

**ASSIGNMENT OF LEASES AND RENTS** PM 1:40

97026726

THIS ASSIGNMENT OF LEASES AND RENTS (as the same may be amended, modified or supplemented from time to time, the "Assignment"), dated as of the 24th day of April, 1997, from The La-Z-Recliner Shop, Inc., an Indiana Corporation, (the "Assignor"), in favor of Northwest Indiana Regional Development Company (the "Assignee"), for further assignment by Assignee to the United States Small Business Administration, an agency of the United States (the "SBA"), recites and provides:

Assignee has agreed to make a loan to Assignor in the principal amount of Four Hundred Eighty Three Thousand Dollars (\$483,000.00) (the "Loan") to provide financing for construction and improvements on the land described in Exhibit "A" hereto and the improvements thereon situated in the County of Lake, State of Indiana (collectively, the "Premises"). The Loan is evidenced by a promissory note of even date herewith (as the same may be amended, modified or supplemented from time to time, the "Note") made by Assignor and payable to the order of Assignee in the principal amount of Four Hundred Eighty Three Thousand Dollars (\$483,000.00). The Note is secured, in part, by a Mortgage of even date herewith (as the same may be amended, modified or supplemented from time to time, the "Mortgage"). As a condition to making the Loan, the Assignee has required an assignment to the Assignee and any subsequent holder of the Note of all leases (individually, a "Lease," and collectively, the "Leases") of or relating to Assignor's interest in the Premises or any part thereof, now or hereafter existing, and all rents, issues and profits (the "Rents") now or hereafter arising from Assignor's interest in the Premises or any part thereof, all in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the agreement of Assignee to make the Loan and as additional security for the payment of the Note, Assignor agrees as follows:

1. Assignment of Leases. Assignor hereby assigns, transfers and sets over to Assignee, and any subsequent holder of the Note, all Assignor's right, title and interest in and to all Leases and all renewals or extensions thereof, as described in Exhibit "A", together with all the Rents now existing or hereafter arising. Prior to the election of Assignee to collect the Rents upon the occurrence of an Event of Default under the Mortgage, Assignor shall have the right to collect and dispose of the Rents without restriction.

2. Delivery of the Leases. All Leases currently in effect with respect to the Premises have been delivered to Assignee, are in full force and effect as of the date of this Assignment and neither Assignor nor any tenant is in default thereunder. Assignor shall not make any subsequent agreement for the lease of the Premises or any part thereof except in the ordinary course of business in accordance with the provisions of the Mortgage. All such subsequent Leases shall be subject to the prior written approval of Assignee, which approval shall not be unreasonably withheld, in accordance with the provisions of the Mortgage.

3. No Modification of the Leases. Without the prior written consent of Assignee, which consent shall not be unreasonably withheld, Assignor shall not:

- A. Cancel, terminate or accept any surrender of the Leases;
- B. Accept any prepayments for more than thirty (30) days of installments of rents under any of the Leases;

486932 LD  
Bank Cal  
4005

Chicago Tide Insurance Company  
at # 97026726

For mtg see doc. # 97026724

25 60  
15 CT

- C. Modify or abridge any of the terms, covenants and conditions of any of the Leases so as to reduce the terms thereof or the rental payments thereunder; or
- D. Change any renewal privileges contained in any of the Leases.

4. **Representations and Warranties.** Assignor represents and warrants that:

- A. The Rents now due or to become due for any periods subsequent to the date hereof have not been collected and payment thereof has not been anticipated for a period of more than one (1) month in advance, waived or released, discounted, set off or otherwise discharged or compromised except as set forth in the Leases;
- B. It has not received any funds or deposits from any tenant for which credit has not already been made on account of accrued income other than the security deposits provided for in the Leases;
- C. It has not received any bona fide and acceptable offer of purchase the Premises or any part thereof which would in any way affect any right or option of first refusal to purchase all or any portion of the Premises now contained in any Lease; and
- D. It has not done anything which might prevent Assignee from or limit Assignee in operating under or enforcing any of the provisions thereof.

