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STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

LEASE ASSIGNMENT

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For good and valuable consideration, receipt of which is hereby acknowledged, the undersigned, **RIDGEWAY PETROLEUM, INC.** does hereby assign, transfer, pledge and hypothecate to **SMITH BROTHERS REALTY, INC.**, all of Assignors' right, title and interest arising under a certain "AGREEMENT", dated January 21, 1997, between **CARL L. OSTROM, SR.** and **EVELYN J. OSTROM**, as "Lessor", and **RIDGEWAY PETROLEUM, INC.**, an Illinois corporation as "Lessee", a copy of which is annexed hereto. This Assignment and transfer is made and given for the purpose of allowing **Smith Brothers Realty, Inc.** to secure one certain "REVOLVING NOTE", dated June 1, 1998, 1998, in the gross principal sum of \$3,731,619.00 between **Smith Brothers Realty, Inc.**, a Delaware Corporation, as "Borrower", and **American National Bank & Trust Company of Chicago, N.A.**, as "Lender".

IN WITNESS WHEREOF, Assignors have hereunto set their hands and seals this 1st day of JUNE, 1998.

RIDGEWAY PETROLEUM, INC.

By: 
President

Attest:

Carl A. Smith
Secretary

FILED

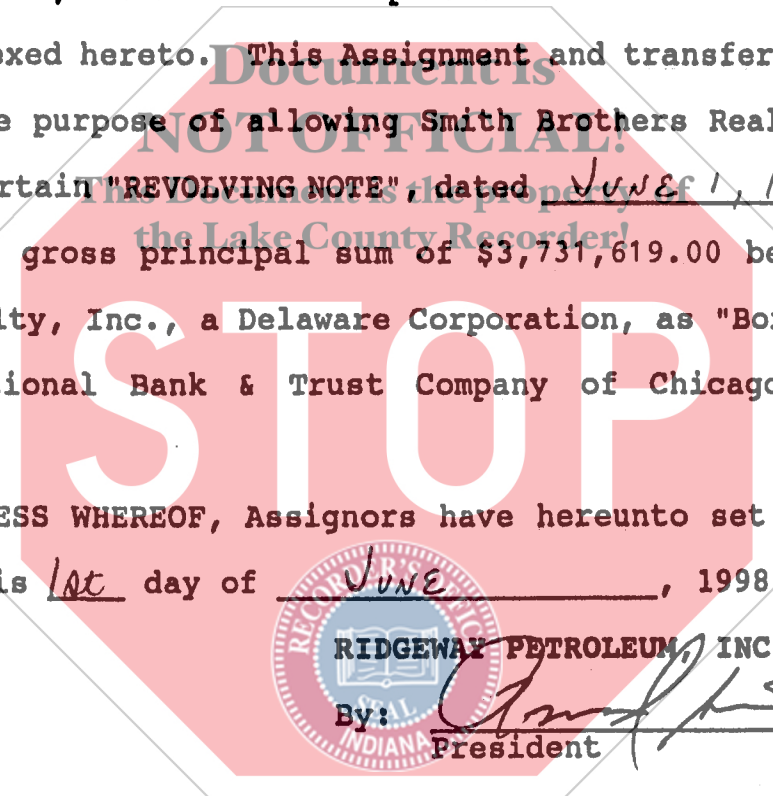
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SAM ORLICH
AUDITOR LAKE COUNTY

35.00
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Chicago Tide Insurance Company



ACCEPTANCE

The undersigned, Smith Brothers Realty, Inc., does hereby accept the foregoing Lease Assignment this 1st day of June, 1998.

SMITH BROTHERS REALTY, INC.

By: *David S.*
President

Attest:
Gary Smith
Secretary

5.53.98



STATE OF ILLINOIS)
COUNTY OF COOK) SS:

AFFIDAVIT

The undersigned, Ronald Smith, being first duly sworn upon his oath, deposes and says:

(1) That he is President of Ridgeway Petroleum, Inc., an Illinois corporation.

(2) That the foregoing "AGREEMENT" is a true and accurate copy of the Lease Agreement between Carl L. Ostrom, Sr. and Evelyn J. Ostrom, Husband and Wife, as Lessor, and Ridgeway Petroleum, Inc., as Lessee, dated January 21, 1997.

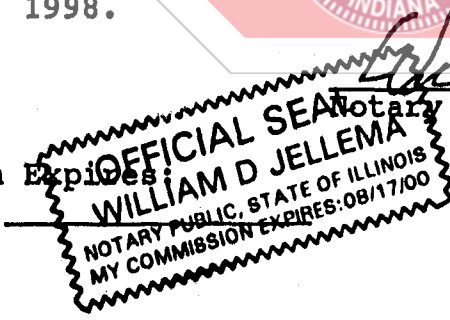
(3) That said AGREEMENT is in full force and effect, and there do not exist any defaults in the performance thereof, and Lessee is in full possession of the subject leased premises upon which Lessee is actively operating a gasoline service station and convenience mart;

And further your affiant saith not.



