 detail records)
 Sum

BLOWER,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
463	WB	WISE	30/10	NC4135	VACUM MOTOR		
590	AI	PACKAGING SVC	BEMIS	318500985A	PILLOW STUFFER		
345	RF	WISE	NONE	NC4146	BLOWER #3	RECLAIM TO BLEND L	
460	WB	WISE	NONE	NC4632	CENTR BLOWER	RECLAIM FAN	
344	RF	WISE	NONE	NC4145	BLOWER #2	RECLAIM	
346	RF	WISE	NONE	NC4186	BLOWER #4	RECLAIM TO BLEND L	
459	WB	WISE	NONE	NC4052	WEST BLOWER	RECLAIM FAN	

462	WB	WISE	NONE	3860	EAST BLOWER	RECLAIM FAN	
415	RF	NY BLOWER	SERIES 20 GI FAN	K03776-100			
358	RF	NY BLOWER	SERIES 20 GI FAN	J14562-120	174 LB		
353	RF	NY BLOWER	SERIES 20 GI FAN	M08102-130	224 LB		

Summary for 'Machine Type' = BLOWER, (11 detail records)
Sum

BUTTON ATTACH,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
142	WB	DAKOTAH	BINFORD 2000	B2000	NYLON BUTTON ATTACH		
141	WB	DAKOTAH	BINFORD 3000	NONE	NYLON BUTTON ATTACH		
418	RF	DAKOTAH	BINFORD 4000	DKTH00010			
730	AI	DAKOTAH	BINFORD 5000	DKTH00050			
42	WB	JUKI	MB-372	B372-25388			
394	RF	JUKI	MB-373	MB0W/M04898			
117	ST	JUKI	MB-373	373-QS4166			
683	MB	JUKI	MB-373	MB0Z48588			
43	WB	JUKI	MB-373	MB0ZJ48595			
70	WB	JUKI	MB-373	MB0AD52899		AIR HOLDER	

Summary for 'Machine Type' = BUTTON ATTACH, (10 detail records)
Sum

BUTTON COVER,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
72	WB	HANDY	SPA	2186			
373	RF	HANDI	SPA	2117			
733	AI	HANDY	SPA	2116			
684	MB	HANDY	SPA	2310			

BUTTON CUTTER,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
208	WB	DAKOTAH	BINFORD 327 E	E23232	AIR CYLINDER		
699	MB	DAKOTAH	BINFORD 327 IXI.	1675532	AIR CYLINDER		
734	AI	DAKOTAH	BINFORD 327 X	DKTH00051	AIR CYLINDER		
374	RF	DAKOTAH	BINFORD 327 X	DKTH00008	HOMEMADE BUTTON CUTT		
210	WB	DAKOTAH	HOMEMADE	DKTH0243	ELECTRICAL PRESS		

Summary for 'Machine Type' = BUTTON CUTTER, (5 detail records)
 Sum

BUTTON HOLER,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
36	WB	JUKI	MBH-180	MBIYA12498			
676	MB	JUKI	MBH-180	MBIYA12478			
118	ST	JUKI	MBH-180	MBHYE12716			
69	WB	JUKI	MBH-180	MBITUK01775			
735	AI	JUKI	MBH-180	DKT100052			
664	MB	JUKI	MBH-180	MBHYK13001			

Summary for 'Machine Type' = BUTTON HOLER, (6 detail records)
 Sum

CHAIN STITCH,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
31	WB	KANSAI	DFB-1413P	KSS206349			

Summary for 'Machine Type' = CHAIN STITCH, (1 detail record)
 Sum

CIRCLE TACK,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
----	------	------	-------	---------------	-------------------	-------------	---------------

315 RF BROTHIER K3-B439A.3 E2545942
 571 AI JADE LK3-B439 02537157
 535 AI BROTHIER LK3-B439 03547675
 138 WB STYRIEKNIK NONE 60E-3334-9407
 557 AI STRYTEKNIK NONE 601-3399-9608
 139 WB STYRIEKNIK NONE 60F-3391-9604

Summary for Machine Type = CIRCLE TACK, (6 detail records)

Sum

CLOSER, _____

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
124	WB	PFAFF	335-H3-6/01	636926			
97	WB	PYAHF	335-H3-6/01	633653	900/52-BLN		
96	WB	PFAFF	335-H3-6/01	636921	900/52-BLN		
132	WB	PFAFF	900/52-BLN	636920			
125	WB	PFAFF	901-0996-004/001	735177			
390	RF	PFAFF	901-0996-004/001	741692			
133	WB	PFAFF	901-0996-004/001	741699			
368	RF	PFAFF	901-0996-004/001	741698			
371	RF	PFAFF	901-0996-004/001	741696			
106	WB	PFAFF	901-0996-004/001	675081			
127	WB	PFAFF	901-0996-004/001	727769			
134	WB	PFAFF	901-0996-004/001	741697			
370	RF	PFAFF	901-0996-004/001	741686			
135	WB	PFAFF	901-0996-004/001	735178			
397	RF	PFAFF	901-0996-004/001	675079			
395	RF	PFAFF	901-0996-004/001	675007			
536	AI	PFAFF	901-0996-010/002	769765			
377	RF	PFAFF	901-0996-010/002	769766			

131	WB	PFAPF	901-0996-010/002	769764		
128	WB	PFAPF	901-0996-010/003	502644		
137	WB	PFAPF	901-0996-010/003	515254		
44	WB	PFAPF	901-0996-010/003	515255		
130	WB	PFAPF	901-0996-010/003	515274		
129	WB	PFAPF	901-0996-010/003	515258		
205	WB	PFAPF	901-0996-010003	502647		
136	WB	PFAPF	901-0996-040/001	727770		
126	WB	PFAPF	901-0996-044/001	741695		
396	RF	PFAPF	901-0997-008/009	662444		
372	RF	PFAPF	901-0997-008/009	662449		
391	RF	PFAPF	901-0997-008/009	662447		
369	RF	PFAPF	901-0997-008/009	662443		
398	RF	PFAPF	901-0997-008/009	862437		
365	RF	PFAPF	901-0997-008/012	678371		
556	AI	JUKI	DSC-245-5	DSCWD10972		

Summary for 'Machine Type' = CLOSER, (34 detail records)
 Sum

DOUBLE NEEDLE

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
584	AI	JUKI	LH-1152	LNOYA03636	EXTRA WIDE		
393	RF	JUKI	LH-1162-5	U05381			
353	AI	JUKI	LH-1162-6	LH0VD01987			
261	RF	JUKI	LH-3168-7	LH0YB04715			
262	RF	JUKI	LH-3168-7	LH0XC02982			
83	WB	JUKI	LH-3168-7	LH0YH03151			
80	WB	JUKI	LH-3168-7	LH0YB04724			
281	RF	JUKI	LH-3168-7	LH0XC02977			

280	RF	JUKI	LH-3168-7	LH0YB04733		
78	WR	JUKI	LH-3168-7	LH0WL03925		
548	AI	JUKI	LH-3168-7	LH0YA03811		
74	WB	JUKI	LH-3168-7	LH0YB04708		
79	WB	JUKI	LH-3168-7	LH0VVM05762		
116	ST	JUKI	LH-3168-7	LH0YB04730		
669	MB	JUKI	LH-3168-7	LH0KXC02980		
387	RF	JUKI	LH-3168-7	LH0YB04728		
537	AI	JUKI	LH-3168-7	LH0YB04727		
12	WB	JUKI	LH-3168-7	LH0XA07866		
589	AI	NONE	NONE	DKTH000311		

Summary for Machine Type' = DOUBLE NEEDLE, (19 detail records)

Sum

EMBROIDERY,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
212	WB	ZSK	J0211TC	95041	2 HEADS		
105	WB	ZSK	T1211	95367	12 JIFAD		
104	WB	ZSK	T1211TC	95114	12 HEAD		

Summary for Machine Type' = EMBROIDERY, (3 detail records)

Sum

END CUTTERS,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
510	MB	EASTMAN	FALCON	U071			
594	MB	EASTMAN	FALCON	U073			
500	WB	EASTMAN	FALCON	U023			
718	AI	EASTMAN	FALCON	N90794			
605	MB	EASTMAN	FALCON	U068			
719	AI	FASTMAN	FALCON	S666			

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
722	AI	EASTMAN	FALCON	724220			
721	AI	EASTMAN	FALCON	983546			
184	ST	EASTMAN	FALCON	SR60	AIR 90 PSI		
600	MB	EASTMAN	FALCON	U024			
182	ST	EASTMAN	FALCON	S946	AIR 90 PSI		
183	ST	EASTMAN	FALCON	U122	AIR 90 PSI		
499	WB	EASTMAN	FALCON	U123			
720	AI	EASTMAN	FALCON	N072			
723	AI	EASTMAN	FALCON	34434			
497	WB	EASTMAN	FALCON	S857			
408	RF	EASTMAN	FALCON	U084			
410	RF	EASTMAN	FALCON	U085			
411	RF	EASTMAN	FALCON	U121			
498	WB	EASTMAN	FALCON	U081			
694	MB	EASTMAN	FALCON	U079			
602	MB	EASTMAN	FALCON	U069			
495	WB	EASTMAN	FALCON	S169			
496	WB	EASTMAN	FALCON	S859			
255	RF	EASTMAN	FALCON	U025	MODEL # 211.1942-92		
247	RF	EASTMAN	FALCON	U082	MODFL # 211.1942-92		
239	RF	EASTMAN	FALCON	U027			
601	MB	EASTMAN	FALCON	U139			

Summary for Machine Type = END CUTTERS. (28 detail records)

Sum

FORKLIFT,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
229	WB	CROWN	255PC-S	11-1009	PICKER CAPACITY 2500 W1		
364	RF	CLARK	BCA20	F138-115-4510FA	CAPACITY 3650LB HEIGHT		

529 AI CLARK FCL510 FCL540BSG-31-211 BATTERIES BAIJ

618 MB CLARK FCS 30 F235-147-2222 CAPACITY 2900 LBS HEIGHT

528 AJ BAKER FTA-030 M1820-2879 CAPACITY 4000 LBS HEIGHT

527 AJ EQUIPMENT HLTXW-0248-8042520 2000 LB CAPACITY
CO. OF AMERICA 70086

227 WB CATERPILLAR M-25 TYPE F 41W522 FORK HEIGHT 106 CAPACI

228 WB CATERPILLAR MC30 TYPE E 41W607 FORK HEIGHT 156 CAPACIT

Summary for 'Machine Type' = FORKLIFT. (8 detail records)

HAND CUTTERS,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
187	WB	ALLSTAR	AS-100	10205	110		
441	RF	ALL STAR	AS-100	08914			
439	RF	ALL STAR	AS-100	08493			
438	RF	ALL STAR	AS-100	08720			
437	RF	ALL STAR	AS-100	09371			
186	WB	ALLSTAR	AS-100	09349	110		
629	MB	ALLSTAR	AS-100	08719			
188	WB	ALLSTAR	AS-100	09651	110		
185	WB	ALLSTAR	AS-100	08949	110		
431	RF	EASTMAN	BUZZAIRD	BU845			
433	RF	EASTMAN	BUZZAIRD	G53479			
429	RF	EASTMAN	BUZZAIRD	BU859			
243	RF	EASTMAN	BUZZAIRD	854734	AIR		
362	RF	EASTMAN	BUZZAIRD	BU681			
193	WB	EASTMAN	BUZZAIRD	BU886	AIR		
245	RF	EASTMAN	BUZZAIRD	BUU635	AIR		
242	RF	EASTMAN	BUZZAIRD	751846	AIR		

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
200	WB	EASTMAN	BUZZAIRD	BU886	AIR		
199	WB	EASTMAN	BUZZAIRD	BU876	AIR		
198	WB	EASTMAN	BUZZAIRD	BU881	AIR		
197	WB	EASTMAN	BUZZAIRD	BU685	AIR		
196	WB	EASTMAN	BUZZAIRD	BU872	AIR		
244	RF	EASTMAN	BUZZAIRD	461783	AIR		
194	WB	EASTMAN	BUZZAIRD	BUU099	AIR		
246	RF	EASTMAN	BUZZAIRD	854735	AIR		
192	WB	EASTMAN	BUZZAIRD	BU844	AIR		
191	WB	EASTMAN	BUZZAIRD	BU879	AIR		
190	WB	EASTMAN	BUZZAIRD	BU860	AIR		
189	WB	EASTMAN	BUZZAIRD	BU846	AIR		
596	MB	EASTMAN	BUZZAIRD	BU896			
597	MB	EASTMAN	BUZZAIRD	751881			
599	MB	EASTMAN	BUZZAIRD	BU893			
603	MB	EASTMAN	BUZZAIRD	BU892			
195	WB	EASTMAN	BUZZAIRD	550462	AIR		
608	MB	EASTMAN	BUZZAIRD	BU878			
609	MB	EASTMAN	BUZZAIRD	BU895			
612	MB	EASTMAN	BUZZAIRD	BUU639			
341	RF	EASTMAN	BUZZAIRD	BU673			
340	RF	EASTMAN	BUZZAIRD	BU857			
339	RF	EASTMAN	BUZZAIRD	053233			
Summary for 'Machine Type' = HAND CUTTERS, (40 detail records)							
Sum							

KANSAS,

75 WB KANSAS SPECIAL WYX-8000 KST724312M COVER STITCH

275	RF	KANSIA	WX8803D	KS72043M
274	RF	SPECIAL		
273	RF	KANSIA	WX8803D	KS720582M
272	RF	SPECIAL		
271	RF	KANSIA	WX8803D	KS720643M
270	RF	SPECIAL		
269	RF	KANSIA	WX8803D	KS720711M
268	RF	SPECIAL		
267	RF	KANSIA	WX8803D	KS720777M
266	RF	SPECIAL		
265	RF	KANSIA	WX8803D	KS720849M
264	RF	SPECIAL		
263	RF	KANSIA	WX8803D	KS720918M
262	RF	SPECIAL		
261	RF	KANSIA	WX8803D	KS720986M
260	RF	SPECIAL		
259	RF	KANSIA	WX8803D	KS721054M
258	RF	SPECIAL		
257	RF	KANSIA	WX8803D	KS721122M
256	RF	SPECIAL		
255	RF	KANSIA	WX8803D	KS721190M
254	RF	SPECIAL		
253	RF	KANSIA	WX8803D	KS721258M
252	RF	SPECIAL		
251	RF	KANSIA	WX8803D	KS721326M
250	RF	SPECIAL		
249	RF	KANSIA	WX8803D	KS721394M
248	RF	SPECIAL		
247	RF	KANSIA	WX8803D	KS721462M
246	RF	SPECIAL		
245	RF	KANSIA	WX8803D	KS721530M
244	RF	SPECIAL		
243	RF	KANSIA	WX8803D	KS721598M
242	RF	SPECIAL		
241	RF	KANSIA	WX8803D	KS721666M
240	RF	SPECIAL		
239	RF	KANSIA	WX8803D	KS721734M
238	RF	SPECIAL		
237	RF	KANSIA	WX8803D	KS721802M
236	RF	SPECIAL		
235	RF	KANSIA	WX8803D	KS721870M
234	RF	SPECIAL		
233	RF	KANSIA	WX8803D	KS721938M
232	RF	SPECIAL		
231	RF	KANSIA	WX8803D	KS722006M
230	RF	SPECIAL		
229	RF	KANSIA	WX8803D	KS722074M
228	RF	SPECIAL		
227	RF	KANSIA	WX8803D	KS722142M
226	RF	SPECIAL		
225	RF	KANSIA	WX8803D	KS722210M
224	RF	SPECIAL		
223	RF	KANSIA	WX8803D	KS722278M
222	RF	SPECIAL		
221	RF	KANSIA	WX8803D	KS722346M
220	RF	SPECIAL		
219	RF	KANSIA	WX8803D	KS722414M
218	RF	SPECIAL		
217	RF	KANSIA	WX8803D	KS722482M
216	RF	SPECIAL		
215	RF	KANSIA	WX8803D	KS722550M
214	RF	SPECIAL		
213	RF	KANSIA	WX8803D	KS722618M
212	RF	SPECIAL		
211	RF	KANSIA	WX8803D	KS722686M
210	RF	SPECIAL		
209	RF	KANSIA	WX8803D	KS722754M
208	RF	SPECIAL		
207	RF	KANSIA	WX8803D	KS722822M
206	RF	SPECIAL		
205	RF	KANSIA	WX8803D	KS722890M
204	RF	SPECIAL		
203	RF	KANSIA	WX8803D	KS722958M
202	RF	SPECIAL		
201	RF	KANSIA	WX8803D	KS723026M
200	RF	SPECIAL		
199	RF	KANSIA	WX8803D	KS723094M
198	RF	SPECIAL		
197	RF	KANSIA	WX8803D	KS723162M
196	RF	SPECIAL		
195	RF	KANSIA	WX8803D	KS723230M
194	RF	SPECIAL		
193	RF	KANSIA	WX8803D	KS723298M
192	RF	SPECIAL		
191	RF	KANSIA	WX8803D	KS723366M
190	RF	SPECIAL		
189	RF	KANSIA	WX8803D	KS723434M
188	RF	SPECIAL		
187	RF	KANSIA	WX8803D	KS723502M
186	RF	SPECIAL		
185	RF	KANSIA	WX8803D	KS723570M
184	RF	SPECIAL		
183	RF	KANSIA	WX8803D	KS723638M
182	RF	SPECIAL		
181	RF	KANSIA	WX8803D	KS723706M
180	RF	SPECIAL		
179	RF	KANSIA	WX8803D	KS723774M
178	RF	SPECIAL		
177	RF	KANSIA	WX8803D	KS723842M
176	RF	SPECIAL		
175	RF	KANSIA	WX8803D	KS723910M
174	RF	SPECIAL		
173	RF	KANSIA	WX8803D	KS723978M
172	RF	SPECIAL		
171	RF	KANSIA	WX8803D	KS724046M
170	RF	SPECIAL		
169	RF	KANSIA	WX8803D	KS724114M
168	RF	SPECIAL		
167	RF	KANSIA	WX8803D	KS724182M
166	RF	SPECIAL		
165	RF	KANSIA	WX8803D	KS724250M
164	RF	SPECIAL		
163	RF	KANSIA	WX8803D	KS724318M
162	RF	SPECIAL		
161	RF	KANSIA	WX8803D	KS724386M
160	RF	SPECIAL		
159	RF	KANSIA	WX8803D	KS724454M
158	RF	SPECIAL		
157	RF	KANSIA	WX8803D	KS724522M
156	RF	SPECIAL		
155	RF	KANSIA	WX8803D	KS724590M
154	RF	SPECIAL		
153	RF	KANSIA	WX8803D	KS724658M
152	RF	SPECIAL		
151	RF	KANSIA	WX8803D	KS724726M
150	RF	SPECIAL		
149	RF	KANSIA	WX8803D	KS724794M
148	RF	SPECIAL		
147	RF	KANSIA	WX8803D	KS724862M
146	RF	SPECIAL		
145	RF	KANSIA	WX8803D	KS724930M
144	RF	SPECIAL		
143	RF	KANSIA	WX8803D	KS724998M
142	RF	SPECIAL		
141	RF	KANSIA	WX8803D	KS725066M
140	RF	SPECIAL		
139	RF	KANSIA	WX8803D	KS725134M
138	RF	SPECIAL		
137	RF	KANSIA	WX8803D	KS725202M
136	RF	SPECIAL		
135	RF	KANSIA	WX8803D	KS725270M
134	RF	SPECIAL		
133	RF	KANSIA	WX8803D	KS725338M
132	RF	SPECIAL		
131	RF	KANSIA	WX8803D	KS725406M
130	RF	SPECIAL		
129	RF	KANSIA	WX8803D	KS725474M
128	RF	SPECIAL		
127	RF	KANSIA	WX8803D	KS725542M
126	RF	SPECIAL		
125	RF	KANSIA	WX8803D	KS725610M
124	RF	SPECIAL		
123	RF	KANSIA	WX8803D	KS725678M
122	RF	SPECIAL		
121	RF	KANSIA	WX8803D	KS725746M
120	RF	SPECIAL		
119	RF	KANSIA	WX8803D	KS725814M
118	RF	SPECIAL		
117	RF	KANSIA	WX8803D	KS725882M
116	RF	SPECIAL		
115	RF	KANSIA	WX8803D	KS725950M
114	RF	SPECIAL		
113	RF	KANSIA	WX8803D	KS726018M
112	RF	SPECIAL		
111	RF	KANSIA	WX8803D	KS726086M
110	RF	SPECIAL		
109	RF	KANSIA	WX8803D	KS726154M
108	RF	SPECIAL		
107	RF	KANSIA	WX8803D	KS726222M
106	RF	SPECIAL		
105	RF	KANSIA	WX8803D	KS726290M
104	RF	SPECIAL		
103	RF	KANSIA	WX8803D	KS726358M
102	RF	SPECIAL		
101	RF	KANSIA	WX8803D	KS726426M
100	RF	SPECIAL		