Assignor shall act in good faith to enforce or secure the performance of each and every obligation, covenant, condition and agreement to be performed by any tenants under all the Leases.

5. **Remedies Upon Default.** Immediately upon the occurrence of an Event of Default under the Mortgage and the expiration of any applicable cure period, Assignee is hereby expressly and irrevocably authorized to enter and take possession of the premises by actual physical possession, or by written notice served personally upon, or sent by registered or certified mail, postage prepaid, to Assignor, as Assignee may elect, and no further authorization shall be required. Following any such entry and taking of possession, Assignee may:

- A. Manage and operate the Premises or any part thereof;
- B. Lease any part or parts of the Premises for such periods of time, and upon such terms and conditions as Assignee may, in its discretion, deem proper;
- C. Enforce any of the Leases;
- D. Demand, collect, sue for, attach, levy, recover, receive, compromise and adjust, and make, execute and deliver receipts and releases for all Rents that may then or may thereafter

become due, owing or payable with respect to the Premises, or any part thereof, from any present or future lessees, tenants, subtenants or occupants thereof;

- E. Institute, prosecute to completion or compromise and settle, all summary proceedings and actions for rent or for removing any and all lessees, tenants, subtenants or occupants of the Premises or any part or parts thereof;
- F. Enforce or enjoin or restrain the violation of any of the terms, provisions and conditions of any of the Leases;
- G. Make such repairs and alterations to the Premises as Assignee may, in its discretion, deem proper;
- H. Pay from and out of the Rents collected or from or out of any other funds, the insurance premiums and any other taxes, assessments, water rates, sewer rates or other governmental charges levied, assessed or imposed against the Premises or any portion thereof, and also any and all other charges, costs and expenses which it may deem necessary or advisable for Assignee to pay in the management or operation of the Premises, including (without limiting the generality of any rights, powers, privileges and authorities conferred in this Assignment) the costs of such repairs and alterations, commissions for renting the Premises, or any portions thereof, and legal expenses in enforcing claims, preparing papers or for any other services that may be required; and
- I. Generally, do, execute and perform any other act, deed, matter or thing whatsoever that ought to be done, executed and performed in and about or with respect to the Premises as fully as Assignor might do.

Assignee shall apply the net amounts of any Rents received by it from the Premises, after payment of proper costs and charges (including any loss or damage hereinafter referred to in Paragraph 8 hereof) to the reduction and payment of the indebtedness by the Note and secured by the Mortgage (the "Secured Indebtedness"). Assignor agrees not to seize or detain any property hereby assigned, transferred or set over to Assignee.

6. Disposition of Rents Upon Default. Assignor hereby irrevocably directs the tenants under the Leases upon demand and notice from Assignee of any Event of Default, to pay to Assignee all Rents accruing or due under the Leases from and after the receipt of such demand and notice. Such tenants in making such payments to Assignee shall be under no obligation to inquire into or determine the actual existence of any such Event of Default claimed by Assignee.

7. Attornment. To the extent not provided by applicable law, each Lease of the Premises or of any part thereof shall provide that in the event of the enforcement by Assignee of the remedies provided for by law or by this Assignment, the tenant thereunder will, upon request of any person succeeding to the interest of Assignor as a

result of such enforcement, automatically become the tenant of such successor-in-interest, without change in the terms or other provisions of said Leases; provided, however, that the successor-in-interest shall not be bound by:

- A. Any payment of rent or additional rent for more than one (1) month in advance, except prepayments in the nature of security for the performance by the tenant of its obligations under the Leases; or
- B. Any amendment or modification of said Leases made without the consent of Assignee or such successor-in-interest.

Each Lease also shall provide that, upon request by the successor-in-interest, the tenant shall execute and deliver an instrument or instruments confirming such attornment.

