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Katz Randall & Wenzel
200 N. La Salle St
Chgo, Ill

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LMG 783080/4532T

SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT

THIS AGREEMENT, made and entered into as of the 1st day of August, 1987, by and between SIGNAL CAPITAL CORPORATION (hereinafter referred to as "Lender"); ULRICH E. MEYER, as Trustee of the Ulrich E. Meyer Revocable Trust under Trust Agreement dated May 25, 1978 and CHARLES D. STEIN, as Trustee of the Charles D. Stein Revocable Trust under Trust Agreement dated January 10, 1979 (hereinafter collectively referred to as "Lessor"); and CARPETLAND USA, INC., an Indiana corporation (hereinafter referred to as "Lessee").

WITNESSETH:

WHEREAS, by Lease by and between Lessor and Lessee, dated December 30, 1986, as amended by Amendment to Lease dated May 1, 1987 (hereinafter referred to collectively as the "Lease"), Lessee has leased certain space within a building located upon land situated in the City of Munster, State of Indiana, more particularly described in Exhibit "A" attached hereto and hereby made a part hereof (said land and building being herein referred to as the "Premises"), which Premises, and the Lessor's interest under which Lease, are now owned by Lessor; and

WHEREAS, Lender is the holder of a note to be secured, by Mortgage encumbering the Premises (hereinafter referred to as the "Mortgage"); and

WHEREAS, the Lease requires the execution of this Agreement as a condition to the Lease being subordinate to the Mortgage, as required by Lender; and

WHEREAS, Lender, Lessor and Lessee have agreed to the following with respect to their mutual rights and obligations pursuant to and under the Lease and the Mortgage.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, the making of the Loan and other good and valuable consideration, the receipt whereof is hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

1. Lessee's interest in the Lease, and all rights of Lessee thereunder, shall be and hereby are declared to be subject and subordinate to the Mortgage, subject to the provisions of Paragraph 2 hereof. The term "Mortgage", as used herein, shall include the Mortgage and any and all amendments, supplements, modifications, renewals, or replacements thereto, thereof or therefor.

CHICAGO TITLE INSURANCE COMPANY
INDIANA DIVISION

WILLIAM BLASTICK
L.C. RECORDER
STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD
AUG 20 1987
1 28 PM '87

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2. Lender does hereby agree that the rights of Lessee under the Lease shall remain in full force and effect and its possession of the Premises thereunder shall remain undisturbed during the term of the Lease, and during any renewal or extension thereof in accordance with its terms; provided Lessee shall have performed and shall continue to perform all of the covenants and conditions of the Lease to be by it performed pursuant to the Lease and shall not be in default thereunder. However, Lender shall not be liable for any default by Lessor under the Lease.

3. After the receipt by Lessee of notice from Lender of completion of a foreclosure under the Mortgage or the Lender has received a conveyance of the Premises in lieu of foreclosure, Lessee will attorn to and recognize Lender, its successors and assigns, or any other purchaser at the foreclosure sale, as its substitute Lessor under the Lease, and, having thus attorned, Lessee's possession of the space covered by the Lease shall not thereafter be disturbed during the term of the Lease, or during any renewal or extension thereof in accordance with its terms, providing and as long as Lessee shall continue to pay the rental provided under the Lease in the manner provided therein and otherwise to observe and perform the covenants, terms and conditions of the Lease to be observed and performed by Lessee thereunder in all material respects. The parties shall execute and deliver, upon request, appropriate agreements of attornment and recognition, but this Agreement shall be deemed to be self-operative, and no such separate agreements shall be required to effectuate the foregoing attornment and recognition. Any such attornment and recognition of a substitute Lessor shall be upon all of the terms, covenants, conditions and agreements as are set forth in the Lease.

4. In the event that Lender or any other person, party, or entity becomes the owner of the Premises as a result of a foreclosure sale under the Mortgage or a conveyance in lieu of foreclosure, Lessee shall have no claim against Lender or any such other person, party or entity resulting from, and neither Lender nor any such other person, party or entity shall be liable for, any act or omission of, and/or breach of the Lease by, any prior lessor under the Lease, including but not limited to Lessor; and the rights of Lender or any such other person, party or entity in and to the Premises and in, to and under the Lease shall not be subject to any right of set-off or defense which Lessee may have against any prior lessor under the Lease, including but not limited to Lessor.

5. This Agreement may not be amended or modified in any manner other than by an agreement in writing signed by all of the parties hereto.

6. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

7. All notices, demands or documents which are required or permitted to be given or served hereunder shall be in writing, and shall be deemed given or served when sent by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Lender: Signal Capital Corporation
Liberty Lane
Hampton, New Hampshire 03842
Attn: General Counsel

With a copy to: Arnold Weinberg, Esq.
Katz Randall & Weinberg
200 North LaSalle Street
Suite 2300
Chicago, Illinois 60601

If to Lessor: c/o MS Partnership
8201 Calumet Avenue
Munster, Indiana 43621

With a copy to: Charles D. Stein, Esq.
304 South McCarty Drive
Beverly Hills, California 90212

If to Lessee: Carpetland USA, Inc.
8201 Calumet Avenue
Munster, Indiana 43621

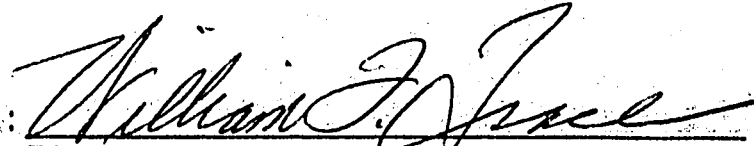
Each party hereto may change its above-stated address from time to time by serving written notice of the change upon the other party hereto as above provided at least ten (10) days prior to the effective date of said change.

IN WITNESS WHEREOF, This Agreement has been duly executed as of the day and year first above written.

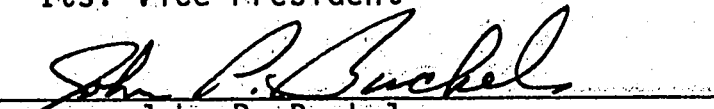
LENDER:

SIGNAL CAPITAL CORPORATION

ATTEST:

By: 
~~XXXXX~~ William F. Trace
Its: Vice President

Its:

By: 
John P. Buckels
Its: Vice President

LESSOR:

Ulrich Meyer

ULRICH E. MEYER, as Trustee of
the Ulrich E. Meyer Revocable
Trust under Trust Agreement
dated May 25, 1978

Charles D. Stein

CHARLES D. STEIN, as Trustee of
the Charles D. Stein Revocable
Trust under Trust Agreement
dated January 10, 1979

LESSEE:

CARPETLAND USA, INC., an Indiana
corporation

ATTEST:

[Signature]

Its: Asst Secretary

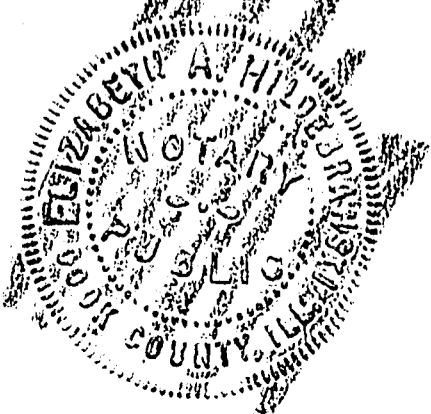
STATE OF ILLINOIS)

COUNTY OF COOK)

By: [Signature]
Its: President

I, ELIZABETH A HILDEBRANDSK, a Notary Public in
and for said County, in the State aforesaid, DO HEREBY CERTIFY
that DAVID DICHIJELLI, as President of CARPETLAND
USA, Inc SIGNAL CAPITAL CORPORATION and WAYDE K. TRISKA,
as Assistant Secretary of said Corporation, who are personally
known to me to be the same persons whose names are subscribed to the
foregoing instrument as such President
and Assistant Secretary of said Corporation, respectively,
appeared before me this day in person and acknowledged that they
signed and delivered the said instrument as their own free and
voluntary act and as the free and voluntary act of said Corporation,
for the uses and purposes therein set forth; and said Assistant
Secretary did then and there acknowledge that he, as custodian of
the corporate seal of said Corporation, did affix the corporate seal
of said Corporation to said instrument as his own free and voluntary
act and as the free and voluntary act of said Corporation, for the
uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 17TH day
of August, 1987.



Elizabeth A. Hildebrandsk
Notary Public

EXHIBIT "A"

PARCEL 1:

Lot 1, Meyer's Addition to the Town of Munster, Indiana, as shown in Plat Book 40, page 69 and as amended by Corrected Plat recorded November 16, 1972, as Document No. 176388, as shown in Plat Book 42, page 97, in Lake County, Indiana.

PARCEL 2:

Lot 1, except the North 162 feet thereof, Meyer's 2nd Addition to the Town of Munster, as shown in Plat Book 43, page 11, in Lake County, Indiana.