Summary for Machine Type = KANSIA, (16 detail records)
Sum

MERROW,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
567	AJ	MERROW	MG-20	249010			
561	AJ	MERROW	MG-20	250324			
687	MB	MERROW	MG-20MR-1	253946			
562	AJ	MERROW	MG-20NR-1	250373			
119	ST	MERROW	MG-2D	250143			
85	WB	MERROW	MG-2D	250323	EDGER		
549	AJ	MERROW	MG-2DNR-1	253945	EDGER		
84	WB	MERROW	MG-2DNR-1	248127			
686	MB	MERROW	MG2-2D	253947	FDGER	VACUUM ATTACHMEN	

Summary for 'Machine Type' = MERROW, (9 detail records)
Sum

MEZZANINE,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
409	RF	NONE	H	3534	CONVEYOR FOR MEZZANIN		
363	RF	ERMANCO	NONE	DKTH00007	CONVEYOR FOR MEZZANIN		
359	RF	MEZZANINE	NONE	DKTH00006	VERLEN MEZZANINE (DISA	CONVEYOR	
679	MB	DINA BUILT	NONE	DKTH00041	24' X 16'	TWO SETS OF STAIRS	

Summary for 'Machine Type' = MEZZANINE, (4 detail records)
Sum

OFFICE EQUIPMENT,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
696	MB	BLACK OX	111200	100014	LAB'L REWINDER		
592	AJ	SHAW WALKER	350	B888135	3 DRAWER INSULATED FIL.		
591	AJ	MELINK	F1-D	A424175	FIREPROOF SAFE		

Summary for 'Machine Type' = OFFICE EQUIPMENT, (3 detail records)
Sum

PALLET WRAPPER

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
144	WB	LIBERTY	SERIES 500 "PLUS"	UNKNOWN1	PALLET WRAPPER		
543	AJ	SOUTHWARD PRODUCTS	STRWRP	76610	PALLET PAL		

Summary for Machine Type = PALLET WRAPPER, (2 detail records)

Sum

PANEL CUTTER,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
329	RF	ANDERSON	PC-3	317-A	Panel Cutter(Plate)		
332	RF	SPUEHL ANDERSON	PCGEM	517B	PANEL CUTTER 220V		

Summary for Machine Type = PANEL CUTTER, (2 detail records)

Sum

PEAFP,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
41	WB	PEAFP	438	310778			
39	WB	PEAFP	438	310802			
114	ST	PEAFP	900-0438-009/001	310799			
675	MB	PEAFP	901-0438-009/001	302529			
566	AJ	PEAFP	901-0438-009/001	310781			
569	AJ	PEAFP	901-0438-009/001	302558			
283	RF	PEAFP	901-0438-009/001	305707			
729	AJ	PEAFP	901-0438-009/001	310702			
568	AJ	PEAFP	901-0438-009/001	3025936			
565	AJ	PEAFP	901-0438-009/001	302527			
685	MB	PEAFP	901-0438-009/001	302561			
284	RF	PEAFP	901-0438-009/001	31792			

Sum

PHOTO EQUIPMENT

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
700	WB	UBS	CAMB	DK11100043	LARGE CAMERA STAND		
709	WB	CALUMET	CE-2094	KR0547	FLASH OUTPUT		
711	WB	CALUMET	CE-2094	LC0878	FLASH OUTPUT		
712	WB	CALUMET	CE-2094	KF0506	FLASH OUTPUT		
713	WB	CALUMET	CE-2094	KB409861	FLASH OUTPUT		
708	WB	CALUMET	CE-2094	LC0684	FLASH OUTPUT		
710	WB	CALUMET	CE-2094	LC0688	FLASH OUTPUT		
701	WB	LEAF SYSTEMS	NONE	DCB-01620	LARGE DIGITAL CAMERA		
715	WB	FUJIFILM	PROFESSIONAL GX680	7066067	CAMERA	180 LENS, 80 LENS	
703	WB	CALUMET	TRAVELER PLUS	DA407946	LIGHT FLASH	SMALL STAND	
704	WB	CALUMET	TRAVELER PLUS	JK403233	LIGHT FLASH	HOOD AND MEDIUM S	
717	WB	CALUMET	TRAVELER PLUS	JK403527	LIGHT FLASH		
706	WB	CALUMET	TRAVELER PLUS	JG399218	LIGHT FLASH	HOOD AND MEDIUM S	
707	WB	CALUMET	TRAVELER PLUS	KA407947	LIGHT FLASH	MEDIUM STAND	
716	WB	BOWENS	TRAVELERS FOCUS SPOT	JG399155	SPOTLIGHT		
714	WB	CALUMET	TRAVELERS PLUS	KA408013	LARGE LIGHT FLASH	LARGE STAND AND H	
702	WB	CALUMET	TRAVELS PLUS	JM407189	LIGHT FLASH	HOOD AND MEDIUM S	

Summary for Machine Type = PHOTO EQUIPMENT. (17 detail records)

Sum

PRESSER,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
234	WB	KNIGHT	674U	1052635	110 VOLTS		

608	MB	KNIGHT	674U	1262709	110 VOLTS		
236	WB	KNIGHT	674U	DKT100001	110 VOLTS		
235	WB	KNIGHT	674U	1262708	110 VOLTS		
71	WB	RELIANT	M15 FLITE	8495B	PLACEMAT HEATER		
237	WB	AUTOMATED COMPONENT	XL-7S	5588	PLACEMAT PRFSS		

Summary for Machine Type = PRESSER, (6 detail records)
Sum

QUILTER,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
532	AI	ADLER	467-65-FA-373	411897			
531	AI	ADLER	467-65-FA-375	416335			
577	AI	ADLER	K467-65-FA373	17287			
98	WB	ADLER	K467990096	505806	65FA-373		
100	WB	ADLER	K467990096	513445			
99	WB	ADLER	K467990096	417288	FA-373		
576	AI	ADLER	K46799009665-FA373	514902			
575	AI	ADLER	K46799009665-FA373	513444			
578	AI	ADLER	K46799009665-FA373	511919			
579	AI	ADLER	K46799009665-FA373	514906			
580	AI	ADLER	K46799009665-FA373	505801			
574	AI	ADLER	K46799009665-FA373	505802			

Summary for Machine Type = QUILTER, (12 detail records)
Sum

PEROLLER,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
663	MB	DAKOTAH	1352	1471	MADE FROM SEW MACHIN		



219 WB BYAIRS NONE 28 DKTH0273 FABRIC INSPECTI
 615 MR UNKNOWN NONE DKTH0449
 614 MB DAKOTAH NONE DKTH0525 DAYTON SPEED CONT
 736 AI DAKOTAH NONE 1472 HOME MADE REROLLER

Summary for Machine Type = REROLLER. (5 detail records)

Sum

ROUND KNIFE,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
61	WB	EASTMAN	534	4H2-N135	4 1/4" BLADE		
178	ST	EASTMAN	534	4H2-K791	4" BLADE		
607	MB	EASTMAN	534	4H2-N026	3 3/4" BLADE		
165	WB	EASTMAN	534	4H2-K846	3 1/2" BLADE		
151	WB	EASTMAN	534	4H2-N025	3 1/2" BLADE		
65	WB	EASTMAN	534	K846	4 1/4" BLADE		
434	RP	EASTMAN	534	442-1C832	3" BLADE		
169	WB	EASTMAN	534	4H2-K815	3 1/2" BLADE		
168	WB	EASTMAN	548	6H-2402	5 1/4" BLADE		
164	WB	EASTMAN	548	4H-1737	3 1/2" BLADE		
167	WB	EASTMAN	548	H2-FN690	5" BLADE		
166	WB	EASTMAN	548	52H-1265	5" BLADE		
62	WB	EASTMAN	548	H2-FA309	5 1/4" BLADE		
63	WB	EASTMAN	548	524-2929	5 1/4" BLADE		
155	WB	EASTMAN	548	52H2-V073	4 3/4" BLADE		
154	WB	EASTMAN	548	52L-2119	4 3/4" BLADE		
152	WB	EASTMAN	548	H2-FA858	4 3/4" BLADE		
180	ST	EASTMAN	567	6X2-F714	5 3/4" BLADE		
64	WB	EASTMAN	567	6X2-F620	6 1/4" BLADE		
170	WB	EASTMAN	567	6X2-F615	5 1/2" BLADE		

249	RF	EASTMAN	567	6X2-F623	5 3/4" BLADE
175	WB	EASTMAN	567	6X2-F616	5 3/4" BLADE
688	MB	EASTMAN	567	6X2-1618	5 1/2" BLADE
179	ST	EASTMAN	567	6X2-F637	
690	MB	EASTMAN	567	6X2-F644	5 3/4" BLADE
163	WB	EASTMAN	567	6X2-F648	5 1/2" BLADE
241	RF	EASTMAN	567	6X2-F624	5 1/2" BLADE
611	MB	EASTMAN	567	6X2-F622	5 3/4" BLADE
435	RF	EASTMAN	567	6X2-F621	
606	MB	EASTMAN	567	6X-F692	5 3/4" BLADE
153	WB	EASTMAN	567	6X2-F633	5 1/2" BLADE
156	WB	EASTMAN	567	6X2-F626	5 3/4" BLADE
160	WB	EASTMAN	567	6X2-F617	5 1/4" BLADE
604	MB	EASTMAN	567	6X2-F634	5 1/2" BLADE
598	MB	EASTMAN	567	6X2-F706	
595	MB	EASTMAN	567	6X2-F635	5 1/2" BLADE
147	WB	EASTMAN	567	6X2-F625	5 1/2" BLADE
593	MB	EASTMAN	567	6X2F707	6" BLADE
171	WB	KM	KR-A	6X2-F647	5 1/2" BLADE
149	WB	KM	KR-A	126005	4 1/4" BLADE
206	WB	KM	KR-A	126002	4 1/2" BLADE
207	WB	KM	KR-A	162887	4 1/2" BLADE
173	WB	KM	KR-A	162898	
158	WB	KM	KR-A	126003	4 1/4" BLADE
157	WB	KM	KR-A	126004	4 1/2" BLADE
161	WB	KM	KR-A	126006	4 1/2" BLADE
519	WB	WOLF	TOMAHAWK	16288	4 1/4" BLADE
				T63036	

Sum

RUFFLER,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
731	AJ	UNION SPECIAL	59300	UY1136S		RUFFLER	
662	MB	UNION SPECIAL	59300	DKTH0492		RUFFLER	
57	WB	UNION SPECIAL	59300 E	DKTH0351			
87	WB	UNION SPECIAL	59300G	UNKNOWN		AUTO FEED	
101	WB	UNION SPECIAL	59300G	DKTH0063			
682	MB	PEGUSUS	EXTJ21611-05	K11021B		RUFFLER	
534	AJ	PEGUSES	SS2-130	504-253-W5		RUFFLER	

Summary for Machine Type = RUFFLER, (7 detail records)

Sum

SCALE,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
613	MB	DETECTO	1105B6	9608-1001	CAPACITY 200 LBS		
458	WB	TOLEDO	3025	4186312-4WP			
406	RF	TOLEDO	3026	4278118-4XS			
443	WB	TOLEDO	3026	4281138-4YS			
424	RF	TOLEDO	3026-001	4262401-9MS			
226	WB	HOBART	41-3132	G864331 BR	1000 LB CAPACITY		
360	RF	TOLEDO	4181-0001	65597	1000 LB CAPACITY		
404	RF	ACCUWEIGH	BD-211	DKTH00009	200 LB CAPACITY		
447	WB	WEIGH-TRONIX	BS-1414-N	2881	CAPACITY 30 LBS		

421	RF	WEIGH- TRONIX	BS-1414-N	0501	CAPACITY 50 LBS
451	WB	WEIGH- TRONIX	BS-1414-N	3564	CONTROL PANEL
747	WB	WEIGH- TRONIX	BS-1414-N	3563	CAPACITY 30 LBS
449	WB	WEIGH- TRONIX	BS-1414-N	3201	CAPACITY 30 LBS
445	WB	WEIGH- TRONIX	BS-1414-N	2874	CAPACITY 30 LBS
420	RF	WEIGH- TRONIX	BS-1414-N	2872	CAPACITY 30 LBS
417	RF	WEIGH- TRONIX	BS-1414-N	2873	CAPACITY 30 LBS
416	RF	WEIGH- TRONIX	BS-1414-N	2860	CAPACITY 30 LBS
412	RF	WEIGH- TRONIX	BS-1414-N	2995	CAPACITY 30 LBS
414	RF	WEIGH- TRONIX	BS-1414-N	3566	CAPACITY 50 LBS
413	RF	WEIGH- TRONIX	BS-1414-N	2994	CAPACITY 30 LBS
724	AI	WEIGH- TRONIX	DS3030A-01	6175A	CAPACITY 1000 LBS
66	WB	WEIGH- TRONIX	W1-110	39905	CONTROL PANEL
428	RF	WEIGH- TRONIX	W1-110	037761	CONTROL PANEL
427	RF	WEIGH- TRONIX	W1-110	037510	CONTROL PANEL
452	WB	WEIGH- TRONIX	W1-110	39908	CONTROL PANEL
457	WB	WEIGH- TRONIX	W1-110	037753	CONTROL PANEL

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
430	WB	WEIGH-TRONIX	WI-110	038312	CONTROL PANEL		
423	RF	WEIGH-TRONIX	WI-110	037512	CONTROL PANEL		
454	WB	WEIGH-TRONIX	WI-110	39672	CONTROL PANEL		
425	RF	WEIGH-TRONIX	WI-110	39906	CONTROL PANEL		
432	RF	WEIGH-TRONIX	WI-110	037511	CONTROL PANEL		
422	RF	WEIGH-TRONIX	WI-110	39907	CONTROL PANEL		
430	RF	WEIGH-TRONIX	WI-110	037760	CONTROL PANEL		
725	AI	WEIGH-TRONIX	WI-110	24637	CONTROL PANEL		

