

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re: ) Chapter 11  
)  
COLOR TILE, INC., ) Case Nos. 96-76 (HSB)  
COLOR TILE HOLDINGS, INC., ) through 96-80 (HSB)  
COLOR TILE FRANCHISING, INC., )  
COLOR TILE MANUFACTURING, INC.) Jointly Administered  
and )  
C. TILE TRANSPORTATION, INC., )  
) Debtors. )

CERTIFIED:  
AS A TRUE COPY:  
ATTEST:  
CAROLYN C. RANISZEWSKI, CLERK  
U. S. BANKRUPTCY COURT

BY *Carolyn C. Raniszewski*  
Deputy Clerk 11-9-96

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TICOR TITLE INSURANCE  
Crown Point, Indiana  
**FILED**

JUN 05 1997

SAM ORLICH  
AUDITOR LAKE COUNTY

ORDER PURSUANT TO SECTIONS 363 AND 365  
OF THE ANKRUPCTY CODE AND FEDERAL RULES  
OF BANKRUPTCY PROCEDURE 6004 AND 6006  
AUTHORIZING DEBTORS TO SELL THIRTEEN PARCELS  
OF REAL PROPERTY AND ASSIGN TWO LEASES  
RELATED THERETO, AND APPROVING PROCEDURES THEREFOR

Upon the Motion (the "Motion") of Color Tile, Inc., Color Tile Holdings, Inc., Color Tile Franchising, Inc., Color Tile Manufacturing, Inc. and C. Tile Transportation, Inc., debtors and debtors in possession (collectively, "Debtors"), for an order pursuant to sections 363(b), (f) and (m) and sections 365 (a) and (f) of chapter 11, title 11, United States Code (the "Bankruptcy Code") and Rule 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") authorizing Debtors to sell thirteen parcels of real property not required for the reorganization of Debtors' businesses (as defined in the Motion, the "Real Property") and to assume and assign two leases related thereto (as defined in the Motion, the "Leases"), and approving certain expedited sale procedures (as defined in the Motion, the "Sale Procedures") therefor; and adequate

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STATE OF INDIANA  
CLERK OF SUPERIOR COURT  
LAKE COUNTY

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notice of the Motion having been given as set forth in the Motion; and it appearing that no other or further notice need be given; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted; and it is further

ORDERED that Debtors be, and hereby are, authorized and empowered to sell, pursuant to Section 363 of the Bankruptcy Code, all of their right, title and interest in and to the Real Property in accordance with the Sale Procedures; and it is further

ORDERED that, if the sale of the Real Property is consummated pursuant to the Motion and pursuant to a sales contract substantially in the form of the Model Sale and Purchase Agreement (attached to the Motion as Exhibit E), the Highest Bidders (as defined in the Motion) be, and hereby are, found to be good faith purchasers of the Real Property pursuant to Section 363(m) of the Bankruptcy Code; and it is further

ORDERED that, if a Subsequent Highest Bidder (as defined in the Motion) earns the right to purchase a parcel of Real Property by outbidding the Highest Bid (as defined in the Motion) and such person is not an insider of Debtors, then a purchase of the Real Property by such person pursuant to a sales contract substantially in the form of the Model Sale and Purchase Agreement shall be deemed to be made in

"good faith" pursuant to Section 363(m) of the Bankruptcy Code; and it is further

ORDERED that, pursuant to Sections 363(b) and (f) of the Bankruptcy Code, Debtors be, and hereby are, authorized and empowered to sell the Real Property free and clear of all liens, claims and encumbrances (the "Liens"), which Liens shall attach to the net proceeds of such sales after payment of all reasonable expenses relating thereto, including, without limitation, the payment of Prime Locations' consulting fees as provided in the Retention Order (as defined in the Motion), in the order of their priority and with the same validity, force and effect as they now have against the Real Property; and it is further

ORDERED that net proceeds of the sale of that parcel of the Real Property that is encumbered with the lien of the Bank Group as indicated on Exhibit D to the Motion shall constitute Non-ABWF Proceeds (as defined in the DIP Order, which term is defined in the Motion); and it is further

ORDERED that Debtors shall comply with the terms of the DIP Order (as defined in the Motion) with respect to the net proceeds of the sale of that parcel of the Real Property that is encumbered with the lien of the Bank Group as indicated on Exhibit D to the Motion after payment of reasonable expenses and satisfaction of Senior Liens (as defined in the DIP Order), if any; and it is further

ORDERED that the net proceeds of the sale of those parcels of the Real Property that are not encumbered with the lien of the Bank Group as indicated on Exhibit D to the Motion shall (after payment of existing liens (including that of American General Mortgage on the Wichita Real Property (as defined in the Motion)), and the reasonable expenses of the transactions, including, without limitation, the consulting fees of Prime Locations) be treated as the net proceeds of Post-Petition Collateral under paragraph 4(d) of the DIP Order; and it is further

ORDERED that Debtors be, and hereby are, authorized and empowered to execute such documents and do such things as may be necessary to implement and effectuate a sales contract substantially in the form of the Model Sale and Purchase Agreement and consummate the sale of the Real Property as provided herein; and it is further

ORDERED that Debtors are authorized to assume the Leases related to the Wichita Real Property and the Lynn Real Property (as defined in the Motion) as of the closing of the sale and the assignment of such Leases to the Highest Bidders, or to any Subsequent Higher Bidder, on such parcels of Real Property as set forth in the Motion; and it is further

ORDERED that Debtors are authorized, without further hearing or additional order of this Court, to assign the Leases to the Highest Bidders, or a Subsequent Highest Bidder, on substantially the same terms described in the



Model Lease Assignment Agreement (attached as Exhibit F to the Motion) and that Debtors are authorized to carry out substantially the same terms described in that Model Lease Assignment Agreement; and it is further

ORDERED that the assumption and assignment of the Leases is authorized as of the date of this Order; and it is further

ORDERED that if for any reason the closing of the assumption and assignment to the Highest Bidders, to a Subsequent Highest Bidder does not occur, then the Leases shall be subject to further order of the Court as to their assumption or rejection.

Dated: Wilmington, Delaware  
Oct 10, 1996

  
UNITED STATES BANKRUPTCY JUDGE