8. Indemnification. Assignor hereby agrees to indemnify and hold Assignee harmless from and against any and all liabilities, losses, damages and expenses, including reasonable attorneys' fees, which it may incur under any of the Leases, or by reason of this Assignment or by reason of any action taken by Assignee or Assignor hereunder, and from and against any and all claims and demands whatsoever which may be asserted against Assignee by reason of any alleged obligation or undertaking on its part to perform or discharge any of the terms, covenants and conditions contained in any of the Leases. Should Assignee incur any such liabilities, losses, damages or expenses, the amount thereof, together with interest thereon at the rate set forth in the Note, shall be payable by Assignor to Assignee immediately upon demand therefor, or at the option of Assignee, Assignee may reimburse itself therefor out of any Rents collected by Assignee. Nothing contained herein shall operate or be construed to obligate Assignee to perform any of the terms, covenants and conditions contained in any of the Leases or otherwise to impose any obligation upon Assignee with respect to any of the Leases. This Assignment shall not operate to place upon Assignee any responsibility for the operation, control, care, management or repair of the Premises, and the execution of this Assignment by Assignor shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Premises is and shall be that of Assignor.

9. Further Assurances. Assignor agrees to execute and deliver to Assignee, at any time or times during which this Assignment shall be in effect, such further instruments as Assignee may deem necessary to make effective or more effective this Assignment and the covenants of Assignor herein contained.

10. No Waiver. Failure of Assignee to avail itself of any of the terms, covenants and conditions of this Assignment for any period of time, or any time or times, shall not be construed or deemed to be a waiver of any of its rights hereunder. The rights and remedies of Assignee under this Assignment are cumulative and are not in lieu of, but are in addition to, any other rights and remedies which Assignee shall have under or by virtue of any Loan documents. The rights and remedies of Assignee hereunder may be exercised from time to time and as often as such exercise is deemed expedient.

11. Assignment of Assignee's Rights. Any holder of the Secured Indebtedness shall have the right to assign to any subsequent holder of the Secured Indebtedness, the right, title and interest of Assignor hereby assigned, subject, however, to the provisions of this Assignment. In the event all the right, title and interest of Assignor in the

Premises are barred or foreclosed, no assignee of the interest of Assignor shall be liable to account to Assignor for any Rents thereafter accruing.

12. Release. Upon payment in full of the Secured Indebtedness, as evidenced by a recorded satisfaction or release of the Mortgage, as well as any sums which may be payable hereunder, this Assignment shall become and be void and of no effect.

13. Amendments and Discharge. No change, amendment, modification, cancellation or discharge of this Assignment, or any part hereof, shall be valid unless Assignee shall have consented thereto in writing.


14. Successors and Assigns. The terms, covenants and conditions contained herein shall inure to the benefit of, and bind Assignor, Assignee and their successors and assigns.

15. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of Indiana, without reference to conflict of laws principles.

16. Severability. If any provision of this Assignment, or the application hereof to any person, entity or circumstance, shall to any extent be invalid or unenforceable, the remainder of the provisions of this Assignment, or the application of such provision to other persons, entities or circumstances, shall not be affected thereby, and each provision of this Assignment shall be valid and enforceable to the fullest extent permitted by law.

IN WITNESS WHEREOF, the undersigned has executed this Assignment as of the date first above written.

ASSIGNOR: The La-Z-Recliner Shop, Inc., an Indiana Corporation

BY:  CHAIRMAN  
Charles F. Forcey, chairman 4-24-97

ATTEST:   
Marion Forcey, secretary



STATE OF INDIANA )

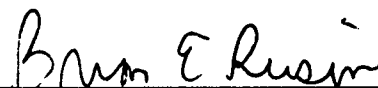
) SS:

COUNTY OF LAKE )

Before me, the undersigned, a Notary Public for said County and State, personally appeared Charles F. Forcey, chairman, on behalf of The La-Z-Recliner Shop, Inc., and he being first duly sworn by me upon his oath, state that the facts alleged in the foregoing instrument are true.

Signed and sealed this 24th day of April, 1997.

(SEAL)

  
Brian E. Rusin, Notary Public

My Commission Expires: 04-09-00

County of Residence: Lake

STATE OF INDIANA )

) SS:

COUNTY OF LAKE )

Before me, the undersigned, a Notary Public for said County and State, personally appeared Marion Forcey, secretary, on behalf of The La-Z-Recliner Shop, Inc., and she being first duly sworn by me upon her oath, state that the facts alleged in the foregoing instrument are true.