Summary for 'Machine Type' = SCALE: (34 detail records)
 Sum

SRERGE,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
28	WB	GLOBAL	0V-636-555	90124646			
541	AI	RIMOLDI	27	722-2CD-06			
680	MB	RIMOLDI	27	327-00-20032			
538	AI	RIMOLDI	27	327-22-2CD-06			
542	AI	RIMOLDI	27	CD 06			
77	WB	WILLCOX & GIBBS	353-W2X4	514-B52-131M			
5	WB	WILLCOX & GIBBS	504-E52-230	233-W5			
727	AI	WILLCOX & GIBBS	515-4-26	DKTH0143			

6 WB WILLCOX & GIBBS 516-171832-452FA4 455-5X5

728	AI	COLUMBIA	650-2	S301522		
76	WB	JUKI	MOR-2516N	M00YA39968	CLASS FR6-500	
624	MB	JUKI	MO-812	4H24958	CLASS DF6	
11	WB	JUKI	MOR-2516N	M00XM36984	CLASS DD6-300	
9	WB	JUKI	MOR-2516N	M00YA40737	CLASS FR6-500	
86	WB	JUKI	MOR-2516N	M00YA0732	CLASS FR6-500	
121	ST	JUKI	MOR-2516N	M00XM36986	CLASS DD6-300	
250	RF	JUKI	MOR-2516N	M00YA39981	CLASS FR6-500	
3	WB	JUKI	MOR-2516N	M00YA40727		
252	RF	JUKI	MOR-2516N	M00XM36983	CLASS DD6-500	
4	WB	JUKI	MOR-2516N	M00YA39977		
251	RF	JUKI	MOR-2516N	M00YA40728	CLASS FR6-500	
681	MB	JUKI	MOR-3916	M0ZE32703	CLASS DD6-300	
95	WB	JUKI	MOR-3916	M00ZE32707		
677	MB	JUKI	MOR-3916	M0ZE32709	CLASS DD6-300	
27	WB	JUKI	MOR-3916	M00ZE32708		
678	MB	JUKI	MOR-3916	M0ZE32711	CLASS DD6-300	
10	WB	JUKI	MOR-2516N	M00VK59087	CLASS DD6-500	
93	WB	JUKI	MOR-2516N	M00VK59088	CLASS DD6-500	
674	MB	GLOBAL	OV-636-555	91100091		
737	AI	GLOBAL	OV-636-555	93040820		
523	WB	GLOBAL	OV-636-555	90124741	UNSURE OF USE	

Summary for Machine Type = SERGE (31 detail records)
Sum

SHOP TOOLS, []

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
520	WB	LESTER	08882	10-93	ELECTRICAL SUPPLY BOX		

508	WB	HARRIS	1-15 (2)	0788	ACTYLINE TORCH	SMALL TANKS
446	RF	DUNMORE	10-351	8572-210	HAND GRINDER	
490	WB	DUMAR	10-351	8572-210 (2)	HAND GRINDER	
211	WB	SNAPPER	1030SE	55101861	2 STAGE SNOW BLOWER	
522	WB	SEARS CRAFTSMAN	113.226880	92099P0302	10" DIRECT DRIVE TABLES	
507	WB	UNKNOWN	14573	08619	7" METAL CUTTING BAND S	
695	MB	KT INDUSTRY	221-0055	396350	5 SPEED HEAVY DUTY DRILL	
698	MB	BLACK & DECKER	2874	54623	VERSACLUTCH CORDLESS	
510	WB	DAYTON	22425N	41880NJ843	BENCH GRINDER 6" WHEEL	
483	WB	DELTA	31460	P9243	4" DRUM/ 6" BIT SANDER	
321	RF	MTD PRODUCTS	316-611D000	13145860198	2 STAGE SNOW BLOWER	
464	RF	SKILL	3396	TXT4	6 INCH GRINDER	
361	RF	DELTA	34-670	KA934	120V TABLE SAW	
518	WB	DAYTON	3A141	DKTH00027	VAP AND DIE SET	
482	WB	DAYTON	4Z660 A	SA55KV2-5428	10" DESKTOP DRILL PRESS	
476	RF	SKILL	5150	OHX21	CIRCULAR SAW	
693	MB	SKILL	5250	DKTH00042	7 1/4" CIRCULAR SAW	
517	WB	SKILL	534	DKTH00026	6 1/2" CIRCULAR SAW	
494	WB	MILWAUKEE	5362-1	707C198440005	HEAVY DUTY 1" ROTARY H	
514	WB	MILWAUKEE	5935	701-1059	HEAVY DUTY BELT SANDER	
443	RF	DAYTON	5E319A	DKTH00004	DUST COLLECTION SYSTEME	
488	WB	MOKITA	6095D	107485	CORDLESS DRIVER DRILL	
487	WB	MOKITA	6095D	0624233	CORDLESS DRIVER DRILL	
489	WB	MOKITA	6095D	DKTH00022	CORDLESS DRIVER DRILL	
502	WB	MOKITA	6176D	019648C	HAND HELD CORDLESS DRI	MISSING CORD
504	WB	MILWAUKEE	6507	0631887392	SAWZALL	

516	WB	SKILL	6533	12R892659	3/8" DRILL
515	WR	DRMIL	850	IR1	CORDESS MOTOR TOOL S
691	MB	BLACK & DECKER	9403	8942	6" BENCH GRINDER
481	WB	MIKITA	95058H	60056E	HAND HELD 5" DISK GRIND
513	WB	MIKITA	B04450	415043	FINISHNG SANDER
450	RF	MIKITA	B05001	43006	5" ORBITAL SANDER
448	RF	WELLER	D5550	1195	SOLDERNG GUN
697	MB	DEWALT	DV101	76328	3/8" VSR DRILL
505	WB	WISOTA	E-33	W10-87	BALL BEARING BENCH GRI
501	WB	FARMERS UNION	F18BT	8673-618-215	180 AMP AC WELDER
477	WB	DURACRAFT	FM-1214	041133	FLOOR DRILL PRESS 5/8" C
461	RF	MIKITA	G09SDELTA	2174738	CORDESS DRILL
479	WB	LINCOLN	IDEAL ARC	AC602329	ARC WELDER
512	WB	MIKITA	JR3000B	546824	SAWZALL
478	WB	MIL WAUKES	K56Y	6044775K815	BENCH GRINDER
493	WB	UNTED	KL68	UM687034	SCISSOR SHARPENER
521	WB	MIKITA	LS1030	120043	10" MITER SAW
503	WB	LAIN	LTP_4500	DKTH00024	HYDRAULIC FLOOR JACK
475	RF	ELKA	N14	00835060	230 VOLT VARIOSTOP
474	RF	ELKA	N14	00835038	230 VOLT VARIOSTOP
472	RF	ELKA	N14	00831391	3 PHASE VARIOSTOP
471	RF	ELKA	N14	01760002	VARIOSTOP 110 VOLT
455	RF	MIKITA	N9514B	434648	4" GRINDER
506	WB	ARBOR	NO3	DKTH00025	BEARING PRESS
692	MB	VALUE CRAFT	NON	01008	1" BELT SANDER
465	WB	WINDMAKER	NONE	DKTH00020	LARGE COOLING FAN 4' DI

524	WB	RYAN	NONE	104639	WELD EATER		
484	WB	DAKOTAH	NONE	DKTH00021	ROTARY METAL CUTTER		
453	RF	NONE	NONE	DKTH00011	GRINDER		
491	WB	WELLER	NONE	DKTH00023	SOLDER GUN		
486	WB	BRIDGEPORT	NONE	J29324	METAL LATHE		
485	WB	VICTOR	NONE	2919701	ACETYLENE TORCH		
355	RF	SHOP VAC	Q150C	DKTH00005	WET-DRY VAC		
509	WB	ESSENTIAL MACHINE	S-987	006597	FLOOR DRILL PRESS 1/2" CH		
480	WB	LINCOLN	SP-100	9521ACT784198	ARC WELDER		
492	WB	AWS	SPR-300 PLUS	008581	OHM-ANMETER		
407	RF	SECO	UFO-101	000721	AIR VAC		

Summary for Machine Type = SHOP TOOLS, (64 detail records)
Sum

SHRINKWRAP,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
331	RF	EASTEY	ET1608	1661608TLMR			
342	RF	EASTEY	ET168	0211608T2	220v		
145	WB	EASTLEY	ET2420	0812420TLMR			

Summary for Machine Type = SHRINKWRAP, (3 detail records)
Sum

SINGLE NEEDLE,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
330	RF	UNION SPECIAL	2000B	ZF1799389	HAND HELD SEWING		
333	RF	UNIVERSAL	2000B	1762769	HAND HELD SEWING		
53	WB	CONSEW	210	E68253	BACK TACK		
54	WB	CONSEW	210	E70769	BACK TACK		
55	WB	CONSEW	210	E68399	BACK TACK		



46	WB	CONSEW	210	68250	BACK TRACK
49	WB	CONSEW	210	E68351	BACK TRACK
51	WB	CONSEW	220	B54304	NO BACK TRACK
48	WB	CONSEW	220	B52181	NO BACK TRACK
52	WB	CONSEW	220	B54169	NO BACK TRACK
50	WB	CONSEW	230	XE92711	BACK TRACK
47	WB	CONSEW	230	XE96047	NO BACK TRACK
587	AJ	SINGER	262-2	UY11365	
581	AJ	CONSEW	315	CB1102	
621	MB	CONSEW	315 RATC	CB1163	
622	MB	CONSEW	315 RATC	CB1859	
620	MB	CONSEW	315 RATC	CB1861	
310	RF	CONSEW	315 RATC	8606160	
316	RF	CONSEW	315 RATC	3170044	
582	AJ	CONSEW	315 RATC	CB1176	
586	AJ	CONSEW	315 RATC	CB1988	
426	RF	JUKI	5410	DLNV13481	
383	RF	JUKI	DDL-5501-6	DDLVE70573	
570	AJ	JUKI	DDL-555-4	E555-D-22536	
544	AJ	JUKI	DDL-555-4	DKTH00030	
559	AJ	JUKI	DDL-555-4	E555-D-2456	
271	RF	JUKI	DDL-5550-6	DDLUF45309	
328	RF	JUKI	DDL-5550-6	S87215	
564	AJ	JUKI	DDL-5550-6	S87207	
56	WB	JUKI	DDL-5550-6	DDLUB45363	
563	AJ	JUKI	DDL-5550-6	504525	
560	AJ	JUKI	DDL-5550-6	DDLVE70520	
306	RF	JUKI	DDL-5550-6	DDLVE70571	

317	RF	JUKI	DDL-5550-6	DDLVE70519
367	RF	JUKI	DDL-5550-6	DDLVE70528
326	RF	JUKI	DDL-5550-6	S504567
552	AI	JUKI	DDL-5550-6	DDLUA30361
551	AI	JUKI	DDL-5550-6	DDLVB70324
366	RF	JUKI	DDL-5550-6	DDLVE70527
525	AI	JUKI	DDL5550-6	DDLVE70523
303	RF	JUKI	DLN-415-2	7906
305	RF	JUKI	DLN-415-4	8412
318	RF	JUKI	DLN-415-4	8410
401	RF	JUKI	DLN-415-5	007711
380	RF	JUKI	DLN-415-5	007741
385	RF	JUKI	DLN-415-5	007773
386	RF	JUKI	DLN-415-5	R11125
388	RF	JUKI	DLN-415-5	R11122
45	WB	JUKI	DLN-415-5	P06033
392	RF	JUKI	DLN-415-5	R11119
572	AI	JUKI	DLN-415-5	007750
583	AI	JUKI	DLN-415-5	R11044
399	RF	JUKI	DLN-415-5	007738
402	RF	JUKI	DLN-415-5	007747
726	AI	JUKI	DLN-415-5	R11053
530	AI	JUKI	DLN-415-5	007731
554	AI	JUKI	DLN-415-5	P05920
103	WB	JUKI	DLN-415-5	Q07754
102	WB	JUKI	DLN-415-5	Q07733
389	RF	JUKI	DLN-415-5	R11132
379	RF	JUKI	DLN-415-5	007744

102	AI	JUKI	DLN-415-5	007751
38	WB	JUKI	DLN-415-5	007719
573	AI	JUKI	DLN-415-5	007746
547	AI	JUKI	DLN-5410	DLNVK13288
299	RF	JUKI	DLN-5410	DLNVK13290
266	RF	JUKI	DLN-5410	DLNVK13286
312	RF	JUKI	DLN-5410	DLNVK13291
92	WB	JUKI	DLN-5410-6	DLNVJ12667
555	AI	JUKI	DLN-5410-6	DLNVJ12669
91	WB	JUKI	DLN-5410-6	DLNVJ12669
32	WB	JUKI	DLN-5410-6	DLNVJ12671
25	WB	JUKI	DLN-5410-6	DLNVJ12671
90	WB	JUKI	DLN-5410-6	DLNVJ12671
637	MB	JUKI	DLN-5410-6	DLNVW14006
327	RF	JUKI	DLN-5410-6	DLNVW14006
636	MB	JUKI	DLN-5410-6	S01693
376	RF	JUKI	DLN-5410-6	DLNVV14008
634	MB	JUKI	DLN-5410-6	DLNVU108326
26	WB	JUKI	DLN-5410-6	DLNVV13797
35	WB	JUKI	DLN-5410-6	DLNVW618112
635	MB	JUKI	DLN-5410-6	DLNVV14005
267	RF	JUKI	DLN-5410-6	DLNVG18113
526	AI	JUKI	DLN-5410-6	DLNVV13799
650	MB	JUKI	DLN-5410-6	DLNVV13796
8	WB	JUKI	DLN-5410-6	DLNVV17011
13	WB	JUKI	DLN-5410-6	DLNVV17016
15	WB	JUKI	DLN-5410-6	DLNVK13447
16	WB	JUKI	DLN-5410-6	DLNVJ12663

17	WB	JUKI	DLN-5410-6	DLNVMI3793
19	WB	JUKI	DLN-5410-6	DLNVJ12665
263	RF	JUKI	DLN-5410-6	DLNVMI4027
260	RF	JUKI	DLN-5410-6	DLNWD17004
33	WB	JUKI	DLN-5410-6	DLNVMI3780
22	WB	JUKI	DLN-5410-6	DLNVJ12662
625	MB	JUKI	DLN-5410-6	DLNVJ12668
626	MB	JUKI	DLN-5410-6	DKTH00040
115	ST	JUKI	DLN-5410-6	DLNVA14994
382	RF	JUKI	DLN-5410-6	S01801
381	RF	JUKI	DLN-5410-6	DLNWD17007
123	ST	JUKI	DLN-5410-6	DLNVJ12664
672	MB	JUKI	DLN-5410-6	DLNVMI4007
633	MB	JUKI	DLN-5410-6	DLNVMI4013
68	WB	JUKI	DLN-5410-6	DLNVJ12666
671	MB	JUKI	DLN-5410-6	DLNXMI4012
384	RF	JUKI	DLN-5410-6	S01864
21	WB	JUKI	DLN-5410-6	DLNVJ12670
20	WB	JUKI	DLN-5410-6	DLNVMI4010
623	MB	JUKI	DLN-5410-6	DLNVMI3779
375	RF	JUKI	DLN-5410-6	S01842
109	WB	JUKI	DLN-5410-6	DLNVMI3792
108	WB	JUKI	DLN-5410-6	S04687
107	WB	JUKI	DLN-5410-6	DNLVMI4030
378	RF	JUKI	DLN-5410-6	DLNWD17005
627	MB	JUKI	DLN-5410-6	DLNVMI4031
304	RF	JUKI	DLN-5410-6	DLNW618109
628	MB	JUKI	DLN-5410-6	DLNVMI4028

LOST FACE PLATE

630	MB	JUKI	DLN-5410-6	DLNVM13794
631	MB	JUKI	DLN-5410-6	DLNVM14011
632	MB	JUKI	DLN-5410-6	DLNVM14014
14	WB	JUKI	DLN-5410-7	DLNYL30409
670	MB	JUKI	DLN-5410-7	DLNYL30386
94	WB	JUKI	DLN-5410-7	DLNVF29158
89	WB	JUKI	DLN-5410-7	DLNKE21513
585	AJ	JUKI	DLN-5410-7	DLNWL19786
24	WB	JUKI	DLN-5410-7	DLNXH23967
122	ST	JUKI	DLN-5410N-7	DLNXF23183
88	WB	JUKI	DLN-5410N-7	DLNKE21509
34	WB	JUKI	DLN-5410N-7	DLNYL30377
67	WB	JUKI	DLN-5410N-7	DLNXA21085
23	WB	JUKI	DLN-5410N-7	DLNYL30416
37	WB	JUKI	DLN-5410N-7	DLNYF29158
644	MB	JUKI	DLN-5410N-7	DLNYL30369
665	MB	JUKI	DLN-5410N-7	DLNYL30373
649	MB	JUKI	DLN-5410N-7	DLNYL30375
638	MB	JUKI	DLN-5410N-7	DLNYL30407
639	MB	JUKI	DLN-5410N-7	DLNYL30372
640	MB	JUKI	DLN-5410N-7	DLNXV21499
641	MB	JUKI	DLN-5410N-7	DLNXC21641
18	WB	JUKI	DLN-5410N-7	DLNXC21732
643	MB	JUKI	DLN-5410N-7	DLNYL30381
655	MB	JUKI	DLN-5410N-7	DLNYL30379
656	MB	JUKI	DLN-5410N-7	DLNXF23182
666	MB	JUKI	DLN-5410N-7	DLNXF23198
645	MB	JUKI	DLN-5410N-7	DLNYL30411