RONALD SMITH

May SUBSCRIBED and SWORN to before me this 28th day of May, 1998.

My Commission Expires _____
Resident of: _____


WILLIAM D JELLEMA
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES: 08/17/00

AGREEMENT

THIS REAL ESTATE AGREEMENT made between CARL L. OSTROM, SR. and EVELYN J. OSTROM, Husband and Wife, of Hammond, Indiana, hereinafter referred to as "LESSOR" and RIDGEWAY PETROLEUM, INC., an Illinois corporation admitted to do business in Indiana, hereinafter known as "LESSEE";

WITNESSETH:

WHEREAS, Lessee is desirous of leasing a portion of land owned by Lessor in Hammond, Indiana, and

WHEREAS, Lessor is amenable to leasing a portion of said land under certain terms and conditions as set out below, and

WHEREAS, Lessor intends to maintain his existing business on the premises, and

WHEREAS, Lessor and Lessee wish to cooperate and aid in facilitating each others business, and

WHEREAS, in consideration of the covenants and agreements made between Lessor and Lessee, it is understood, acknowledged and agreed as follows:

1. Lessor represents to Lessee that Lessor is the owner of good and merchantable fee simple title in and to the following described real estate, and improvements thereon, in the City of Hammond, County of Lake, State of Indiana, to-wit:

All Lots 38 to 44, both inclusive, and that part of Lots 33 to 37, both inclusive, lying north and northerly of Brainard Avenue and Gostlin Street, Block 15, J. Wm. Eschenburg's State Line Addition, to the City of Hammond, as shown in Plat Book 2, page 2, in Lake

County, Indiana more particularly described as follows: Commencing at a point on the west line of Lot 33, which is 18.76 feet south of the northwest corner of said lot; thence south 43 degrees 59 minutes east, 171.03 feet through said Lots 33, 34, 35 36 and 37 to a point in the south line of said Block 15, which is 5.21 feet west of the southeast corner of lot 37; thence east along the south line of said Block 15, a distance of 5.21 feet to the southeast corner of lot 37; thence north a distance of 140 feet to the northeast corner of lot 37; thence west a distance of 124 feet to the northwest corner of lot 33; thence south a distance of 18.76 feet to the point of beginning.

Lessor further represents to Lessee that Lessor is ready, willing and able to lease to Lessee, on the terms and conditions hereinafter described, that portion of the aforementioned real estate described as follows, to-wit:

Lots 39 to 44, both inclusive, Block 15, J. Wm. Eschenburg's State Line Addition, to the City of Hammond, as shown in Plat Book 2, page 2, in Lake County, Indiana ("Leased Premises").

Lessor further represents to Lessee that the leased premises may lawfully be used by Lessee as a full service gasoline service station, consistent with federal, state and local statutes, laws and ordinances.

2. The tract of land which is the subject of this agreement situated in the City of Hammond, Lake County, Indiana is to include approximately 150 feet of frontage on Gostlin Street starting at Clark Avenue and running west, and approximately 145 feet of depth running north from Gostlin Street (150' X 145') commonly known as 25 Gostlin Street. (Lots approximately 39-44).

3. Lessee represents to Lessor that Lessee is ready, willing

and able to lease from Lessor, on the terms and conditions hereinafter prescribed, the aforementioned Leased Premises for use by Lessee as a full service gasoline service station.

4. Attached hereto as Exhibit "A" is an ALTA survey of the subject Leased Premises, dated October 22, 1996, prepared by Rowland A. Fabian, Registered Land Surveyor No. 6538, as Job No. 96-214.

5. Lessor grants to Lessee an easement for use of part of Lot 38 up to the amount of 25 feet on which a canopy and/or gasoline pump island may be placed. Under no condition may Lessee build a permanent building structure on said easement.

6. Lessor shall continue to use Lots 33 to 37, both inclusive, Block 15, J. Wm. Eschenburg's State Line Addition, to the City of Hammond, as shown in Plat Book 2, page 2, in Lake County, Indiana, for the uses and purposes to which they are presently dedicated, and none other, during the terms of this lease; and Lessor and Lessee shall cooperate in good faith in aiding and facilitating each other's businesses.

7. Lessor will grant to Lessee, for their common use, a 50 foot easement for motor vehicle and pedestrian traffic over, along and across Lots 36 and 37, serving the Leased Premises, from Brainard Avenue and Gostlin Street, all as shown in more particular detail on the Survey annexed hereto as Exhibit "A".

