

COMPARED

STATE OF IOWA, SS.
MADISON COUNTY,

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LEASE

LESSOR: T.D. Marc, Inc. Commencement Date: May 1, 1992

LESSEE: Homemakers Plaza, Inc. an Iowa Corporation.

LEASED PREMISES:

Lot Two (2) in the Bellamy Addition, City of Winterset, Madison County, Iowa.

This Indenture of Lease (the "Lease" hereinafter) dated as of May 1, 1992, by and between T.D. Marc, Inc., an Iowa corporation, having an office at 5035 Hubbell Ave., Des Moines, Iowa 50317, (the "Lessor" hereinafter), and Homemakers Plaza, Inc., an Iowa corporation, having an office at 5035 Hubbell Ave., Des Moines, Iowa 50317 for the use of Woodmarc, a division of Homemakers's Plaza Inc. (the "Lessee" hereinafter).

WITNESSETH

Lessor hereby leases to Lessee and Lessee hereby lets from the Lessor the above described property and all improvements thereto (the "Premises") together with all right, title and interest, if any, of Lessor in easements, appurtenances, profits and options according to the terms and conditions set forth herein. This Lease is expressly made subject to the terms and conditions set forth in that certain Loan Agreement, Indenture of Trust, Mortgage and Security Agreement and Fixture Financing Statement, Assignment of Lease and Guaranty Agreement, all dated as of May 1, 1992 with respect to the issuance of Economic Development Revenue Bonds (Homemakers Plaza, Inc. Project) Series 1992 (the "Bonds") by the Iowa Finance Authority (collectively "the Bond Agreements" hereinafter). To the extent the terms of this Lease and the terms of the Bond Agreements are inconsistent, the terms and conditions of the Bond Agreements shall prevail.

Shirley A. Henry
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ARTICLE I

TERM

A. This lease shall be for an initial term of fifteen years, commencing May 1, 1992 or immediately upon the closing of the issuance of the Bonds under the Bond Agreements (the "Commencement Date") and ending at 12:00 midnight on March 1 2007 or fifteen years after the closing date (the "Initial Term") unless otherwise sooner terminated as herein provided.

B. If the leased premises are not completed on the

Commencement Date, and possession of the leased premises is not delivered to Lessee by said date, Lessor shall not be subject to any liability for the failure to give possession on said date. Under such circumstances, the Base Rent (as such term is defined hereinafter) reserved and covenanted herein to be paid shall commence pursuant to Article I (A) and Article II (A) (notwithstanding the Lessor's failure to complete the leased premises and deliver possession to the Lessee on the Commencement Date), and no such failure to give possession on the Commencement Date shall affect the validity of this lease or the obligations of the Lessee hereunder, nor shall the same be construed to extend the term of this Lease. If the leased Premises are ready for occupancy prior to the Commencement Date and Lessee occupies said Premises prior to said date, the Lessee shall pay the Base Rent for the period of occupancy prior to the Commencement Date. The earlier taking of possession shall not change the termination date of this Lease. Lessee shall accept the premises in the condition existing on the date Lessee first takes possession.

C. RENEWALS: Lessor hereby grants to Lessee the privilege of automatic renewals, subject to Article II. The first such renewal period shall commence upon the termination of the Initial Term, and each successive renewal shall commence with the termination of the previous term.

1. Each renewal term shall be on the same terms, covenants, and conditions as in this Lease provided, except that only the Additional Rent shall be adjusted (as set forth in Article II) during such time as the Bonds are outstanding.

D. Lessor grants to the Lessee the right enter into a contract for the construction of improvements on the Leased Premises on behalf of and for the benefit of the Lessor and to exercise on behalf of Lessor all of the actions and rights granted to Lessee and which are for the benefit of the Lessor as Owner under the Construction Contract, including, but not limited to, the approval of the Plans and Specifications and the authorization of Change Orders. Increased costs caused by Change Orders are included in the cost of the improvements, and to the extent such costs exceed the funds available for construction, the Lessor shall pay such costs.