Racing Puller

642	MB	JUKI	DLN-5410N-7	DLNYI30412		
646	MB	JUKI	DLN-5410N-7	DLNYL30371		
647	MB	JUKI	DLN-5410N-7	DLNXG21651		
654	MB	JUKI	DLN-5410N-7	DLNYI30370		
653	MB	JUKI	DLN-5410N-7	DLNXB21481		
648	MB	JUKI	DLN-5410N-7	DLNXB21480		
652	MB	JUKI	DLN-5410N-7	DLNYT30380		
651	MB	JUKI	DLN-5410N-7	DLNYL30408		
657	MB	JUKI	DLN-5410N-7	DLNXB21490		
673	MB	JUKI	DLN-5410N-7	DLNXG21730		
203	WB	JUKI	DLN-5410N-7	DLNYL30368		
667	MB	JUKI	DLN-5410N-7	DLNXF23177		
311	RP	JUKI	DLN-5550-6	504452		
73	WB	JUKI	LH-5550-6	DDLUB45505		FEED ROLLERS
588	AJ	UNION SPEC	NONE	UY128GAS		
661	MB	CLASSIC	ZIGZAG	90941		

Summary for Machine Type = SINGLE NEEDLE, (161 detail records)

Sum

SPUHL,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
177	WB	SPUHL	SS-1	142	JOINS THREE SIDES		

Summary for Machine Type = SPUHL, (1 detail record)

Sum

STRAPPER,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
356	RF	WILTON	NONE	112708	220V WITH COMPRESSION		
357	RF	WILTON	NONE	113281	220V WITH COMPRESSION		
140	WB	STRAPACK	SS-80	B1709			

405 WB SIGNORIE SPIRIT AS041181
 405 RF SIGNORIE SPIRIT A3158
 Summary for Machine Type = STRAPPER, (5 detail records)
 Sum 230 VOLT

TAPE DISPENSER, ELECTRIC

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
470	WB	DISPENSA-	U45	25180			
		MATIC					
469	WB	DISPENSA-	U45	25351			
		MATIC					
323	RF	DISPENSA-	U45	25183			
		MATIC					
322	RF	DISPENSA-	U45	27168			
		MATIC					
324	RF	DISPENSA-	U45	27204			
		MATIC					
325	RF	DISPENSA-	U45	27203			
		MATIC					
285	RF	DISPENSA-	U45	27170			
		MATIC					
468	WB	DISPENSA-	U45	22160			
		MATIC					
467	WB	DISPENSA-	U45	32412			
		MATIC					
466	WB	DISPENSA-	U45	25345			
		MATIC					
286	RF	DISPENSA-	U45	26737			
		MATIC					
287	RF	DISPENSA-	U45	DK1H00003			
		MATIC					

Summary for Machine Type = TAPE DISPENSER, ELECTRIC (12 detail records)
 Sum



TEST

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
225	WB	FISCHER	506G	70700182	ISOTEMP 500 SERIES		
222	WB	EDLUND	DS-2	D025160	SCALE FOR DETERMINING		
221	WB	ALFRED	NONE	03129701	CUT SAMPLE MATERIAL FO		
220	WB	ALFRED	RS-232	790098	SCALE FOR DETERMINING		

Summary for Machine Type = TEST, (4 detail records)
Sum

TRANSPORTATION EQUIP

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
738	WB	WITTE/GMC	BRIGADIER	4C7M9C1W6JV700	DIESEL SEMI TRUCK		
741	WB	FORD	ECONOLINE 250	1FTEE24Y4HBB537	FORD VAN		
742	WB	FORD	F600	1FDNT64P7HVA16	STRAIGHT TRUCK		
746	WB	FORD	F600	1FDNT64P0HVA16	STRAIGHT TRUCK	TRANSMISSION IS OUT	
740	WB	TRAILMOBIL	NONE	TRAILER #4857	48 FOOT TRAILER YEAR 19		
743	WB	UNKNOWN	NONE	UNKNOWN2	PUP TRAILER 22 FOOT(?)		
744	WB	UNKNOWN	NONE	UNKNOWN3	PUP TRAILER 22 FOOT(?)		
745	WB	UNKNOWN	NONE	UNKNOWN4	PUP TRAILER 22 FOOT(?)		
739	WB	TRAILMOBIL	NONE	TRAILER #11	48 FOOT SEMI TRAILER		

Summary for Machine Type = TRANSPORTATION EQUIPMENT, (9 detail records)
Sum

VERTICAL KNIFE,

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
60	WB	BLUE	629DS	6-DY749-5	VERTICAL CUTTER		
		STRAK II					

Printed on 08/19/88

JAC 0329133

WINDSTITCH, _____

ID	Whse	Make	Model	Serial Number	Extra Description	Attachments	Current Value
558	AI	MERROW	18-E	252737			
403	RF	MERROW	18-E	256493			
82	WB	MERROW	18-E	252712			
550	AI	MERROW	18-E	252738			
473	RF	MERROW	18-E	252658			
81	WB	MERROW	18-E	252662			
314	RF	MERROW	18-E	256497			
313	RF	MERROW	18-E	256498			
301	RF	MERROW	18-E	252659			
309	RF	MERROW	18-E	252813			
308	RF	MERROW	18-E	252739			
307	RF	MERROW	18-E	252785			
302	RF	MERROW	18-E	256495			
253	RF	MERROW	18-E	25663			
336	RF	MERROW	18-E	252781			
337	RF	MERROW	18-E	252801			
334	RF	MERROW	18-E	252776			
335	RF	MERROW	18-E	256978			
40	WB	MERROW	18-E	256976			
257	RF	MERROW	18-E	252784			
282	RF	MERROW	18-E	256496			
254	RF	MERROW	18-E	252713			
288	RF	MERROW	18-E	252714			
658	MB	MERROW	18-E	256494			
659	MB	MERROW	18-E	252783			
660	MB	MERROW	18-E	252800			

58	WB	MERROW	18-E	252798
59	WB	MERROW	18-E	252799
204	WB	MERROW	18-E	252736
256	RF	MERROW	18-E	256977
619	MB	MERROW	18-E	152576
298	RF	MERROW	18-B	252688
297	RF	MERROW	18-E	252654
296	RF	MERROW	18-E	252777
110	WB	MERROW	18-E	252686
111	WB	MERROW	18-E	252661
112	ST	MERROW	18-E	256974
338	RF	MERROW	18-E	252779
400	RF	MERROW	18-B	252778
300	RF	MERROW	18-E	252780
294	RF	MERROW	18-E	252804
293	RF	MERROW	18-E	256973
292	RF	MERROW	18-E	256975
291	RF	MERROW	18-E	252660
290	RF	MERROW	18-B	252687
289	RF	MERROW	18-E	252803
295	RF	MERROW	18-B	252782

Summary for Machine Type = WHIPSTITCH, (47 detail records)

Sum

Grand Total

<u>Machine Type</u>	<u>Serial Number</u>	<u>Description</u>
DT01	0952970	DELTEC UPS
3476	YM533	INFOWINDOW GREEN DISPLAY
3570	15948	MP 1 DRIVE TAPE LIBRARY
6412	61606	LINE MATRIX PRINTER
7208	38494	5GB EXT 8MM TAPE DRIVE
9406	31224	AS/400 RISC SERIES PROCESSOR
9406	31224	FEATURE #J67366
9406	31224	FEATURE #K49529
9406	31224	FEATURE #P05779
9406	31224	FEATURE #T54760
9406	31224	FEATURE #U12509
9406	31224	FEATURE #W54886

PKMS Outbound Distribution System; Three (3) Hewlett Packard Laserjet 4000N 5 RJ45 w/H.P.
Jet Direct 600N Token Ring - 8MB; One (1) Jetform Central Forms Plus

1	HP Laserjet 4000
19	Symbol LS9100 Scanners
3	Symbol LS9100 Scanners
19	Synapse adapter cables for IBM 3476 Terminals APP/CDM Software from SSA
10	Zebro 140 xi II
9	Zebro Net Printer Servers

<u>Units</u>	<u>Description</u>
18	IBM DISPLAY STATION, GREEN/122 KEY
4	PERLE CONTROL UNIT, WITH ETHERNET CARD

Leaf model DCB II digital camera back/3 pass camera back with glass filter wheel, taxi board, power supply, gain filter, Sinar interface plate, PCI board option and ColorShop HDR software
Sinar X/D for Leaf DCB

Sinar X/D digital package which includes View Finder

Expolux TriColor shutter system

Leaf/Expolux shutter cable

80/4 Sinaron DB digital lens

135 Sinaron DB digital lens

60 Sinaron DB digital lens

Iris model 4012 color ink jet printer with IQ Pro

429	RF	Eastman	Buzzaicd	BU859
431	RF	"	"	BU845
433	RF	"	"	G53479
311	WB	Snapper	10305E	55101861
534	AI	Peguses	SS2-130	504-253-115
91	WB	Juki	DLN 54106	DLNVJ12669
296	RF	Merraw	18E	252777
302	RF	Merraw	18E	256495
338	RF	"	18E	252779

All raw materials, finished goods and inventory owned by Dakotah, Incorporated (“Dakotah”) as of the date hereof that are located in or about Dakotah’s operational or storage facilities located in Webster, South Dakota, Redfield, South Dakota and/or Millbank, South Dakota, including without limitation, the types of inventory, raw materials and finished goods identified as follows:

<u>Class</u>	<u>Type</u>
A1 Footstool Components	Raw Material
A2 Window Treatment	Raw Material Finished Goods
BO Baby Accessories	Raw Material Finished Goods
B1 Blankets	Finished Goods
B2 Comf/Duvet Covers	Finished Goods
B3 Comforters	Finished Goods
B4 Coverlet	Finished Goods
B5 Shams	Finished Goods
B6 Bedskirts	Finished Goods
B8 Sleeper/Bed Liner	Finished Goods
B9 Sheets	Finished Goods
C1 Chair Pads	Finished Goods
C2 Rocker Sets	Finished Goods
D1-7 Labels and Supplies	Raw Material Finished Goods
E1 Apparel	Finished Goods

F1 Fleece	Raw Material Finished Goods
F2 Mystic	Raw Material
F3 Lustrah	Raw Material
F4 Sandbar	Raw Material
F5 Sailcloth	Raw Material
F6 Treasurers/Velvet	Raw Material
F8 Printed Prints	Raw Material
FA Fabric - Other	Raw Material Finished Goods
FQ Fabric - Other	Raw Material Finished Goods
G1 Retail Accessories	Raw Material Finished Goods
H1-3 Thread	Raw Material
K1 Lining	Raw Material Finished Goods
L1 Napkins	Finished Goods
L2 Table Runner	Finished Goods
L3 Table Toppers	Finished Goods
L4 Table Cloths	Finished Goods
L5 Placemats	Finished Goods
M2 Signs - Marketing	Raw Material
M4 Other Marketing Mat	Raw Material

N1 Novelty Items	Finished Goods
P1-5 Pillows and Pillow Slips	Raw Materials Pillow Slips Finished Goods
R1 Throws - Fleece	Raw Material Finished Goods
R2 Throws - Woven	Raw Material Finished Goods
R3 Throws - Opulant	Finished Goods
R4 Throws - Knits	Finished Goods
S1 Footstools	Finished Goods
T1-7 Trims	Raw Material Finished Goods
U1 Fiber - Blowing	Raw Material
U2 Fiber - Garneted	Raw Material
U3 Other Fillers	Raw Material
W1 Curtains	Finished Goods
W2 Valances	Finished Goods
X1 Closeouts - Pillows	Raw Material Finished Goods
X2 Closeout - Chairpads	Finished Goods
X3 Closeout - Tablelinens	Finished Goods
X4 Closeout - Bedding/Acc	Finished Goods
X5 Closeout - Throws	Raw Material Finished Goods

X6 Closeout - Blankets	Finished Goods
X7 Closeout - Fabric	Raw Material Finished Goods
X8 Closeout - Trim	Raw Material
X9 Closeout - Other	Raw Material Finished Goods
Z1 Bias	Raw Material Finished Goods
Z3 Pillow Inserts	Finished Goods
Z4 Throws - Knit	Raw Material Finished Goods
Z5 Platforms	Finished Goods
Z6 Spaghetti Cord	Finished Goods
Z7 Ruffling	Finished Goods

MARK

SERIAL NO./
REGISTRATION NO.

BEACH BUDDY	Reg. No. 2,076,404
COMFORTFLEECE	Reg. No. 2,095,630
CUDDLEFLEECE	Reg. No. 2,122,841
DAKOTAH	Reg. No. 1,636,169
DAKOTAH	Reg. No. 1,638,434
DAKOTAH	Reg. No. 2,086,993
DAKOTAH	Serial No. 75/488,882
DAKOTAH OUTDOORS	Reg. No. 2,160,788
LUSTRAH	Reg. No. 1,846,072
SNUGGLE FLEECE	Reg. No. 2,164,443
THERMOFLEECE	Reg. No. 2,200,077

Any and all equipment leases covering Debtor's telephone equipment or equipment used in connection therewith and any equipment leases covering Debtor's furniture to the extent that the obligations remaining unpaid thereunder do not exceed \$25,000.00.



STANDARD INDUSTRIAL/COMMERCIAL SINGLE-TENANT LEASE - NET
(DO NOT USE THIS FORM FOR MULTI-TENANT BUILDINGS)

1. Basic Provisions ("Basic Provisions")

1.1 Parties: This Lease ("Lease"), dated for reference purposes only, April 25, 1999, is made by and between Diversified Real Estate Holdings, Inc., a Minnesota corporation ("Lessor") and NEW PPI, INC., a Georgia corporation ("Lessee") (collectively the "Parties," or individually a "Party").

1.2 Premises: That certain real property, including all improvements therein or to be provided by Lessor under the terms of this Lease, and commonly known as a portion of One North Park Lane located in the County of Day, State of South Dakota, and generally described as (describe briefly the nature of the property and, if applicable, the "Project", if the property is located within a Project) See Attachment F-1

1.3 Term: Approximately Two (2) years and months ("Original Term") commencing April 1999 ("Commencement Date") and ending May 31, 2001 ("Expiration Date"). (See also Paragraph 3)

1.4 Early Possession: None ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)

1.5 Base Rent: \$ 12,547 per month ("Base Rent"), payable on the First (1st) day of each month commencing the Commencement Date (See also Paragraph 4)
If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted.

1.6 Base Rent Paid Upon Execution: \$ 12,547 as Base Rent for the period May 1 - May 31, 1999

1.7 Security Deposit: \$ None ("Security Deposit"). (See also Paragraph 5)

1.8 Agreed Use: Industrial/Warehouse (See also Paragraph 6)

1.9 Insuring Party. Lessor is the "Insuring Party" unless otherwise stated herein. (See also Paragraph 8)

1.10 Real Estate Brokers: (See also Paragraph 15)
(a) Representation: The following real estate brokers (collectively, the "Brokers") and brokerage relationships exist in this transaction (check applicable boxes):
None represents Lessor exclusively ("Lessor's Broker");
None represents Lessee exclusively ("Lessee's Broker"); or
None represents both Lessor and Lessee ("Dual Agency").

(b) Payment to Brokers: Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Broker the fee agreed to in their separate written agreement (or if there is no such agreement, the sum of % of the total Base Rent for the brokerage services rendered by said Broker).

1.11 Guarantor. The obligations of the Lessee under this Lease are to be guaranteed by None ("Guarantor"). (See also Paragraph 37)

1.12 Addenda and Exhibits. Attached hereto is an Addendum/Addenda consisting of Paragraphs 1 through 17 and Exhibits A, all of which constitute a part of this Lease.

2. Premises.

2.1 Letting. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. Unless otherwise provided herein, any statement of size set forth in this Lease, or that may have been used in calculating rental, is an approximation which the Parties agree is reasonable and the rental based thereon is not subject to revision whether or not the actual size is more or less.

2.2 Condition. Lessor shall deliver the Premises to Lessee broom clean and free of debris on the Commencement Date or the Early Possession Date, whichever first occurs ("Start Date"), and, so long as the required service contracts described in Paragraph 7.1(b) below are obtained by Lessee within thirty (30) days following the Start Date, warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("HVAC"), loading doors, if any, and all other such elements in the Premises, other than those constructed by Lessee, shall be in good operating condition on said date and that the structural elements of the roof, bearing walls and foundation of any buildings on the Premises (the "Building") shall be free of material defects. If a non-compliance with said warranty exists at the Start Date, Lessor shall, as Lessor's sole obligation with respect to such matter, except as otherwise provided in this Lease, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify same at Lessor's expense. If, after the Start Date, Lessee does not give Lessor written notice of any non-compliance with this warranty within: (i) one year as to the surface of the roof and the structural portions of the roof, foundations and bearing walls, (ii) six (6) months as to the HVAC systems, (iii) thirty (30) days as to the remaining systems and other elements of the Building, correction of such non-compliance shall be the obligation of Lessee at Lessee's sole cost and expense.

2.3 Compliance. Lessor warrants that the Premises shall conform to all applicable laws, covenants or restrictions of record, building codes, regulations and ordinances ("Applicable Requirements") in effect on the Start Date. Said warranty does not apply to the use to which Lessee will put the Premises or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. NOTE: Lessee is responsible for determining whether or not the zoning is appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed. If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same at Lessor's expense. If Lessee does not give Lessor written notice of a non-compliance with this warranty within six (6) months following the Start Date, correction of that non-compliance shall be the obligation of Lessee at Lessee's sole cost and expense. If the Applicable Requirements are hereafter changed (as opposed to being in existence at the Start Date, which is addressed in Paragraph 6.2(e) below) so as to require during the term of this Lease the construction of an addition to or an alteration of the Building, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Building ("Capital Expenditure"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared to uses by tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however, that if such Capital Expenditure is required during the last two (2) years of this Lease and the cost thereof exceeds six (6) months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within ten (10) days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and the amount equal to six (6) months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least ninety (90) days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmental mandated seismic modifications), then Lessor and Lessee shall allocate the obligation to pay for such costs pursuant to the provisions of Paragraph 7.1(c); provided, however, that if such Capital Expenditure is required during the last two years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon ninety (90) day prior written notice to Lessee unless Lessee notifies Lessor, in writing, within ten (10) days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessor may advance such funds and deduct same, with interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon thirty (30) days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall be fully responsible for the cost thereof, and Lessee shall not have any right to terminate this Lease.