Signed and sealed this 28th day of April, 1997.

Brian E Rusin  
Brian E. Rusin, Notary Public

(SEAL)

My Commission Expires: 04-09-00

County of Residence: Lake

Assignee does hereby sell, assign and transfer unto SBA, all of its right, title and interest to this Assignment of Leases and Rents.

ASSIGNEE: NORTHWEST INDIANA REGIONAL DEVELOPMENT COMPANY

ATTEST: Mark McLaughlin  
Mark McLaughlin, Secretary

By: Dennis M. Henson  
Dennis Henson, President

STATE OF INDIANA )

) SS:

COUNTY OF LAKE )

Before me, the undersigned, a Notary Public for said County and State, personally appeared Dennis Henson and Mark McLaughlin, President and Secretary respectively, of Northwest Indiana Regional Development Company, and they being first duly sworn by me upon their oath, says that the facts alleged in the foregoing instrument are true.

Signed and sealed this 24th day of April, 1997.

Brian E Rusin  
Brian E. Rusin, Notary Public

(SEAL)

My Commission Expires: 04-09-00

County of Residence: Lake

Return to: Brian E. Rusin, Northwest Indiana Regional Development Company, 6100 Southport Road, Portage, Indiana 46368

Prepared by: J. Brian Hittinger, HOEPPNER, WAGNER & EVANS, 1000 E. 80th Place, Suite 606 South Tower, Merrillville, Indiana 46410

Exhibit "A"

PARCEL 1: THE NORTH 544.8 FEET OF LOT "E" (MEASURED FROM THE SOUTH RIGHT OF WAY LINE OF 60-FOOT WIDE DEDICATED HOFFMAN STREET TO THE CENTER OF MASONRY PARTY WALL) AND THE EAST 20 FEET OF THE NORTH 280.86 FEET OF LOT "F" (MEASURED FROM THE SOUTH RIGHT OF WAY LINE OF HOFFMAN STREET TO THE NORTH FACE OF EXISTING BUILDING AS SHOWN ON PLAT HEREAFTER DESCRIBED), KAUFMAN'S INDUSTRIAL ADDITION TO HAMMOND, AS SHOWN IN PLAT BOOK 19, PAGE 7, IN LAKE COUNTY, INDIANA, EXCEPTING THEREFROM THAT PART DEEDED TO THE CITY OF HAMMOND IN DEED NO. 048288 RECORDED JULY 25, 1989, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEAST CORNER OF LOT "E"; THENCE SOUTH 0 DEGREES 22 MINUTES 12 SECONDS WEST 15.00 FEET ALONG THE EAST LINE OF SAID LOT; THENCE NORTH 79 DEGREES 37 MINUTES 19 SECONDS WEST 86.31 FEET TO THE NORTH LINE OF SAID LOT; THENCE SOUTH 89 DEGREES 37 MINUTES 48 SECONDS EAST 85.00 FEET ALONG SAID LINE TO THE POINT OF BEGINNING.

PARCEL 2: LOT "E", EXCEPT THE NORTH 544.8 FEET (MEASURED FROM THE SOUTH RIGHT OF WAY LINE OF 60-FOOT WIDE DEDICATED HOFFMAN STREET TO THE CENTER OF A MASONRY PARTY WALL), KAUFMAN'S INDUSTRIAL ADDITION TO HAMMOND, AS SHOWN IN PLAT BOOK 19, PAGE 7, IN LAKE COUNTY, INDIANA.

PARCEL 2A: AN EASEMENT FOR INGRESS AND EGRESS, FOR THE BENEFIT OF PARCEL 2, OVER, UNDER, UPON AND ACROSS THE NORTH 16 FEET OF LOT "B" IN KAUFMAN'S INDUSTRIAL ADDITION AS AND FOR A RIGHT OF WAY FROM THE EAST LINE OF LOT "E" IN SAID ADDITION TO THE WEST LINE OF CALUMET AVENUE.