E. On the date of closing under the Loan Agreement, the Lessor from its own funds in addition to the proceeds from the sale of the Bonds and the funds from the TIF Grant, as those terms are defined in the Bond Agreements, shall pay to the Trustee as equity capital to be deposited in the appropriate Trust Fund, such amounts as are provided in Article II and V of the Indenture of Trust.

ARTICLE II

RENT

A. Lessee agrees to pay Lessor as Base Rent over the term of this Lease in an amount equal to the total amount Lessor is obligated to pay for principal of, premium, if any and interest on the Bonds, by payment in immediately available funds to Norwest Bank Iowa, N.A. as Trustee under the Indenture for the account of Lessor. Base Rent shall include all amounts due to the Trustee by the Lessor under the Bond Agreements. Base rent shall be payable to Lessor without notice or demand and payments shall be made to Lessor according to the repayment schedule set forth in section 4.2 of that certain Loan Agreement dated as of May 1, 1992 between the Iowa Finance Authority and the Lessor.

B. Lessee shall pay to Lessor, as Additional Rent (hereinafter sometimes with the Base Rent collectively called the "Rent") so much of the following percentage of Lessee's net profits in the relevant calendar year:

1. 95% (per cent) of the excess of Lessee's net profits after repayment of the Bond obligation as provided in this Lease.

a. Said Rent shall be fair market value and shall not in any event exceed rents charged on comparable properties leased to comparable industries.

b. "Net profits" shall be construed to mean net income before taxes. Net Profits for the first year of the Lease term shall mean net income before taxes for the twelve month period ended April 30, 1993 as reported on the Lessee's financial statements compiled by an independent certified public accountant.

c. Not later than April 30th each year during the term, Lessee shall furnish to Lessor a statement (in detail reasonably satisfactory to Lessor) showing the computation of Net Profits, if any, in the relevant year. In either event, it is intended that twelve months of Base Rent would be an expense in arriving at such net income. If Lessor does not question a statement within 60 days of its receipt, it shall be deemed to be final and not subject to audit or review. If such statement indicates there has been an underpayment of Additional Rent for the preceding term pursuant to this Article II, the amount of such underpayment shall be paid by Lessee to Lessor upon delivery of such statement. If said statement indicates there has been an overpayment of Additional Rent for the preceding term, the amount of such overpayment shall be credited against the next accruing installment or installments of Additional Rent. Lessee shall maintain records relevant to the computation of Net Profits on a current basis for a period of two years after the term to which such records relate. Such records shall be available to Lessor for an audit upon reasonable advance notice at the office of Lessee. If, as a result of such audit, Lessor determines that Lessee shall owe

Additional Rent, said Additional Rent shall be paid to Lessor together with interest at the prime rate plus two per cent from the end of the term to which the Additional Rent relates.

d. Said Additional Rent shall commence May 1, 1993 and shall be paid quarterly or at intervals to be determined by the Board of Directors of Lessor.

C. All rents shall be due and payable on the first day of each month.

D. This Lease is to be construed as a "net lease" and Lessee shall pay to Lessor all rents due hereunder and shall pay all taxes, utilities and insurance and other obligations owed hereunder when due free of any charges, assessments, abatements or set-off of any kind. Except as otherwise provided in this Lease, this Lease shall not terminate, nor shall Lessee have any right to terminate or avoid this Lease or be entitled to any abatement (in whole or in part) of any rents due hereunder or any reduction thereof nor shall the obligations and liabilities of the Lessee hereunder be in any way affected for any reason whatever whether or not the Lessee shall have notice or knowledge of any such reason. The obligations of the Lessee hereunder shall be separate and independent covenants and agreements. The Lessee shall remain obligated under this Lease in accordance with its terms. Each payment made by the Lessee shall be final, and the Lessee shall not seek to recover all or any part of such payment from Lessor for any reason whatsoever.

ARTICLE III

REPAIRS AND MAINTENANCE

A. Lessee agrees to comply with Section 5. (Maintenance and Repair) of that certain Mortgage by and between Lessor and Norwest Bank Iowa, National Association dated as of May 1, 1992 (the "Mortgage" hereinafter) as if it were the Borrower thereunder.

ARTICLE IV

TAXES AND UTILITIES

A. Lessee agrees to comply with Section 4. (Taxes and Assessments) of the Mortgage as if it were the Borrower and Mortgagor thereunder.