2.4 Acknowledgements. Lessee acknowledges that: (a) it has been advised by Lessor and/or Brokers to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements), and their suitability for Lessee's intended use, (b) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, and (c) neither Lessor, Lessor's agents, nor any Broker has made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (a) Broker has made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (b) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 Lessee as Prior Owner/Occupant. The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

3. Term.

3.1 Term. The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 Early Possession. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such early possession. All other terms of this Lease (including but not limited to the obligations to pay Real Property Taxes and insurance premiums and to maintain the Premises) shall, however, be in effect during such period. Any such early possession shall not affect the Expiration Date.

3.3 Delay In Possession. Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession as agreed, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until it receives possession of the Premises. If possession is not delivered within sixty (60) days after the Commencement Date, Lessee may, at its option, by notice in writing within ten (10) days after the end of such sixty (60) day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said ten (10) day period, Lessee's right to cancel shall terminate. Except as otherwise provided, if possession is not tendered to Lessee when required and Lessee does not terminate this Lease, as aforesaid, any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession of the Premises is not delivered within four (4) months after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

3.4 Lessee Compliance. Lessor shall not be required to tender possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. Rent.

4.1 Rent Defined. All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("Rent").

4.2 Payment. Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States, without offset or deduction, on or before the day on which it is due. Rent for any period during the term hereof which is for less than one (1) full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating.

5. Security Deposit. Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount due Lessor or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of said Security Deposit, Lessee shall within ten (10) days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional moneys with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on said change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within fourteen (14) days after the expiration or termination of this Lease, if Lessor elects to apply the Security Deposit only to unpaid Rent, and otherwise within thirty (30) days after the Premises have been vacated pursuant to Paragraph 7.4(c) below, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease.

6. Use.

6.1 Use. Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs owners and/or occupants of, or causes damage to neighboring properties. Lessor shall not unreasonably withhold

or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the improvements on the Premises or the mechanical or electrical systems therein, is not significantly more burdensome to the Premises. If Lessee elects to withhold consent, Lessor shall within five (5) business days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in use.

6.2 Hazardous Substances.

(a) **Reportable Uses Require Consent.** The term "Hazardous Substance" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, by-products or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) **Duty to Inform Lessor.** If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation.** Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party.

(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from adjacent properties). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) **Lessor Indemnification.** Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages which existed as a result of Hazardous Substances on the Premises prior to the Start Date or which are caused by the gross negligence, or intentional acts of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to the Start Date. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Landlord Termination Option.** If a Hazardous Substance Condition occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds twelve (12) times the then monthly Base Rent or \$100,000, whichever is greater, give written notice to Lessee, within thirty (30) days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date sixty (60) days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within ten (10) days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to twelve (12) times the then monthly Base Rent or \$100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within thirty (30) days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 **Lessee's Compliance with Applicable Requirements.** Except as otherwise provided in this Lease, Lessee, shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to the Premises, without regard to whether said requirements are now in effect or become effective after the Start Date. Lessee shall, within ten (10) days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements.

6.4 **Inspection; Compliance.** Lessor and Lessor's Lender and consultants shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a contamination is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspections, so long as such inspection is reasonably related to the violation or contamination.

7. Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.

7.1 Lessee's Obligations.

(a) **In General.** Subject to the provisions of Paragraph 2.2 (Condition), 2.3 (Compliance), 6.3 (Lessee's Compliance with Applicable Requirements), 7.2 (Lessor's Obligations), 9 (Damage or Destruction), and 14 (Condemnation), Lessee shall, at Lessee's sole expense, keep

... and Alterations in good order, condition and repair. Whether or not the portion of the Premises requiring repair or the means of repairing the same, are reasonably or readily accessible to Lessee and whether or not the need for such repairs occur as a result of Lessee's use, any prior use, the elements or the age of such portion of the Premises, including, but not limited to, all equipment, facilities, such as plumbing, HVAC, electrical, lighting facilities, boilers, pressure vessels, fire protection system, fixtures, walls (interior and exterior), foundations, ceilings, roofs, floors, windows, doors, plate glass, skylights, landscaping, driveways, parking lots, fences, retaining walls, signs, sidewalks and parkways located in, on, or adjacent to the Premises. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required by Paragraph 7.1(b) below. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair. Lessee shall, during the term of this Lease, keep the exterior appearance of the Building in a first-class condition consistent with the exterior appearance of other similar facilities of comparable age and size in the vicinity, including, when necessary, the exterior repainting of the Building.

(b) **Service Contracts.** Lessee shall, at Lessee's sole expense, procure and maintain contracts, with copies to Lessor, in customary form and substance for, and with contractors specializing and experienced in the maintenance of the following equipment and improvements ("Basic Elements"), if any, as and when installed on the Premises: (i) HVAC equipment, (ii) boiler, and pressure vessels, (iii) fire protection systems, (iv) landscaping and irrigation systems, (v) roof covering and drains, and (vi) asphalt and parking lots, (vii) clarifiers and (viii) any other equipment, if reasonably required by Lessor.

(c) **Replacement.** Subject to Lessee's indemnification of Lessor as set forth in Paragraph 8.7 below, and without relieving Lessee of liability resulting from Lessee's failure to exercise and perform good maintenance practices, if the Basic Elements described in Paragraph 7.1(b) cannot be repaired other than at a cost which is in excess of 50% of the cost of replacing such Basic Elements, then such Basic Elements shall be replaced by Lessor, and the cost thereof shall be prorated between the Parties and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease, on the date on which Base Rent is due, an amount equal to the product of multiplying the cost of such replacement by a fraction, the numerator of which is one, and the denominator of which is the number of months of the useful life of such replacement as such useful life is specified pursuant to Federal income tax regulations or guidelines for depreciation thereof (including interest on the unamortized balance as is then commercially reasonable in the judgment of Lessor's accountants), with Lessee reserving the right to prepay its obligation at any time.

7.2 Lessor's Obligations. Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 9 (Damage or Destruction) and 14 (Condemnation), it is intended by the Parties hereto that Lessor have no obligation, in any manner whatsoever, to repair and maintain the Premises, or the equipment therein, all of which obligations are intended to be that of the Lessee. It is the intention of the Parties that the terms of this Lease govern the respective obligations of the Parties as to maintenance and repair of the Premises, and they expressly waive the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

7.3 Utility Installations; Trade Fixtures; Alterations.

(a) **Definitions; Consent Required.** The term "Utility Installations" refers to all floor and window coverings, air lines, power panels, electrical distribution, security and fire protection systems, communication systems, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises. The term "Trade Fixtures" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "Alterations" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "Lessee Owned Alterations and/or Utility Installations" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a). Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing walls, and the cumulative cost thereof during this Lease as extended does not exceed \$50,000 in the aggregate or \$10,000 in any one year.

(b) **Consent.** Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount equal to the greater of one month's Base Rent, or \$10,000, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to one and one-half times the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) **Indemnification.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to one and one-half times the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 Ownership; Removal; Surrender; and Restoration.

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per Paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal.** By delivery to Lessee of written notice from Lessor not later than ninety (90) days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender/Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee, and the removal, replacement, or remediation of any soil, material or groundwater contaminated by Lessee. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. Insurance; Indemnity.

8.1 Payment For Insurance. Lessee shall pay for all insurance required under Paragraph 8 except to the extent of the cost attributable to liability insurance carried by Lessor under Paragraph 8.2(b) in excess of \$2,000,000 per occurrence. Premiums for policy periods commencing prior to or extending beyond the Lease term shall be prorated to correspond to the Lease term. Payment shall be made by Lessee to Lessor within ten (10) days following receipt of an invoice.

8.2 Liability Insurance.

(a) **Carried by Lessee.** Lessee shall obtain and keep in force a Commercial General Liability Policy of insurance protecting Lessee

and Lessor against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy, maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$2,000,000 per occurrence with an "Additional Insured-Managers or Lessors of Premises Endorsement" contain the "Amendment of the Pollution Exclusion Endorsement" for damage caused by heat, smoke or fumes from a hostile fire. Policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. All insurance carried by Lessee shall be primary and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) Carried by Lessor. Lessor shall maintain liability insurance as described in Paragraph 8.2(a). In addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 Property Insurance - Building, Improvements and Rental Value.

(a) Building and Improvements. The Insuring Party shall obtain and keep in force a policy or policies in the name of Lessor, with loss payable to Lessor and to any Lender insuring loss or damage to the Premises. The amount of such insurance shall be equal to the replacement cost of the Premises, as the same shall exist from time to time, or the amount required by any Lenders, but in no event more than the commercially reasonable and available insurable value thereof. If Lessor is the Insuring Party, however, Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee under Paragraph 8.4 rather than by Lessor. If coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurable coverage has a deductible clause, the deductible amount shall not exceed \$1,000 per occurrence, and Lessee shall be liable for such deductible amount in the event of an insured loss.

(b) Rental Value. The Insuring Party shall obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one (1) year. Said insurance shall provide that in the event the Lease is terminated by reason of an insured loss, the period of indemnity for such coverage shall be extended beyond the date of the completion of repairs or replacement of the Premises, to provide for one full year's loss of Rent from the date of any such loss. Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next twelve (12) month period. Lessee shall be liable for any deductible amount in the event of such loss.

(c) Adjacent Premises. If the Premises are part of a larger building, or of a group of buildings owned by Lessor which are adjacent to the Premises, the Lessee shall pay for any increase in the premiums for the property insurance of such building or buildings if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

8.4 Lessee's Property/Business Interruption Insurance.

(a) Property Damage. Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixture and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed \$1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixture and Lessee Owned Alterations and Utility Installations. Lessee shall provide Lessor with written evidence that such insurance is in force.

~~(b) Business Interruption. If reasonably available, and if Lessor requests Lessee to do so in writing, Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.~~

(c) No Representation of Adequate Coverage. Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 Insurance Policies. Insurance required herein shall be by companies duly licensed or admitted to transact business in the state where the Premises are located, and maintaining during the policy term a "General Policyholders Rating" of at least B+, V, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after thirty (30) days prior written notice to Lessor. Lessee shall, at least thirty (30) days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 Waiver of Subrogation. Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 Indemnity. ~~Except for Lessor's sole negligence, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.~~

8.8 Exemption of Lessor from Liability. Lessor shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building of which the Premises are a part, or from other sources or places. Lessor shall not be liable for any damages arising from any act or neglect of any other tenant of Lessor. Notwithstanding Lessor's negligence or breach of this Lease, Lessor shall under no circumstances be liable for injury to Lessee's business or for any loss of income or profit therefrom.

9. Damage or Destruction.

9.1 Definitions.

(a) "Premises Partial Damage" shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in six (6) months or less from the date of the damage or destruction. Lessor shall notify Lessee in writing within thirty (30) days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) "Premises Total Destruction" shall mean damage or destruction to the Premises, other than Lessee Owned Alterations and Utility Installations, which cannot reasonably be repaired in six (6) months or less from the date of the damage or destruction. Lessor shall notify Lessee in writing within thirty (30) days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) "Insured Loss" shall mean damage or destruction to improvements r the Premises, other than Lessee Owned Alterations Utility Installations and Trade Fix s, which was caused by an event required to be covered by the insurance described in Paragraph 8.1 irrespective of any deductible amounts or coverage limits involved.

(d) "Replacement Cost" shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) "Hazardous Substance Condition" shall mean the occurrence or discovery of a condition involving the presence of, or contamination by, a Hazardous Substance as defined in Paragraph 6.2(a), in, on, or under the Premises.

9.2 Partial Damage - Insured Loss. If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessee's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of such damage or destruction the total cost to repair of which is \$10,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the insuring Party shall promptly contribute the shortage in proceeds (except as to the deductible which is Lessee's responsibility) as and when required to complete said repairs. In the event, however, such shortage is due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within ten (10) days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said ten (10) day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within ten (10) days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or have this Lease terminate thirty (30) days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 Partial Damage - Uninsured Loss. If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within thirty (30) days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective sixty (60) days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within ten (10) days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within thirty (30) days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 Total Destruction. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate sixty (60) days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee except as provided in Paragraph 8.6.

9.5 Damage Near End of Term. If at any time during the last six (6) months of this Lease there is damage for which the cost to repair exceeds one (1) month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective sixty (60) days following the date of occurrence of such damage by giving a written termination notice to Lessee within thirty (30) days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is ten days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 Abatement of Rent; Lessee's Remedies.

(a) **Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies.** If Lessor shall be obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within ninety (90) days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than sixty (60) days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within thirty (30) days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within said thirty (30) days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 Termination-Advance Payments. Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

9.8 Waive Statutes. Lessor and Lessee agree that the terms of this Lease shall govern the effect of any damage to or destruction of the Premises with respect to the termination of this Lease and hereby waive the provisions of any present or future statute to the extent inconsistent herewith.

10. Real Property Taxes.

10.1 Definition of "Real Property Taxes." As used herein, the term "Real Property Taxes" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Premises, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Building address and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Premises are located. The term "Real Property Taxes" shall also include any tax, fee, levy, assessment or charge, or any increase therein, imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Premises.

10.2

(a) **Payment of Taxes.** Lessee shall pay the Real Property Taxes applicable to the Premises during the term of this Lease. Subject to Paragraph 10.2(b), all such payments shall be made at least ten (10) days prior to any delinquency date. Lessee shall promptly furnish Lessor with satisfactory evidence that such taxes have been paid. If any such taxes shall cover any period of time prior to or after the expiration or

termination of this Lease, Lessee's share of such taxes shall be prorated to cover only that portion of the tax bill applicable to the period that this Lease is in effect, and Lessor shall reimburse Lessee for any overpayment. If Lessee shall fail to pay any required Real Property Taxes, Lessee shall have the right to pay the same, and Lessee shall reimburse Lessor therefor upon demand.

(b) **Advance Payment.** In the event Lessee incurs a late charge on any Rent payment, Lessor may, at Lessor's option, estimate the current Real Property Taxes, and require that such taxes be paid in advance to Lessor by Lessee, either: (i) in a lump sum amount equal to the installment due, at least twenty (20) days prior to the applicable delinquency date, or (ii) monthly in advance with the payment of the Base Rent. If Lessor elects to require payment monthly in advance, the monthly payment shall be an amount equal to the amount of the estimated installment of taxes divided by the number of months remaining before the month in which said installment becomes delinquent. When the actual amount of the applicable tax bill is known, the amount of such equal monthly advance payments shall be adjusted as required to provide the funds needed to pay the applicable taxes. If the amount collected by Lessor is insufficient to pay such Real Property Taxes when due, Lessee shall pay Lessor, upon demand, such additional sums as are necessary to pay such obligations. All moneys paid to Lessor under this Paragraph may be intermingled with other moneys of Lessor and shall not bear interest. In the event of a Breach by Lessee in the performance of obligations under this Lease, then any balance of funds paid to Lessor under the provisions of this Paragraph may at the option of Lessor, be treated as an additional Security Deposit.

10.3 Joint Assessment. If the Premises are not separately assessed, Lessee's liability shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be conclusively determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available.

10.4 Personal Property Taxes. Lessee shall pay, prior to delinquency, all taxes assessed against and levied upon Lessee Owned Alterations, Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee. When possible, Lessee shall cause such property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said personal property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within ten (10) days after receipt of a written statement.

11. Utilities. Lessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered to Lessee, Lessee shall pay a reasonable proportion to be determined by Lessor, of all charges jointly metered.

12. Assignment and Subletting.

12.1 Lessor's Consent Required.

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "assignment or assignment") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent.

(b) A change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of twenty-five percent (25%) or more of the voting control of Lessee shall constitute a change in control for this purpose.

(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buy-out or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than twenty-five percent (25%) of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. "Net Worth of Lessee" shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(c), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon thirty (30) days written notice, increase the monthly Base Rent to one hundred ten percent (110%) of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to one hundred ten percent (110%) of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to One Hundred Ten Percent (110%) of the scheduled adjusted rent.

(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

12.2 Terms and Conditions Applicable to Assignment and Subletting.

(a) Regardless of Lessor's consent, any assignment or subletting shall not: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefore to Lessor, or any security held by Lessor.

~~(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of \$1,000 or ten percent (10%) of the current monthly Base Rent applicable to the portion of the Premises which is the subject of the proposed assignment or sublease, whichever is greater, as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested.~~

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment or entering into such sublease, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

12.3 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

(c) Any matter requiring the consent of the sublessor under a sublease also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. Default; Breach; Remedies.

13.1 Default; Breach. A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or rules under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any other monetary payment required to be made by Lessee hereunder to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of three (3) business days following written notice to Lessee.

(c) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) a Tenancy Statement, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 42 (easements), or (viii) any other documentation, information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of ten (10) days following written notice to Lessee.