PARCEL 3: PART OF LOTS "F" AND "B" IN KAUFMAN'S INDUSTRIAL ADDITION, HAMMOND, AS PER PLAT THEROF, RECORDED IN PLAT BOOK 19, PAGE 7, IN LAKE COUNTY, INDIANA, DESCRIBED IN ONE TRACT AS FOLLOWS: BEGINNING AT A POINT 20 FEET WEST OF THE NORTHEAST CORNER OF SAID LOT "F", WHICH POINT IS ON THE SOUTH LINE OF 60 FOOT WIDE HOFFMAN STREET AND 398.30 FEET WEST OF THE WEST LINE OF CALUMET AVENUE (MEASURED ALONG THE SOUTH LINE OF 60 FOOT WIDE HOFFMAN STREET); THENCE SOUTHERLY PARALLEL TO AND 20 FEET WEST OF THE EAST LINE OF LOT "F" 280.70 FEET TO THE NORTE FACE OF BUILDING NO. 1; THENCE WEST ON THE NORTH FACE OF BUILDING NO. 1 A DISTANCE OF 88.95 FEET TO THE CENTER OF THE WALL BETWEEN BUILDINGS NOS. 1 AND 2; THENCE SOUTH ON THE CENTER LINE OF THE WALL BETWEEN BUILDINGS NOS. 1 AND 2 TO THE CENTER LINE OF THE WALL BETWEEN BUILDINGS NOS. 1, 4 AND 5; THENCE EAST ON THE CENTER LINE OF THE WALL BETWEEN BUILDINGS NOS. 1, 4 AND 5 A DISTANCE OF 133.25 FEET TO THE CENTER LINE OF THE WALL BETWEEN BUILDINGS NOS. 5 AND 6; THENCE SOUTH ON THE CENTER LINE OF THE WALL BETWEEN BUILDINGS NOS. 5 AND 6 AND THE CENTER LINE OF THE EAST WALL OF BUILDING NO. 5 TO THE CENTER LINE OF THE WALL BETWEEN BUILDINGS NOS. 5 AND 7; THENCE WEST ON THE CENTER LINE OF THE WALL BETWEEN BUILDINGS NOS. 5 AND 7 A DISTANCE OF 65 FEET TO THE EAST FACE OF THE WEST WALL OF BUILDING NO. 5; THENCE SOUTH ON THE LINE OF SAID EAST FACE PRODUCED SOUTHWARD TO THE NORTHERLY LINE OF THE 30 FOOT STRIP OF LAND OWNED BY THE BALTIMORE AND OHIO CHICAGO TERMINAL RAILROAD COMPANY, SAID NORTHERLY LINE BEING THE SOUTHERLY LINE OF SAID LOTS "B" AND "F"; THENCE NORTHWESTERLY ALONG SAID NORTHERLY LINE OF THE BALTIMORE AND OHIO CHICAGO TERMINAL RAILROAD COMPANY TO THE WEST LINE OF SAID LOT "F"; THENCE NORTH ON THE WEST LINE OF SAID LOT "F" TO THE SOUTH LINE OF HOFFMAN STREET; THENCE EAST ON THE SOUTH LINE OF HOFFMAN STREET 177.2 FEET TO THE POINT OF BEGINNING.

PARCEL 3A: EASEMENT FOR A PASSAGEWAY AND FOR INGRESS AND EGRESS, FOR THE BENEFIT OF PARCEL 3, OVER THE SOUTHERLY 25 FEET OF THAT PART OF LOT "B" IN KAUFMAN'S INDUSTRIAL ADDITION LYING EASTERLY OF PARCEL 3 HEREIN AS CONTAINED IN AN INSTRUMENT DATED SEPTEMBER 30, 1952 AND RECORDED OCTOBER 8, 1952 IN MISCELLANEOUS RECORD 571, PAGE 458, IN THE OFFICE OF THE RECORDER OF LAKE COUNTY, INDIANA.