ARTICLE V**INSURANCE**

A. Lessee, at Lessee's expense, agrees to comply with Section 6. (Insurance Required to be Carried) of the Mortgage as if it were the Mortgagor thereunder.

B. Lessee shall submit to Lessor and the Trustee, Norwest Bank Iowa, National Association, a Certificate(s) of Insurance as evidence of the insurance required in this Article V. Such Certificate(s) shall stipulate that the insurance certified thereby shall not be materially changed or canceled by the insurer or any insured thereunder without 30 days prior written notice to Lessor and the Trustee.

ARTICLE VI**IMPROVEMENTS**

A. Lessee may place partitions and fixtures and make improvements and other alterations in the interior of the leased Premises at its own expense, provided, however, that any such alterations be of good workmanship and material.

B. Such improvements or alterations installed or made by Lessee shall remain a part of the leased Premises at the termination of this lease, unless Lessor requests their removal.

C. Lessor shall have reasonable access to the Premises during business hours for the purpose of examining the same. Such access by Lessor shall not unnecessarily interfere with Lessee's use of the Premises nor the Lessee's conduct of business.

ARTICLE VII**ASSIGNMENTS**

A. Lessee agrees that it will not assign or sublet in whole or in part any portion of the leased Premises without the prior written consent of Lessor and Trustee. Lessee expressly agrees, as a condition precedent to its ability to sublease the Premises, that any sublessee or assignee will enter into a guarantee agreement of the Bonds in a form identical to that certain Guaranty Agreement by and between Homemakers Plaza, Inc. and Norwest Bank, Iowa N.A. dated as of May 1, 1992 and that said sublessee or assignee shall agree in writing to comply with all terms and condition of this Lease. An assignment or sublet of this Lease shall not relieve the Lessee of any obligation under this Lease.

i. Notwithstanding the foregoing paragraph, it is contemplated by Lessor and Lessee that the Lessee will spin off its operating division, Woodmarc, as a separate corporation during the term of this Lease. In that event, sublease of the Premises by Lessee to Woodmarc as a separate, newly formed corporation shall not require the consent of the Trustee and the Lessor so long as Woodmarc executes both 1) a guaranty in substantially similar form as that certain Guaranty Agreement described in Paragraph A. above (and executed by Lessee with respect to the Bond Agreements) and 2) a Sublease that contains substantially all the provisions of this Lease.

B. Lessor's right, title interest and benefits under this Lease and in particular, Lessor's rights to receive Rents hereunder, shall be assigned to the Trustee.

C. All insurance policies carried by sublessees under this Lease shall contain a waiver of subrogation waiving and shall release all claims, liabilities and causes of action against Lessor, Lessee and any other sublessees, and the agents, servants, employees and invitees of Lessor, Lessee and any other sublessees, for loss or damage to, or destruction of, the properties of the sublessees and the subtenant's agents, employees, servants and invitees or any portion thereof located in, upon or about the Premises resulting from fire, explosion or other perils included in standard fire and extended coverage insurance, whether caused by negligence of Lessor, Lessee and other sublessees or otherwise. All policies maintained by sublessees shall also comply with any insurance requirements of the Mortgage. Lessee shall provide Lessor with a duplicate of all policies of insurance which the Lessee is to cause its sublessees to maintain or certificates of insurance evidencing such coverage.

D. With the consent of the Trustee, Lessor may sell, transfer, or assign all or any part of its interest in the building, the leased Premises, or this Lease, at any time or times, without consent of Lessee during the term of this Lease. Lessor may sell, transfer or assign all or any part of its interest in the Leased Premises or this Lease only as permitted by the Bond Agreements so long as the Bonds are outstanding.

E. Lessee recognizes that the exemption from federal income taxation of the interest to be paid on the Revenue Bonds depends upon the qualification of the Revenue Bonds under the "small issue" exemption set forth in Section 144(a) of the Internal Revenue Code. Lessee covenants with the Lessor that no successor to the Lessee nor assignee of the Lessee's interest under this lease, and no subtenant of the whole or any part of the Premises nor any "related person" within the meaning of Section 144(a) of the Internal Revenue Code will be or will have been the principal user of the Premises within the City of Winterset, Iowa, within the meaning of

Treasury Regulations, Section 1.103-10(d)(2)(i), acquired, in whole or in part, from the proceeds of obligations of a political subdivision, other than the facilities.