(d) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 40 hereof, other than those described in subparagraphs 13.1(a), (b) or (c), above, where such Default continues for a period of thirty (30) days after written notice; provided, however, that if the nature of Lessee's Default is such that more than thirty (30) days are reasonable required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

(e) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days; provided, however, in the event that any provision of this subparagraph (e) is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(f) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(g) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within sixty (60) days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 Remedies. If Lessee fails to perform any of its affirmative duties or obligations, within ten (10) days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. The costs and expenses of any such performance by Lessor shall be due and payable by Lessee upon receipt of invoice therefor. If any check given to Lessor by Lessee shall not be honored by the bank upon which it is drawn, Lessor, at its option, may require all future payments to be made by Lessee to be by cashier's check. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent (1%). Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover damages under Paragraph 12. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 Inducement Recapture. Any agreement for free or abated rent or other charges, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "Inducement Provisions," shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not

be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of acceptance.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within five (5) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay Lessor a one-time late charge equal to ten percent (10%) of each such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for three consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 Interest. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor within thirty (30) days following the date on which it was due, shall bear interest from the thirty-first (31st) day after it was due. The interest ("Interest") charged shall be equal to the prime rate charged by the largest state chartered bank in the state in which the Premises are located plus 4%, but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 Breach by Lessor.

(a) **Notice of Breach.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than thirty (30) days after receipt by Lessor, and any Lender whose name and address shall have been furnished Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such thirty (30) day period and thereafter diligently pursued to completion.

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within thirty (30) days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent an amount equal to the greater of one month's Base Rent or the Security Deposit, and to pay an excess of such expense under protest, reserving Lessee's right to reimbursement from Lessor. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than ten percent (10%) of any building, or more than twenty-five percent (25%) of the land area not occupied by any building, is taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within ten (10) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not the Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. Brokers' Fee.

~~15.1 Additional Commission. In addition to the payments owed pursuant to Paragraph 1.10 above, and unless Lessor and the Broker otherwise agree in writing, Lessor agrees that (a) if Lessee exercises any Option, (b) if Lessee acquires any rights to the Premises or other premises owned by Lessor and located within the same Project, if any, within which the Premises is located, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the schedule of said Brokers in effect at the time of the execution of this Lease.~~

~~15.2 Assumption of Obligations. Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Each Broker shall be a third party beneficiary of the provisions of Paragraphs 1.10, 15, 22 and 31. If Lessor fails to pay to a Broker any amounts due as and for commissions pertaining to this Lease when due, then such amounts shall accrue interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within ten (10) days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker.~~

15.3 Representations and Indemnities of Broker Relationships. Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. Tenancy Statement/Estoppel Certificate.

16.1 Each Party (as "Responding Party") shall within ten (10) days after written notice from the other Party (the "Requesting Party") execute, acknowledge and deliver to the Requesting Party an estoppel certificate in writing, in form similar to the then most current "Tenancy Statement" form published by the American Industrial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

16.2 If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past three (3) years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. Definition of Lessor. The term "Lessor" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Except as provided in Paragraph 15, upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined. Notwithstanding the above, the original Lessor under this Lease, and all subsequent holders of the Lessor's interest in this Lease shall remain liable and responsible with regard to the potential duties and liabilities of Lessor pertaining to Hazardous Substances as outlined in Paragraph 6 above.

18. Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. **Days.** Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days.
20. **Limitation on Liability.** Except with respect to Lessor's fraud, gross negligence or willful misconduct, the obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, the individual partners of Lessor or its or their individual partners, directors, officers, shareholders, and Lessee shall look to the Premises, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against the individual partners of Lessor, or its or their individual partners, directors, officers, shareholders, or any of their personal assets for such satisfaction.
21. **Time of Essence.** Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.
22. **No Prior or Other Agreements; Broker Disclaimer.** This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represent and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party. The liability (including court costs and Attorneys' fees), of any Broker with respect to negotiation, execution, delivery or performance by either Lessor or Lessee under this Lease or any amendment or modification hereto shall be limited to an amount up to the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.
23. **Notices.**
- 23.1 **Notice Requirements.** All notices required or permitted by this Lease shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.
- 23.2 **Date of Notice.** Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given forty-eight (48) hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed given twenty-four (24) hours after delivery of the same to the Postal Service or courier. Notices transmitted by facsimile transmission or similar means shall be deemed delivered upon telephonic confirmation of receipt, provided a copy is also delivered via delivery or mail. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.
24. **Waivers.** No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent. The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of moneys or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.
25. **Recording.** Either Lessor or Lessee shall, upon request of the other, execute, acknowledge and deliver to the other a short form memorandum of this Lease for recording purposes. The Party requesting recordation shall be responsible for payment of any fees applicable thereto.
26. **No Right To Holdover.** Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to one hundred fifty percent (150%) of the Base Rent applicable during the month immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.
27. **Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.
28. **Covenants and Conditions; Construction of Agreement.** All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the parties, but rather according to its fair meaning as a whole, as if both parties had prepared it.
29. **Binding Effect; Choice of Law.** This Lease shall be binding upon the parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.
30. **Subordination; Attornment; Non-Disturbance.**
- 30.1 **Subordination.** This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "Security Device"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.
- 30.2 **Attornment.** Subject to the non-disturbance provisions of Paragraph 30.3, Lessee agrees to attorn to a Lender or any other party who acquires ownership of the Premises by reason of a foreclosure of a Security Device, and that in the event of such foreclosure, such new owner shall not: (i) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (ii) be subject to any offsets or defenses which Lessee might have against any prior lessor, or (iii) be bound by prepayment of more than one (1) month's rent.
- 30.3 **Non-Disturbance.** With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "Non-Disturbance Agreement") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within sixty (60) days after the execution of this Lease, Lessor shall use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said sixty (60) days, then Lessee may, at Lessee's option, directly contact Lessor's lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.
- 30.4 **Self-Executing.** The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.
31. **Attorneys' Fees.** If any Party or Broker brings an action or proceeding to enforce the terms hereof or declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or

judgment. The term, "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorney fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach.

32. Lessor's Access; Showing Premises; Repairs. Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times for the purpose of showing the same to prospective purchasers, lenders, lessees, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary. All such activities shall be without abatement of rent or liability to Lessee. Lessor may at any time place on the Premises any ordinary "For Sale" signs and Lessor may during the last six (6) months of the term hereof place on the Premises any ordinary "For Lease" signs. Lessee may at any time place on or about the Premises any ordinary "For Sublease" sign.

33. Auctions. Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. Signs. Except for ordinary "For Sublease" signs, Lessee shall not place any sign upon the Premises without Lessor's prior written consent. All signs must comply with all Applicable Requirements.

35. Termination; Merger. Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within ten (10) days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. Consents. Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within ten (10) business days following such request.

37. Guarantor.

37.1 Execution. The Guarantors, if any, shall each execute a guaranty in the form most recently published by the American Industrial Real Estate Association, and each such Guarantor shall have the same obligations as Lessee under this Lease.

37.2 Default. It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) a Tenancy Statement, or (d) written confirmation that the guaranty is still in effect.

38. Quiet Possession. Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. Options.

39.1 Definition. "Option" shall mean: (a) the right to extend the term of or renew this Lease or to extend or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 Options Personal To Original Lessee. Each Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

39.3 Multiple Options. In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 Effect of Default on Options.

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given three (3) or more notices of Default, whether or not the Defaults are cured, during the twelve (12) month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term, (i) Lessee fails to pay Rent for a period of thirty (30) days after such Rent becomes due (without any necessity of Lessor to give notice thereof), (ii) Lessor gives to Lessee three (3) or more notices of separate Default during any twelve (12) month period, whether or not the Defaults are cured, or (iii) if Lessee commits a Breach of this Lease.

40. Multiple Buildings. If the Premises are a part of a group of buildings controlled by Lessor, Lessee agrees that it will observe all reasonable rules and regulations which Lessor may make from time to time for the management, safety, and care of said properties, including the care and cleanliness of the grounds and including the parking, loading and unloading of vehicles, and that Lessee will pay its fair share of common expenses incurred in connection therewith.

41. Security Measures. Lessee hereby acknowledges that the rental payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties.

42. Reservations. Lessor reserves to itself the right, from time to time, to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, and to cause the recordation of parcel maps and restrictions, so long as such easements, rights, dedications, maps and restrictions do not unreasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate any such easement rights, dedication, map or restrictions.

43. Performance Under Protest. If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay.

44. Authority. If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each party shall, within thirty (30) days after request, deliver to the other party satisfactory evidence of such authority.

45. **Conflict.** Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.
46. **Offer.** Preparation of this Lease by either Party or their agent and submission of same to the other Party shall not be deemed an offer of lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.
47. **Amendments.** This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.
48. **Multiple Parties.** If more than one person or entity is named herein as either Lessor or Lessee, such multiple Parties shall have joint and several responsibility to comply with the terms of this Lease.
49. **Mediation and Arbitration of Disputes.** An Addendum requiring the Mediation and/or the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease is is not attached to this Lease.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.

WARNING: IF THE PREMISES IS LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES IS LOCATED.

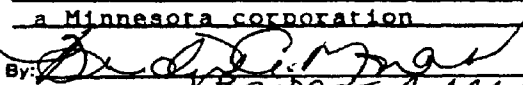
The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

Executed at: _____

on: _____

By LESSOR:

 DIVERSIFIED REAL ESTATE HOLDINGS, INC.
 a Minnesota corporation

By: 
 Name Printed: BRIDGET A. MANAHAN
 Title: VICE PRESIDENT

By: _____

Name Printed: _____

Title: _____

Address: _____

Telephone: () _____

Facsimile: () _____

Federal ID No. _____

Executed at: _____

on: _____

By LESSEE: NEW PPI, INC., a Georgia corporation

By: _____

Name Printed: _____

Title: _____

By: _____

Name Printed: _____

Title: _____

Address: _____

Telephone: () _____

Facsimile: () _____

Federal ID No. _____

NOTE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION, 700 So. Flower Street, Suite 600, Los Angeles, California 90017. (213) 687-8777. Fax No. (213) 687-8616

**ADDENDUM TO
STANDARD INDUSTRIAL/COMMERCIAL
SINGLE-TENANT LEASE -NET
(One North Park Lane, Webster, South Dakota)**

The following provisions of this Addendum supplement, amend and modify that certain Standard Industrial/Commercial Single-Tenant Lease - Net between DIVERSIFIED REAL ESTATE HOLDINGS, INC., a Minnesota corporation ("Landlord") and NEW PPI, INC., a Georgia corporation (jointly and severally, "Tenant"), dated April 28, 1999 (the "Form Lease"), to which this Addendum is attached.

1. **Defined Terms.** Except to the extent inconsistent with this Addendum and except to the extent that the terms of this Addendum specifically address a topic, the terms and conditions of the Form Lease shall apply. Those capitalized terms which are used in this Addendum and are not defined in this Addendum shall have the respective meaning ascribed to them in the Form Lease. The Form Lease, as supplemented, amended and modified by this Addendum, is referred to collectively as the "Lease."

2. **As-Is Condition.** Any provision of the Form Lease to the contrary notwithstanding, Tenant acknowledges and agrees that the Premises is being leased to Tenant in "AS-IS", "WHERE-IS" and "WITH ALL FAULTS" condition and that Landlord has made no express or implied warranties or representations as to the condition of the Premises and/or the suitability of the Premises for Tenant's intended use, except as expressly set forth in this Addendum. Tenant has not relied on any statements or representations by Landlord or Landlord's agents in connection with this transaction and has relied solely on its own investigations of the Premises. Tenant shall be solely responsible for determining the precise boundaries of the Premises, based on the legal description set forth in *Attachment F-1* to the Form Lease. Landlord represents to Tenant that, to the best of Landlord's actual knowledge, without duty to investigate or inquire, that there are no reported spills or releases of Hazardous Substances on the Premises which require remediation pursuant to applicable environmental laws. For the purposes of the previous sentence, the phrase "Landlord's actual knowledge" shall be deemed to mean the actual knowledge of Bridget Manahan.

3. **Base Rent.** Base Rent for any initial calendar month shall be calculated on a per diem basis and paid with the Base Rent for the second full calendar month of the Lease term.

4. **Subject to Master Lease.** Tenant acknowledges and agrees that this Lease is subject and subordinate to that certain Lease Purchase Agreement dated September 29, 1976, by and between the WEBSTER DEVELOPMENT CORPORATION of Webster, South Dakota, as ground lessor, and TRACT HANDCRAFT INDUSTRIES COOPERATIVE, a South Dakota corporation n/k/a DAKOTAH INCORPORATED, Landlord's predecessor in interest, as ground lessee, as filed of record with the Register of Deeds of Day County on October 12, 1976, in Book B-75 of Misc., Pages 496-500 (the "Master Lease"). A copy of the Master Lease is attached to the Form Lease as *Attachment F-2*. Tenant also acknowledges and agrees that this Lease is subordinate to all matters of record. Landlord represents that: (i) Landlord acquired its interest under the Master Lease from Dakotah Incorporated pursuant to a deed in lieu of foreclosure transaction. Landlord represents to Tenant that, to the best of Landlord's actual knowledge, without duty to investigate or inquire, that there are no adverse claims to title for the Premises (other than as disclosed in *Attachment F-4*) through Landlord. For the purposes of the previous sentence, the phrase "Landlord's actual knowledge" shall be deemed to mean the actual knowledge of Bridget Manahan. Subject to Tenant's performance of Tenant's obligations and the limits on Landlord's obligations set forth in this Lease, Landlord represents that it will: (a) promptly cure any monetary defaults under the Master Lease; and (b) keep the Master Lease in good standing during the term of this Lease.

6. **Late Charges.** Notwithstanding the provisions of *Section 13.4* of the Form Lease, the applicable late charge shall be equal to five percent (5%) of the overdue amount.

7. **Hazardous Materials.** Any provision of this Lease to the contrary notwithstanding, Tenant's obligations under *Section 6.2* of the Form Lease with regard to Hazardous Substances shall apply only in connection with, and to the extent of, Hazardous Substances brought onto or released from the Premises by Tenant and/or Tenant's employees, agents or contractors.

8. **Structural Repairs.** Any provision of the Form Lease to the contrary notwithstanding, Tenant shall not be responsible for repairs to the roof or structural elements of the Premises, except to the extent that such repairs are necessitated by the acts or omissions of Tenant or Tenant's employees, agents, representatives or contractors. Landlord shall maintain the structural elements and roof of the Premises during the term of this Lease; provided, however, in no event shall Landlord be required to spend more than an aggregate of Fifty Thousand Dollars (\$50,000) towards such repairs over the term of this Lease. In the event that structural and/or roof repairs are required that exceed this threshold, and the lack of such repairs materially and adversely impairs Tenant's use and enjoyment of the Premises, Tenant shall have the right to either: (i) make such repairs, at Tenant's cost and without any right of offset against Tenant's rental obligations; or (ii) terminate this Lease.

9. **Compliance With Laws.** Any provision of the Form Lease to the contrary notwithstanding, Tenant shall not be obligated (nor shall Landlord) to perform or bear the cost of any work or repair of a capital or structural nature in connection with compliance with any laws applicable to the Premises unless required solely due to Tenant's specific use of the Premises. In the event that the failure to make legally required structural or capital repairs to the Premises cause the Premises to become untenable, Tenant shall have the right to either: (i) make such repairs at Tenant's cost and without any right of offset against Tenant's rental obligations; or (ii) terminate this Lease by written notice to Landlord.

10. **Indemnity.** Any provision of *Section 8.7* of the Form Lease to the contrary notwithstanding, Tenant shall not be required to indemnify the Landlord to the extent of damages arising from Landlord's negligence or willful misconduct.

11. **Option to Extend.** Subject to the provisions of *Section 39* of the Form Lease, Tenant shall have the right to extend the term of this Lease for approximately four (4) months, such that this Lease becomes coterminous with the Master Lease (the "Extension Option"). Tenant must exercise this option to extend, if at all, by providing written notice of such election to extend the term to Landlord on or before March 1, 2001. Upon Tenant's election to extend the term of this Lease, the term will be extended to be coterminous with the Master Lease, and all other terms and conditions of this Lease shall remain in effect.