8. Lessor reserves the exclusive right to the exclusive use of that certain one story concrete block building housing Lessor's mechanical shop located in the northeastern most corner of the

Leased Premises, together with the use of a fifteen foot easement from east to west for the length of said building, on the south side thereof, in order to continue to serve Lessor's customers.

9. Subject to additional terms and conditions below, the monthly lease rental during the term of this lease and any additional one year option terms shall be [Ten Thousand (\$10,000)] Dollars, payable on the first of each month.

10. Additional rent shall be paid to Lessor by Lessee at the rate of [one and half (1-1/2) cents per gallon of gasoline sold monthly.] Said additional amount of rent shall be due no later than ten (10) days after the end of each month.

11. It is intended that this is a triple net lease so that Lessee shall be responsible for the payment of all applicable property taxes, assessments, insurance and maintenance of said property.

12. That it is intended that this lease shall be for a term of ten (10) years commencing on the first day of possession, which is defined as the date on which Lessee shall have the right to enter upon said premises to begin any improvements or construction thereon.

13. Lessee is granted the option of an additional [forty (40) one (1) year period leases] to commence on the annual anniversary of the lease expiration. If Lessee fails to give Lessor written notice no less than ninety (90) days prior to the anniversary of the annual lease expiration of its intent not to exercise said option, said option is deemed exercised.

14. Lessee is granted the right of first refusal as to the real estate first described in Paragraph 1 of this Agreement. That is to say, if and in the event Lessor receives a bona fide offer to purchase all or any portion of the real estate described in Paragraph 1 of this Agreement, which includes the Leased Premises and additional real estate owned by Lessor, then and in such event Lessor shall have the duty, before accepting any such offer to purchase, to furnish a copy of such offer to Lessee and to grant to Lessee a period of ten (10) days time within which to match such offer to purchase. If Lessee matches said offer to purchase, then Lessor shall have the duty to sell said property or portion thereof to Lessee, rather than to the original offerer. If Lessee does not match said offer to purchase, then Lessor shall be free to accept said initial offer and to sell said property or portion thereof to said third party offerer, subject, of course, to Lessee's lease rights memorialized herein.

15. Lessee shall have 150 days from the acceptance of this agreement to obtain a valid building permit for construction planned for the leased premises for Lessee's use as a full service gasoline station, at Lessee's sole cost and expense. Lessee is granted temporary possession of the subject premises upon issue of said permit.

16. Lessee is granted the right to make permanent improvements to the land and building of said property, at Lessee's sole cost and expense, in order to construct a service station, Mobil Express Lube and convenience store. All permanent

improvements related to the construction and use of said buildings shall remain the property and use of the Lessee.

17. It is understood that the Lessor's mechanical shop is to remain on the property and that he is allowed to maintain his existing operation. Lessee agrees to provide a facade for the building to match the new construction. Lessee shall place no fences or barricades on property lines that will restrict traffic.

18. It is further agreed that Lessee will provide Lessor with the use of one (1) gasoline pump (both sides) available for full service from 7:00 a.m. - 6:00 p.m. each day and Lessee agrees to sell the necessary product to Lessor. In addition, Lessee shall sell to Lessor a sufficient supply of No. 2 heating oil and kerosene to service Lessor's customers.

19. Lessor is limited and shall not operate any business other than his existing business outside the walls of the existing building other than selling full service gasoline from 7:00 a.m. to 6:00 p.m. each day and No. 2 heating oil and kerosene and Lessee agrees to sell the necessary product to Lessor.

20. Lessee agrees to provide all signage and equipment needed to set up and operate a "Mobil Express Lube" for the benefit of Lessor. Lessee agrees to sell to Lessor bulk motor oil at Lessee's buying price. It is intended that Lessor's son shall manage and operate the said facility at no rental cost to him, for the term of this lease, or until said premises are abandoned by the Lessor's son, whichever is earlier.

21. Should it become necessary to re-line the two (2)

existing under ground fuel oil tanks now being used by Lessor, Lessee agrees to do so at their expense.

22. Lessee is granted [150 days] from the date of possession as described above to construct said improvements on the land. Lessee agrees to make every effort during construction to allow ingress and egress to the premises so that Lessor can continue to operate his existing business.

23. It is agreed by the parties that upon date of possession Lessee shall pay Lessor [Three Thousand (\$3,000) Dollars] and an additional [Three Thousand (\$3,000) Dollars] on the same date of each successive month until the facilities are complete and the new business is opened, but in no case more than [150 days].

24. That upon the opening of the new facility, or [150 days] whichever comes first, the [Ten Thousand (\$10,000)] Dollar minimum monthly rent shall commence, pro-rated to the first day of the next month and the minimum monthly rental shall then be due on the first of each month thereafter.