ARTICLE VIII

DAMAGE, DESTRUCTION, CONDEMNATION

A. In the event the Premises are wholly or partially destroyed by casualty or taken by Condemnation, unless and until this Lease is terminated as provided in this Lease, the Base Rent shall not abate and the Lessee shall remain obligated to make payments of Base Rent, and this Lease shall remain in full force and effect in all other respects.

B. In the event that the Premises are damaged or destroyed or taken by eminent domain the conditions of Section 7. (Damage, Destruction and Condemnation; Application of Net Proceeds) of the Mortgage and Section 7.3 of the Loan Agreement shall apply and Lessee agrees to comply therewith and abide thereby as if it were the Mortgagor or Borrower thereunder.

C. In the event that, during the Initial Term, if fifty percent (50%) or more of the Leased Premises are destroyed by casualty or taken by condemnation, EITHER:

1. The Lessee shall effect the restoration of the Leased Premises, in which event the insurance proceeds or the entire Condemnation award for all interests taken by such Condemnation, as the case may be, shall be applied to the costs of restoration; and Lessor shall have the right but not the obligation, to review plans and specifications and to inspect construction for the purpose of determining whether the restoration work is in accordance with this Lease. In the event that the insurance or condemnation proceeds are less than the cost of restoration, the Lessee shall pay any deficiency. In the event that the insurance proceeds or condemnation award exceeds the cost of restoration, such excess shall be paid to the Trustee and shall be used by the Trustee to reduce Lessor's outstanding indebtedness secured by the Mortgage, with the Base Rent being adjusted to reflect any resulting reduction of regular installments of principal and interest permitted to be made by the Trustee by reason of the reduction of such indebtedness. If the Lessee chooses this option 1., the Lessor shall not exercise its option to Prepay the Loan Repayments under Section 7.3 of the Loan Agreement.

OR 2. If the Lessee determines in good faith that the Leased Premises have been rendered economically unsuitable for restoration, the Lessee shall so notify the Lessor in writing and the Lessor shall exercise its option to prepay the Loan under Section 7.3 of the Loan Agreement. If the insurance proceeds or condemnation award, as the case may be, are not sufficient to

prepay the Loan under Section 7.3 of the Loan Agreement, the Lessee shall pay to the Trustee the deficiency as Base Rent. The Lessee shall also have the option to purchase the Leased Premises by giving the Lessor written notice at the time the Lessee gives notice to the Lessor that the Leased Premises are unsuitable for restoration. The purchase price shall be the fair market price as determined in the condition of the Leased Premises after the destruction or condemnation, less the amount of deficiency paid by the Lessee as required by the first sentence of this subparagraph 2, or if no deficiency was due, less the amounts, if any, left in the Trust Funds of the Indenture after all insurance proceeds or condemnation award have been paid to the Trustee and all Loan repayments have been paid. If the purchase price determined in the previous sentence is a negative number, no purchase price need be paid, and the Leased Premises shall be conveyed to the Lessee.

D. The Lessee shall notify Lessor of its election under the above paragraph C. within ninety (90) days of the casualty or condemnation. In the event that the Lessee does not give any notice in this period, then Lessee shall be deemed to have elected to effect restoration, and this Lease shall continue in full force and effect with the Lessee having no further right of termination because of such casualty or condemnation.

ARTICLE IX

DEFAULT

A. Subject to the express written consent and authorization of the Trustee, Lessor may give Lessee written notice of any default in the payment of Rent or the performance of any other obligation to be performed by Lessee under this Lease and if such default continues for a period of thirty (30) days after receipt by Lessee of written notice specifying such default, Lessor may thereafter without further notice or demand, enter onto the premises and take full and absolute possession thereof, without such re-entry causing a forfeiture of the Rent to be paid or the covenants to be performed by Lessee hereunder for the full term of this Lease and may thereafter lease or sublease the premises for such Rent as the Lessor may reasonably obtain, crediting Lessee with the rent so obtained after deducting the costs Lessor reasonably incurs by such re-entry, leasing or subleasing, or the Lessor may, at its election, terminate this Lease and re-enter and take full and absolute possession of the demised premises free from any further right or claim by Lessee.