12. **Option to Purchase the Premises.** Subject to the provisions of *Section 39* of the Form Lease and provided that Tenant has properly exercised its Extension Option as provided above in *Section 10* of this Addendum, Tenant shall have the option to purchase the Premises from Landlord or, at Landlord's option, Landlord may assign to Tenant Landlord's right under the Master Lease to purchase the Premises directly from the Webster Development Corporation (the "Purchase Option"). In the event that Landlord elects to assign its right to purchase the Premises to Tenant, Landlord shall be responsible for obtaining any necessary consents. In order to exercise the Purchase Option, Tenant must provide Landlord with written notice of such election on or prior to June 1, 2001. If Tenant properly exercises its Purchase Option, then Landlord and Tenant shall enter into a written purchase and sale agreement (or assignment and assumption agreement) for the Premises (or Landlord's purchase rights under the Master Lease). Such agreement shall be in a reasonable commercially standard form and shall incorporate the following provisions:

a. **Purchase Price.** The monetary consideration for Landlord's sale of the Premises (or assignment of its purchase rights under the Master Lease) to Tenant shall be One Million Five Hundred Thousand Dollars (\$1,500,000), payable in cash on the Closing Date (as defined below).

b. **Closing.** The "Closing Date" of the purchase and sale (or assignment and assumption) shall be deemed to be the day on which Tenant receives a deed for the fee interest in the Premise, which will be subject to the provisions of the Master Lease.

c. **"AS-IS" Condition.** Tenant acknowledges and agrees that Landlord's sale (or assignment of purchase rights) directly from Landlord to Tenant, or from Landlord to Diversified Business Credit, Inc. to Tenant, if necessary, and Tenant's purchase (or assumption of purchase rights) from Landlord or Diversified Business Credit, Inc., as appropriate, shall be on an "AS-IS", "WHERE-IS" and "WITH ALL FAULTS" condition and that Landlord will not be deemed to have made any express or implied warranties or representations as to the condition of the Premises, the condition of title for the Premises (other than as expressly set forth below in *Section 12.d*) and/or the suitability of the Premises for Tenant's intended use. Tenant will not be entitled to rely on any statements or representations by Landlord or Landlord's agents in connection with Tenant's purchase of the Premises and Tenant must rely solely on its own investigations of the Premises. Tenant acknowledges that pursuant to the requirements of the Master Lease, any assignment of Landlord's rights and obligations under the Master Lease requires the consent of the Webster Development Corporation and the Small Business Administration.

d. **Title.** In the event that Tenant purchases the Premises either from Landlord or directly from the Webster Development Corporation, Landlord shall be responsible for removing or (at Landlord's option) indemnifying against claims related to Special Exception Numbers 9 through 16, as such Special Exceptions are set forth in Schedule B of the Mortgage Policy of Title Insurance (M010695) issued by Dakota Homestead Title Insurance Company, dated February 24, 1999 (the "Title Policy") and from any other liquidated monetary liens against the Premises which arise from underlying claims against Diversified Business Credit, Inc., and/or Diversified Real Estate Holdings Inc. Landlord's right to indemnify against title exceptions as provided in the prior sentence shall be conditioned upon Tenant's title insurer's acceptance of such indemnity and the title insurer's agreement to remove such exception from Schedule B of the owner's policy of title insurance which the Tenant obtains at closing. A copy of the Title Policy is attached as *Attachment F-3* to the Form Lease. Landlord shall also be responsible for removing liquidated monetary encumbrances against the Premises (other than the encumbrances specifically referenced in the first sentence of this Section 12(d)) that are not related to Tenant, its affiliates or Tenant's activities in, on and around the Premises, subject to the following conditions: (i) such lien became of record after February 24, 1999; and (ii) Landlord shall in no event be required to spend more than Five Hundred Thousand Dollars (\$500,000), in the aggregate, to remove all liens

and encumbrances against the Premises for which Landlord is responsible pursuant to this *Section 12(d)*. This Five Hundred Thousand Dollar (\$500,000) limit is referred to as "Landlord's Required Contribution." In the event that the aggregate cost to Landlord remove of all the liens and encumbrances for which Landlord is responsible pursuant to this *Section 12(d)* exceeds the Landlord's Required Contribution, Tenant shall have the option to: (a) terminate the purchase of the Premises, or (b) close and take title to the Premises subject to the liens and encumbrances for which Landlord would otherwise be required to remove (or indemnify against) pursuant to this *Section 12(d)*. In the event that Tenant makes the election to proceed with the closing of the purchase of the Premises transaction, as provided in the previous sentence, Tenant shall have the right to reasonably designate how to apply Landlord's Required Contribution, which contribution shall be made by Landlord at closing. Landlord's Required Contribution may be taken by Tenant in the form a reduction in the purchase price for the Premises, the establishment of an escrow account to resolve outstanding liquidated monetary encumbrances for which Landlord is responsible and/or direct payment of such encumbrances; provided, however, in no event shall Landlord be required to contribute, in the aggregate, more than the Landlord's Required Contribution.. Notwithstanding Tenant's preference pertaining to the allocation of Landlord's Required Contribution, in the event that Landlord wishes to contest any of the encumbrances for which it is responsible pursuant to this *Section 12(d)*, Landlord shall have a right to provide all, or a portion of , the Landlord's Required Contribution to Tenant in the form of a bond or indemnity against such encumbrance(s) and/or Landlord may establish an escrow fund to pay for such encumbrance in the event that Landlord is unsuccessful in challenging such encumbrance. In the event that any such escrow fund is established, Landlord shall be entitled to the prompt return of any surplus remaining in such escrow fund after resolution of the applicable encumbrance(s). Other than as expressly required in this *Section 12(d)*, Landlord shall not be required to remove or indemnify Tenant against any other exceptions to title for the Premises. Tenant's obligation to close the purchase transaction shall be conditioned upon Tenant being able to obtain an owner's policy of title insurance, reasonably acceptable to Tenant, insuring Tenant good and marketable title to the Premises.

e. Prorations & Costs. Taxes, assessments, insurance, maintenance contracts and other costs related to the Premises will be prorated between Landlord and Tenant as of the Closing Date. Tenant shall be responsible for all title and title insurance fees and premiums related to the transaction. All other costs and fees shall be allocated between Landlord and Tenant in accordance with the custom of Day County.

13. Use of the Premises. In the event that during the term of this Lease the use of the Premises prior to the date of this Lease is no longer permitted due to the enforcement by the applicable jurisdiction of applicable zoning and planning codes and ordinances and such enforcement materially and adversely impairs the Tenant's use and enjoyment of the Premises for uses permitted under this Lease and substantially similar to the use of the Premises immediately prior to the date of this Lease, Tenant shall have the right to terminate this Lease upon written notice to Landlord.

14. Repair of Basic Elements. During the initial ninety (90) days of the Lease term, Tenant shall only be required to incur a maximum of One Thousand Dollars (\$1,000.00) to repair or replace any of the Building Elements, excluding the cost of normals preventative maintenance and repairs and maintenance which are necessitated through the negligence or willful misconduct of Tenant. Landlord shall be responsible for the repair and maintenance costs of Building Elements in excess of such threshold during such ninety (90) day period. Notwithstanding the provisions of *Section 7.1(c)* of the Form Lease, in no event shall Tenant's obligation in any month to pay for repair and maintenance to Building Elements pursuant to *Section 7.1(c)* exceed twenty five percent (25%) of the Base Rent due for that month. In no event shall Landlord be required to pay more than Fifty Thousand Dollars (\$50,000.00) for the repair and maintenance of Building Elements. Such threshold shall be cumulative, over the entire term of the Lease. In the event that repairs or maintenance to the Building Elements are required that exceed Landlord's threshold for payment, and the lack of such repairs or maintenance materially and adversely impairs Tenant's use and enjoyment of the Premises, Tenant shall have the right to either: (i) make such repairs or maintenance to the Building Elements, at Tenant's cost and without right of offset against Tenant's rental obligations; or (ii) terminate this Lease.

15. Memorandum of Lease. Tenant, at Tenant's sole cost and expense, shall have the right to record a reasonable memorandum of this Lease in the Official Records of Day County. Landlord shall reasonably cooperate with Tenant in the preparation and execution of such memorandum.


16. Guaranties. Tenant's obligations under the Lease shall be guarantied by PILLOW PERFECT INCORPORATED and by CREATIVE BATH PRODUCTS, INC. pursuant to written guaranties of even date with this Lease.

17. Counterparts. The Form Lease and this Addendum may each be executed in counterpart copies, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

THIS ADDENDUM is executed and effective as of the date first set forth above.

LANDLORD:

DIVERSIFIED REAL ESTATE HOLDINGS, INC.,
a Minnesota corporation

By: 
Name: BRIDGET A. MANAHAN
Its: Vice President

TENANT:

NEW PPI, INC., a Georgia corporation

By: _____
Name: _____
Its: _____

20026.4

ATTACHMENT F-1
Legal Description of the Premises

The Premises consists of that certain real property and improvements thereon, located in the County of Day, State of South Dakota, more particularly described as Outlot 2 of Houghton's Outlots:

Lots Five (5) and Six (6) of Webster Development Corporation Outlots One through Six (1-6) in the North Half of the South Half of the Southwest Quarter ($N\frac{1}{2}S\frac{1}{2}SW\frac{1}{4}$) of Section Twenty-six (26), Township One Hundred Twenty-two North (122N), Range Fifty-six (56), West of the Fifth Principal Meridian, Day County, South Dakota, less the South Fourteen (14) feet thereof, consisting of approximately ten (10) acres of land, according to plat of record filed the 10th day of July, 1974, at 11:30 o'clock a.m. and recorded in Book of Plats No. 6, in page 17.

ATTACHMENT F-2
Copy of Master Lease

LEASE PURCHASE AGREEMENT
BETWEEN
WEBSTER DEVELOPMENT CORPORATION
AND
TRACT HANDCRAFT INDUSTRIES

THIS LEASE PURCHASE AGREEMENT, made this 29th day of September, 1976, by and between the Webster Development Corporation of Webster, South Dakota, a South Dakota Corporation, Party of the First Part, hereinafter referred to as the Lessor, and Tract Handcraft Industries Cooperative, a South Dakota Cooperative, of Webster, South Dakota, Party of the Second part, hereinafter referred to as Lessee.

The Lessor, for and in consideration of the rents and agreements hereinafter mentioned, does hereby lease unto the Lessee, and the Lessee hereby rents from the Lessor, the following described premises, to-wit:

Lots Five (5) and Six (6) of Webster Development Corporation Outlots One through Six (1-6) in the North Half of the South Half of the Southwest Quarter (N4S4SW4) of Section Twenty-six (26), Township One Hundred Twenty-two North (122N), Range Fifty-six (56), West of the Fifth Principal Meridian, Day County, South Dakota, consisting of approximately ten (10) acres of land, according to plat of record filed the 10th day of July, 1974, at 11:30 o'clock a.m. and recorded in Book of Plats No. 6, in page 17.

Lessee agrees to rent, have and to hold, the said premises just as they are, without any liability or obligation on the part of said Lessor of making any alterations, improvements or repairs of any kind on or about said premises for the term of twenty-five (25) years, commencing the 29th day of September, 1976.

The Lessee agrees to pay, as rent for the above mentioned premises, for and during the terms of this lease, the sum of One Thousand Eight Hundred Seventy-four and 70/100 Dollars, (\$1,874.70), per month for Three Hundred (300) months, commencing November 29, 1976, and ending 25 years from the date of this Agreement, September 29, 1976. The above payments shall be made the 29th day of each consecutive month hereafter, for the terms of this lease.

The Lessor hereby grants to the Lessee a first option to purchase the aforementioned described property as referred to in Paragraph 2, at the completion of this lease, for a sum of One Dollar and other good and valuable consideration. It is agreed between the Lessor and Lessee that this option will not be granted unless all of the terms and conditions of this lease have been fulfilled. Should Lessee exercise this option, then Lessor agrees to furnish said Lessee with an abstract, and good, clear merchantable title, together with a Warranty Deed.

The Lessee agrees to pay all taxes levied and assessed against said leased premises and to buy and pay for such fire, windstorm and extended coverage insurance covering said premises as shall be satisfactory to Lessor and Webster Development Corporation; each of which insurance policies shall name Lessor and Lessee as insured and said SBA as mortgagee; and Lessee further agrees to make monthly payments into a non-interest bearing escrow account with said Webster Development Corporation, each in an amount deemed sufficient by said Webster Development Corporation to pay 1/12th of all of said annual taxes and insurance premiums.

It is agreed between the Lessor and Lessee that this lease shall not be assigned by the Lessee unless said assignment is approved first by the Webster Development Corporation, and Small Business Administration.

In the event that the Lessee shall fail to pay the above mentioned rentals, or fail to observe the terms and conditions above set forth, the Lessor may cancel this lease, remove the Lessee from possession, and take possession of the buildings, after written notice of thirty (30) days.

The Lessees agree to take out an insurance liability policy on the above described property, covering and giving reasonable protection to both the Lessor and the Lessee. Lessee is to provide insurance coverage against the hazards of fire, lightning, extended coverage and vandalism and malicious mischief, with evidence of payment of premium thereof.

Page Two

Lessee agrees to keep and maintain the said premises during the aforementioned term, in as good order and condition and state of repair, reasonable use and wearing thereof and inevitable accidents excepted, as the same now are or may be put into by said Lessor or by said Lessee.

That the said Lessee will put and keep said premises continually in a neat, clean and respectable condition, including the water closets, and will keep the premises cleared of ice and snow, or other obstructions or objectionable things; also all ashes, garbage and refuse of any kind to be removed at said Lessee's expense, said Lessee also agrees to replace all glass now or hereafter broken on said premises during said term, and pay for all the city water, sewer disposal charge or rental, or any other service used thereon during the same time.

The said Lessee agrees to put and keep all plumbing, toilets, sinks, pipes, drains, water meters, steam pipes and radiators in and for said premises in good order and repair, at said Lessee's own cost and expense during said term. The said Lessee also agrees, at said Lessee's own expense and cost during the term of this lease, to put and keep said premises in good and substantial repair. The said Lessee also agrees, at said Lessee's own cost and expense, to put and keep said premises in such condition that they will comply with all Federal, State and Municipal Laws, charters, ordinances and regulations, and furnish, at said Lessee's own expense, risk and cost, additional plumbing, fire escapes, fire protection or other improvements required by State, Municipal or other lawful authorities.

The said Lessee covenants and agrees, at said Lessee's own risk, cost and expense, to keep all plate glass, if any, on said premises insured against loss or injuries at all times during said term, with a first-class insurance company satisfactory to said Lessor and will deliver the policy of such insurance to said Lessor, or Lessor's agent, and exhibit receipts for the premiums thereon upon demand within a reasonable time thereafter.

The Lessee agrees that the said Lessor shall not be holden or liable for any loss or damage which may be sustained by the said Lessee, or others, by the reason of the freezing, bursting, overflowing or defect of any water, sewer, gas or steam

-Page Three-

pipes, closets or sinks, in or about said premises or from premises overhead, nor for any loss or damage which directly, or indirectly, may be sustained by water, sewer or gas, nor for loss or damage caused by water, ice or snow from roof, trap doors or otherwise, nor for loss or damage by the reason of the present or future condition of repair of said premises or for loss or damage arising from acts or omissions of said Lessee.

The said Lessee agrees to permit said Lessor, or Lessor's agent, contractors or employees, to enter said premises at all reasonable times, to view them, or show them to parties wishing to purchase, lease or to make repairs, alterations or improvements to building or parts, a part of which is herein leased, and insert such tools, appliances and pipes as they may deem necessary for the purpose of making said repairs, alterations and improvements, said Lessee hereby waiving any and all claims and demands for loss or damage or diminution of rent on account thereof, or on account of any obstruction to sidewalk, entrance or windows, also permit "for rent" signs to be put and remain on with leased premises thirty (30) days before the expiration of within term, without hindrance of molestation.

That in case the buildings on said demised premises shall, without any fault or neglect on the part of said Lessee, or of said Lessee's servants or employees, be destroyed or be so injured by the elements, or any cause, as to be untenable and unfit for occupancy, then the liability of said Lessee for the rents of said premises thereafter, and all right to possession thereof, shall at once cease.

IN TESTIMONY WHEREOF, the said parties have signed, sealed and executed this instrument in duplicate the day and year first above written.

WEBSTER DEVELOPMENT CORPORATION

By Sam J. Thomas President
And James R. Tucker Secretary
PARTY OF THE FIRST PART

TRACT HANDCRAFT INDUSTRIES COOPERATIVE

By Hyacinth Kauter President
And James J. Sumner Secretary
PARTY OF THE SECOND PART

On this the 29th day of September, 1976,
 before me, Neil R. Smith, the undersigned officer,
 personally appeared Gladys Knutson and Una Truesdell,
 who acknowledged themselves to be the President and Secretary of
 the Webster Development Corporation, a corporation, and that
 they as such President and Secretary being authorized to do so,
 executed the foregoing instrument for the purposes therein
 contained, by signing the name of the corporation by themselves
 as President and Secretary.

In witness whereof I hereunto set my hand and official seal.

Neil R. Smith
 Notary

NEIL R. SMITH, Notary Public,
 Day County, South Dakota
 My Commission expires Aug. 23, 1978

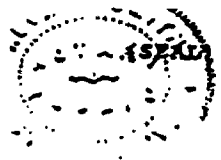


On this the 29th day of September, 1976,
 before me, Neil R. Smith, the undersigned officer,
 personally appeared Don D. Thomas and Merwin A. Takus,
 who acknowledged themselves to be the President and Secretary of
 Tract Handcraft Industries Cooperative, a corporation, and that
 they as such President and Secretary being authorized to do so,
 executed the foregoing instrument for the purposes therein
 contained, by signing the name of the corporation by themselves
 as President and Secretary.

In witness whereof I hereunto set my hand and official seal.

Neil R. Smith
 Notary

NEIL R. SMITH, Notary Public,
 Day County, South Dakota
 My Commission expires Aug. 23, 1978



Dakota Homestead Title Insurance Company

MORTGAGEE POLICY OF TITLE INSURANCE M 010695

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, DAKOTA HOMESTEAD TITLE INSURANCE CORPORATION, a South Dakota corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land;
5. The invalidity or unenforceability of the lien of the insured mortgage upon the title;
6. The priority of any lien or encumbrance over the lien of the insured mortgage;
7. Lack of priority of the lien of the insured mortgage over any statutory lien for services, labor or material:
 - (a) arising from an improvement or work related to the land which is contracted for or commenced prior to Date of Policy; or
 - (b) arising from an improvement or work related to the land which is contracted for or commenced subsequent to Date of Policy and which is financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance;
8. The invalidity or unenforceability of any assignment of the insured mortgage, provided the assignment is shown in Schedule A, or the failure of the assignment shown in Schedule A to vest title to the insured mortgage in the named insured assignee free and clear of all liens.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title or the lien of the insured mortgage, as insured, but only to the extent provided in the Conditions and Stipulations.

IN WITNESS WHEREOF, DAKOTA HOMESTEAD TITLE INSURANCE CORPORATION has caused its corporate name and seal to be hereunto affixed by its duly authorized officers, the Policy to become valid when countersigned by an authorized officer or agent of the Company.