25. Lessee agrees they will not sell lottery of any kind.

26. If the whole of the Premises, or such portion thereof as will make the Premises unusable for the purpose(s) described above, is condemned and sold for any public use or purpose by any legally constituted authority, this Real Estate Lease Agreement shall terminate when possession is taken by such authority; and rent shall be prorated as of the date possession is so taken. Termination of this Lease under this paragraph shall not prejudice the rights of either Lessor or Lessee to recover compensation from

the condemning authority for any loss of or damage caused by such condemnation. Neither Lessor nor Lessee shall have any rights in or to any award made to the other by the condemning authority.

27. Neither Lessor nor Lessee shall mortgage or encumber the Leased Premises, without the written consent of the other.

28. Lessee is granted permission to conduct Phase I, Phase II and Phase III environmental surveys and remediation work at Lessee's own expense, it being understood that Lessor has represented to Lessee that there have been no leaks or major spills of any contaminates, and that the existing underground storage tanks are properly registered.

29. Lessor is the owner of the adjoining property known as 5 Gostlin Street, due west of the property herein. Lessor agrees that under no condition shall they lease said property to any operation which would be in competition with the gasoline business of Lessee.

30. In the event that Lessee is unable to operate its business or is forced to operate in a restricted manner due to acts of God, fire, windstorm, flood, explosion, collapse of structure, riot, war, labor disputes, delays or restrictions by governmental bodies, inability to obtain or use necessary materials, or any cause beyond the reasonable control of such party, other than lack of monies or inability to procure monies to fulfill its commitment or obligation under this lease, for a period of more than thirty (30) days, the minimum rental clause shall not apply and the rental should be fixed at two cents per gallon.

31. Any notices, requests, demands and other communications hereunder shall be in writing and shall be personally delivered or sent by certified mail postage prepaid as follows:

To Lessor:
Carl Ostrom
25 Gostlin Street
Hammond, Indiana 46327

Copy to: Efron and Efron, P.C.
5246 Hohman Avenue-5th Floor
Hammond, Indiana 46320

To Lessee:
Ron Smith
Ridgeway Petroleum, Inc.
2701 Bernice Road
Lansing, Illinois 60438

32. The waiver by either party of any breach of any term or provision herein or Lessor's or Lessee's failure to insist upon strict performance of any covenant of this lease or to exercise any option or right contained herein shall not be a waiver or relinquishment for the future of such covenant, right or option, but the same shall remain in full force and effect.

33. This agreement shall be construed and enforced in accordance with the laws of the State of Indiana.

34. Each party is entitled to recover his reasonable attorney fees, costs and expenses incurred by reason of exercising his remedies under this Lease Agreement. If Lessor, without fault, is made a party to any litigation commenced against Lessee, or because of Lessee's activities, and if Lessee, at Lessee's expense, fails to provide Lessor with legal counsel satisfactory to Lessor, Lessee shall pay all costs and reasonable attorney fees incurred or paid

by Lessor, in connection with such litigation.

35. Lessee's application for a building permit for the subject Leased Premises contemplates installation of [15] gasoline dispenser units. Lessee recognizes the possibility that it may not be permitted to install more than [12] dispenser units. Should that be the case, Lessee will nonetheless be and remain responsible to pay the lease rentals provided herein in Paragraphs 9 and 10 of this Lease, however, if the City of Hammond limits Lessee to installation of [11] or fewer such dispensers, then, and in such event, Lessee shall have the right to terminate this Lease, or to continue with lease, with the understanding that Paragraph 9 of this Lease shall be amended to provide that Lessee shall pay to Lessor [2 cents] per gallon instead of [1.5 cents] per gallon, provided such per gallon rental shall not be less than [\$10,000] per month; and the flat base rent of [\$10,000] per month, provided in Paragraph 9, shall be eliminated.

36. No change or modification of this agreement shall be valid unless the same shall be in writing and signed by the Lessor and Lessee.

37. This agreement shall be binding upon, and shall inure to the benefit of, the parties hereto, their respective heirs, executors, administrators, successors and assigns.

38. In the event of invalidity or enforceability of any provision of this agreement, the intent thereof shall, nevertheless, be carried out as near as may be, in accordance with law and equity.

IN WITNESS WHEREOF, the parties have executed this agreement
this 21st day of JANUARY, 1997.

"LESSOR"

Carl L. Ostrom Sr.
Carl L. Ostrom, Sr.

Evelyn J. Ostrom
Evelyn J. Ostrom

"LESSEE"

RIDGEWAY PETROLEUM, INC.

BY: Ronald Smith
Ronald Smith