ARTICLE X**SUBORDINATION AND ATTORNMENT**

A. Lessee consents and agrees that this Lease shall be subject to and subordinate to any liens and encumbrances now or hereafter imposed by Lessor upon the Premises including the lien of the Mortgage and Lessee agrees to execute and deliver upon demand any instruments or documents subordinating this Lease to any such lien or encumbrance as shall be required by Lessor, provided however, that so long as the Lessee shall not be in default under this Lease, no mortgagee of the Mortgage or successor in interest as purchaser on foreclosure or otherwise, shall have any greater rights with respect to this Lease or against the Lessee than the Lessor has under this lease. and provided further that the mortgagee of the Mortgage or successor in interest as purchaser shall be bound by the terms of this Lease and the Lessee's rights hereunder, including without limitation the Lessee's option to purchase rights and purchase price limitations set forth in Article VIII of this Lease so long as the Lessee shall not be in default under this Lease.

B. Lessee agrees to attorn to and recognize any such party at the written request of Lessor.

C. By execution of this Lease, Lessee expressly recognizes and acknowledges that this Lease is being assigned to the Trustee under the Bond Agreements. Lessee hereby agrees to attorn to Trustee and to make all Base Rent payments directly to the Trustee. Execution of this Lease by Lessee and Lessor hereby constitutes written notification pursuant to Article X, paragraph B supra.

D. By execution of this Lease, Lessee also recognizes and agrees that the Trustee shall have all rights and remedies granted to Lessor by this lease and may exercise said rights and remedies and may enforce covenants directly and independently of the Lessor and without the Lessor's consent or authorization.

ARTICLE XI**COMPLIANCE WITH REGULATIONS**

A. Lessee agrees to comply with all laws, ordinances, orders, rules, regulations and requirements of all federal, state and local governments which may be applicable to the Premises or the Lessee's business and use thereof.

B. Lessee shall have the right to contest by appropriate legal proceedings, without cost or expense to Lessor, the validity or application of any law or rule or regulation as stated above. Lessee may postpone compliance, in that event, until the final determination of any proceeding. Lessee agrees to indemnify and

hold Lessor harmless from and against any costs, expenses or liability, including liability for environmental hazards, wastes or contamination of any sort or nature arising out of Lessee's use of the property.

IN WITNESS WHEREOF, the parties have hereunto caused this Lease to be executed, on this 4th day of MAY, 1982.

LESSOR: T.D. Marc, Inc.

No Seal

By: *Alan Muecke*
President

LESSEE: Homemakers Plaza, Inc.

By: *Carl Menschman Pres.*
President

881116-19/Assignment

STATE OF IOWA

SS:

COUNTY OF POLK

On this 4th day of May, 1992, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Alan C. Merschman and Teresa J. Merschman, to me personally known, who being by me duly sworn did say that they are the President and Secretary, respectively, of T. D. Marc, Inc., the corporation executing the within and foregoing Lease to which this is attached; that the seal affixed thereto is the seal of said corporation; that said instrument was signed on behalf of said corporation by authority of its Board of Directors and that the said Alan C. Merschman and Teresa J. Merschman, as such officers, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it and by them voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

By *Toni C. Clark*
Notary Public

(Seal)



STATE OF IOWA
COUNTY OF POLK

SS:

On this 4th day of May, 1992, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Carl G. Merschman and Ina M. Merschman, to me personally known, who being by me duly sworn did say that they are the President and Secretary, respectively, of Homemakers Plaza, Inc., the corporation executing the within and foregoing Lease to which this is attached; that the seal affixed thereto is the seal of said corporation; that said instrument was signed on behalf of said corporation by authority of its Board of Directors and that the said Carl G. Merschman and Ina M. Merschman, as such officers, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it and by them voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

By Toni C Clark
Notary Public

(Seal)