Issued by:
GRUE ABSTRACT COMPANY
703 Main St., PO Box 559
Webster, SD 57274-0559
(605) 345-3891



Dakota Homestead
Title Insurance Company

By: [Signature]
PRESIDENT

By: [Signature]
SECRETARY

[Signature]
Authorized Signature

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1.
 - (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
 - (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or materials); or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (a) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (b) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (c) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure: (i) to timely record the instrument of transfer; or (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

CONDITIONS AND STIPULATIONS

1. Definition of Terms

The following terms when used in this policy mean:

- (a) "insured": the insured name in Schedule A. The term "insured" also includes:
- (i) the owner of the indebtedness secured by the insured mortgage and each successor in ownership of the indebtedness except a purchaser who is an obligor under the provisions of Section 12(c) of these Conditions and Stipulations (reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor insured, unless the successor acquired the indebtedness as a purchaser for value without knowledge of the asserted defect, lien, encumbrance, adverse claim or other matter insured against by this policy as affecting title to the estate or interest in the land);
 - (ii) any governmental agency or governmental instrumentality which is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage, or any part thereof, whether named as an insured herein or not;
 - (iii) the parties designated in Section 2(a) of these Conditions and Stipulations.
- (b) "insured claimant": an insured claiming loss or damage.
- (c) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.
- (d) "land": the land described or referred to in Schedule A, and improvements attached thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.
- (e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.
- (f) "public records": records established under state statutes as of Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge. With respect to Section 1(a)(iv) of the Exclusions From Coverage, "public records" shall also include environmental protection liens filed in the records of the clerk of the United States district court for the district in which the land is located.
- (g) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A or the insured mortgage to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. Continuation of Insurance

(a) After Acquisition of Title

The coverage of this policy shall continue in force as of Date of Policy in favor of (i) an insured who acquires all or any part of the estate or interest in the land by foreclosure, trustee's sale, conveyance in lieu of foreclosure, or other legal manner which discharges the lien of the insured mortgage; (ii) a transferee of the estate or interest as acquired from an insured corporation, provided the transferee is the parent or wholly-owned subsidiary of the insured corporation, and their corporate successors by operation of law and not by purchase, subject to any rights or defenses the Company may have against any predecessor insurer; and (iii) any governmental agency or governmental instrumentality which acquires all or any part of the estate or interest pursuant to a contract of insurance or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage.

(b) After Conveyance of Title

The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from the insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to the insured.

(c) Amount of Insurance

The amount of insurance after the acquisition or after the conveyance shall in neither event exceed the least of:

- (i) the amount of insurance stated in Schedule A;
- (ii) the amount of the principal of the indebtedness secured by the insured mortgage as of Date of Policy, interest thereon, expenses of foreclosure, amounts advanced pursuant to the insured mortgage to secure compliance with laws or to protect the lien of the insured mortgage prior to the time of acquisition of the estate or interest in the land and secured thereby and reasonable amounts expended to prevent deterioration of improvements, but reduced by the amount of all payments made; or
- (iii) the amount paid by any governmental agency or governmental instrumentality, if the agency or instrumentality is the insured claimant, in the acquisition of the estate or interest in satisfaction of its insurance contract or guaranty.

3. Notice of Claim to be Given by Insured Claimant

The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) below, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, or the lien of the insured mortgage, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest, or the lien of the insured mortgage, as insured, is refused as unmarketable. If prompt notice shall not be given to the Company, then as to the insured all liability of the Company shall terminate with respect to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. Defense and Prosecution of Actions; Duty of Insured Claimant to Cooperate

(a) Upon written request by the insured and subject to the actions contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest, or the lien of the insured mortgage, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby assume liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of the insured for this purpose. Whenever requested by the Company, the insured, at the Company's expense, shall give the Company of reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, procuring or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest, or the lien of the insured mortgage, as insured. If the Company is prejudiced by the failure of the insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability of obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

5. Proof of Loss or Damage

In addition to and after the notice required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the insured claimant to provide the required proof of loss or damage, the Company's obligations to the insured under the policy shall terminate, including any liability of obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

6. Options to Pay or Otherwise Settle Claims; Termination of Liability

In case of a claim under this policy, the Company shall have the following additional options:

- (i) To Pay or Tender Payment of the Amount of Insurance or to Purchase the Indebtedness
 - (ii) To pay or tender payment of the amount of insurance under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay, or
 - (iii) to purchase the indebtedness secured by the insured mortgage for the amount owing thereon together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of purchase and which the Company is obligated to pay.
- If the Company offers to purchase the indebtedness as herein provided, the owner of the indebtedness shall transfer, assign, and convey the indebtedness and the insured mortgage, together with any collateral security, to the Company upon payment thereof.

Upon the exercise by the Company of the options provided for in paragraphs (a)(i) or (ii), all liability and obligations to the insured under this policy, other than to make the payment required in these paragraphs, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

(b) To pay or otherwise settle with Parties Other Than the Insured or With the Insured Claimant

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorney's fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorney's fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (b)(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

7. Determination and Extent of Liability

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of:

(i) the amount of insurance stated in Schedule A; or, if applicable, the amount of insurance stated in Section 2(c) of these Conditions and Stipulations;

(ii) the amount of the unpaid principal indebtedness secured by the insured mortgage as limited or provided under Section 3 of these Conditions and Stipulations or as reduced under Section 9 of these Conditions and Stipulations, at the time the loss or damage insured against by this policy occurs, together with interest thereon; or

(iii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the insured has acquired the estate or interest in the manner described in Section 2(a) of these Conditions and Stipulations or has conveyed the life, then the liability of the Company shall continue as set forth in Section 7(a) of these Conditions and Stipulations.

(c) The Company will pay only these costs, attorney's fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. Limitation of Liability

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of the, or otherwise establishes the lien of the insured mortgage, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title or to the lien of the insured mortgage, as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

(d) The Company shall not be liable for: (i) any indebtedness created subsequent to Date of Policy except for advances made to the lien of the insured mortgage and secured thereby and reasonable amounts expended to prevent deterioration or improvement; or (ii) construction loan advances made subsequent to Date of Policy, except construction loan advances made subsequent to Date of Policy for the purpose of financing in whole or in part the construction of an improvement to the land which at Date of Policy were secured by the insured mortgage and which the insured was and continued to be obligated to service at and after Date of Policy.

9. Reduction of Insurance; Reduction or Termination of Liability

(a) All payments under this policy, except payments made for costs, attorney's fees and expenses, shall reduce the amount of the insurance provided. However, any payments made prior to the acquisition of title to the estate or interest as provided in Section 2(a) of these Conditions and Stipulations shall not reduce pro tanto the amount of the insurance afforded under this policy except to the extent that the payments reduce the amount of the indebtedness secured by the insured mortgage.

(b) Payment in part by any person of the principal of the indebtedness, or any other obligation secured by the insured mortgage, or any voluntary partial satisfaction or release of the insured mortgage, to the extent of the payment satisfaction or release, shall reduce the amount of insurance pro tanto. The amount of insurance may thereafter be increased by securing interest and advances made to protect the lien of the insured mortgage and secured thereby, with interest thereon, provided in no event shall the amount of insurance be greater than the Amount of Insurance stated in Schedule A.

(c) Payment in full by any person of the voluntary satisfaction or release of the insured mortgage shall terminate all liability of the Company except as provided in Section 2(a) of these Conditions and Stipulations.

10. Liability Noncumulative

If the insured acquires title to the estate or interest in satisfaction of the indebtedness secured by the insured mortgage, or any part thereof, it is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter assumed by an insured and which is a charge or lien on

the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy.

11. Payment of Loss

(a) No payment shall be made without producing the policy (or endorsement of the payment) unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

12. Subrogation Upon Payment or Settlement

(a) The Company's Right of Subrogation

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect the right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to all rights and remedies of the insured claimant after the insured claimant shall have recovered its principle interest & costs of collection.

(b) The Insured's Rights and Limitations

Notwithstanding the foregoing, the owner of the indebtedness secured by the insured mortgage, provided the priority of the lien of the insured mortgage or its enforceability is not affected, may release or substitute the personal liability of any debtor or guarantor, or extend or otherwise modify the terms of payment, or release a portion of the estate or interest from the lien of the insured mortgage, or release any collateral security for the indebtedness.

When the permitted acts of the insured claimant occur and the insured has knowledge of any claim of title or interest adverse to the title to the estate or interest or the priority or enforceability of the lien of the insured mortgage, as insured, the Company shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(c) The Company's Rights Against Non-Insured Obligors

The Company's right of subrogation against non-insured obligors shall extend and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

The Company's right of subrogation shall not be avoided by acquisition of the insured mortgage by the obligor (except an obligor described in Section 1 (b)(i) of these Conditions and Stipulations) who acquires the insured mortgage as a result of an indemnity, guaranty, other policy of insurance, or bond and the obligor will not be an insured under this policy, notwithstanding Section 1 (a)(ii) of these Conditions and Stipulations.

13. Arbitration

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is \$1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of Insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorney's fees only if the laws of the state in which the land is located permit a court to award attorney's fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the state of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

14. Liability Limited to this Policy; Policy Entire Contract

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the lien of the insured mortgage or of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

(c) No amendment of or endorsement to the policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or a validating officer or authorized signatory of the Company.

15. Severability

In the event any provision of the policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

16. Notices, Where Sent

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the company at: 315 South Phelps Avenue, Sioux Falls, SD 57104.

Agent	Simultaneous Issue	Endorsements	Reissue Amount	Property Type 40	Special Charge
-------	--------------------	--------------	----------------	---------------------	----------------

MORTGAGEE POLICY
SCHEDULE A
Policy No. M 010695

Office File No.	Date of Policy	Amount of Insurance	Premium Amount
8664	February 24, 1999, at 1:40 P.M.	\$700,000.00	

1. Name of Insured:

Diversified Business Credit, Inc. of Minneapolis, Minnesota.

2. The estate or interest in the land which is encumbered by the insured mortgage is:

Leasehold Estate.

3. Title to the estate or interest in the land is vested in:

Dakotah Incorporated (F/K/A Tract Handcraft Industries Cooperative),
subject to an Assignment to Small Business Administration.

4. The insured mortgage and assignment thereof, if any, are described as follows:

A mortgage with power of sale to secure an indebtedness in the amount shown below, and any other obligations secured thereby.

Amount: not to exceed \$12,000,000.00

Dated: February 22, 1999.

Mortgagors: Dakotah, Incorporated also known as Tract Handicraft Industries Cooperative.

Mortgagee: Diversified Business Credit, Inc. of Minneapolis, Minnesota.

Recorded: February 24, 1999, in Book 204 of Mortgages, pages 478-484.
Records of Day County, S.D.

5. The land referred to in this policy is described as follows:

Lots 5 and 6 of Webster Development Corporation Outlots 1-6 in the N/2S/2SW1/4 of Section 26, Township 122 North, Range 56, West of the 5th P.M., Day County, South Dakota, less the South 14 feet thereof.

This Policy valid only if Schedule B is attached.

Schedule A
ALTA Mortgagee Policy
Revised 10/17/92

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

PART I

GENERAL EXCEPTIONS

1. Encroachments, overlaps, boundary line disputes, and any other matters which would be disclosed by an accurate survey and inspection of the premises including, but not limited to, insufficient or impaired access and matters contradictory to any survey plat shown by the public records

SPECIAL EXCEPTIONS:

2. Real Estate Taxes for the year 1998 payable in 1999 in the amount of \$1,330.90, are due in full.
Real Estate Taxes for the year 1998 payable in 1999 in the amount of \$12,912.00, are due in full. (Buildings)
3. City certificate attached hereto.
Special assessments affecting said real estate: \$411.00, due not delinquent.
4. An Easement for the purposes shown below and rights incidental thereto as set forth in a document.
Granted to: Northwestern Public Service Company
Purpose: Public Utility
Recorded: June 9, 1967 in Book B-60 of Misc., on page 91
Records of Day County, S.D.
5. An Easement for the purposes shown below and rights incidental thereto as set forth in a document.
Granted to: East River Electric Power Co-Operative, Inc.
Purpose: Public Utility
Recorded: September 3, 1969 in Book B-63 of Misc., on page 121,
Records of Day County, S.D.
6. The equitable interest created by that certain Lease Purchase Agreement.
Dated: September 29, 1976
By and Between: Webster Development Corporation of Webster, S.D., as Lessor and Tract Handcraft Industries Cooperative, a S.D. Corp, as Lessee.
Recorded: October 12, 1976 in Book B-75 of Misc, on pages 496-500,
Records of Day County, S.D.
Assignment of Lease and Agreement to Small Business Administration, as Agency of the United States Government, recorded October 12, 1976 in Book B-75 of Misc., on pages 501-503, Records of Day County, S.D.
7. An Easement for the purposes shown below and rights incidental thereto as set forth in a document.
Granted to: WEB Water Development Association, Inc.
Purpose: Rural Water System
Recorded: May 10, 1988 in Book B-97 of Misc., on page 87,
Records of Day County, S.D.

Schedule B consists of 3 pages.

8. An Easement for the purposes shown below and rights incidental thereto as set forth in a document.
Granted to: WEB Water Development Association, Inc.
Purpose: Rural Water System
Recorded: April 25, 1988 in Book B-96 of Misc., on page 689
Records of Day County, S.D.
9. A mortgage given to secure an indebtedness in the amount shown below, and any other obligations secured thereby.
Amount: \$235,000.00
Dated: September 29, 1976
Mortgagors: Webster Development corporation, Webster, S.D.
Mortgagee: Administrator of the Small Business Administration, an agency of the Government of the United States of America
Recorded: September 30, 1976 in Book 164 of Mortgages, on pages 178-181,
Records of Day County, S.D.
10. A financing statement filed in the office of the County Register of Deeds, showing: Debtor: Dakotah, Incorporated
Secured party: Norwest Business Credit, Inc.
Recorded: November 14, 1989 in Book 183 of Mortgages, on pages 588-590,
Records of Day County, S.D.
11. A financing statement filed in the office of the County Register of deeds, showing: Debtor: Dakotah, Incorporated
Secured Party: First Bank of South Dakota (N.A.)
Recorded: November 20, 1989 in Book 183 of Mortgages, on pages 621-622
12. A financing statement filed in the office of the County Register of Deeds, showing
Debtor: Dakotah, Incorporated
Secured Party: Diversified Business Credit, Inc.
Recorded: July 21, 1997 in Book 199 of Mortgages, on page 726-731
13. A Judgment for the amount stated below and any other amounts due.
Debtor: Dakotah, Inc.
Creditor: AMC, Inc. C/O Wiles & Wiles, Atty
Date Entered: October 29, 1998
Court: --
Case No. Civ 98-135
Amount: \$8,776.12
Docketed: December 9, 1998
14. A Judgment for the amount stated below and any other amounts due.
Debtor: Dakotah, Inc.
Creditor: AMC, Inc. C/O Wiles & Wiles, Atty.
Date Entered: November 4, 1998
Court: --
Case No. Civ 98-136
Amount: \$14,310.02
Docketed: December 9, 1998

Schedule B consists of 3 pages.

15. A Judgment for the amount stated below and any other amounts due.

Debtor: Dakotah, Inc.

Creditor: AMC, Inc. C/O Wiles & Wiles, Atty.

Date Entered: --

Court: --

Case No. CIV 98-137

Amount: \$341.74

Docketed: December 9, 1998

16. A Judgment for the amount stated below and any other amounts due.

Debtor: Dakotah, Inc., Employer AND CNA - The Travelers Insurance Companies

Creditor: Lillian Herr

Date Entered: December 11, 1998

Court: Circuit - Judge Dobberpuhl

Case No. 98-138

Amount: \$43,718.62

Docketed: December 14, 1998

NOTE: In consideration of the issuance of this policy at the request of the insured for an amount less than the principal obligation secured by the mortgage referred to in Schedule A, the insured accepts this policy upon the condition that the amount of said policy shall be reduced upon any payment made on said indebtedness by the same proportion that the amount of the policy bears to the amount of the principal obligation actually secured by said mortgage at the date of the recording thereof and stated in said mortgage to be not to exceed \$12,000,000.00

End of Schedule B.



 Authorized Signatory

STANDARD COVERAGE

ALTA Loan Policy (Rev 1/89)

ENDORSEMENT

Issued by



FILE NO. 8664

Attached to Policy No. M 010695

Pursuant to South Dakota law, paragraph 13 is hereby deleted from this policy.

This endorsement is made a part of the commitment or policy. It is subject to all the terms of the commitment or policy and prior endorsements. Except as expressly stated on this endorsement, the terms, dates and amount of the commitment or policy and prior endorsements are not changed.

Dakota Homestead
Title Insurance Company

By *L. Elizabeth Anderson*
Authorized Signature

Dated 2/24/1999

CERTIFICATE OF ASSESSMENTS

The undersigned, as the duly qualified auditor or clerk of the municipality of WEBSTER does hereby certify that as of this date there are no unpaid special assessments affecting property described as:
(description of the property)

Outlots 5 and 6 except South 14 ft. of Webster Development Corporation Outlots 1 through 6 in the North 1/2 South 1/2 SW of Section 26 Township 122 N Range 56 W.

except the following: (If none, so indicate)

411.00 Due not delinquent
WA, SW, DM charges

Dated this 12 day of March, 1999.

Jonda Hulberg Clerk
Finance Officer or Clerk

(SEAL)

Name of Realtor Webster Development Corp/
Seller Dakotah, Inc.
Buyer _____
St. Address _____
