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Leaseholds

RECORDING REQUESTED BY

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FILED NO.
BOOK 146 PAGE 533
1986 OCT -8 AM 11:14
MARY E. WELTY
RECORDER
MADISON COUNTY, IOWA
Fee $115.00
IND ✓
REC ✓
PAGE ✓

AND WHEN RECORDED RETURN TO:
O'Melveny & Myers
400 South Hope Street
Los Angeles, California 90071-2899
Attn: Arthur R. Mann, Esq.
#45,710-178

LEASEHOLD MORTGAGE, SECURITY AGREEMENT, FIXTURE FILING AND FINANCING STATEMENT

THIS LEASEHOLD MORTGAGE, SECURITY AGREEMENT, FIXTURE FILING AND FINANCING STATEMENT (this "Mortgage") is made this 23rd day of Sept. 1986, from PAMIDA, INC., a Delaware corporation, formerly known as New Pamida, Inc., a Delaware corporation, ("Mortgagor"), having an address as set forth in Section 18 hereof and BANKERS TRUST COMPANY, as agent for the banks party to the Credit Agreement referred to below ("Mortgagee" or "Mortgage Trustee") having an address as set forth in Section 18.

W I T N E S S E T H:

WHEREAS, pursuant to the terms of an Agreement and Plan of Merger dated as of April 18, 1986 (the "Merger Agreement"), between Pamida Acquisition Corporation, a Delaware corporation ("Acquisition"), Pamida Holdings Corporation, a Delaware corporation ("Holding"), and Mortgagor, Acquisition will merger with and into Mortgagor (the "Merger");

WHEREAS, pursuant to the terms of a Credit Agreement dated as of July 29, 1986 (said Credit Agreement, as it may hereafter be amended or otherwise modified from time to time, being the "Credit Agreement", and the terms defined therein and not otherwise defined herein being used herein as therein defined) among Acquisition, Holding, Continental Illinois National Bank and Trust Company of Chicago, as Co-Agent, Mortgagee and Banks, Banks have agreed to extend certain credit facilities to Acquisition to provide financing for the Merger and, thereafter, to Mortgagor, as the surviving corporation, for general corporate purposes;

WHEREAS such financing for the Merger will be evidenced by five promissory notes dated July 29, 1986 (the "Acquisition Notes"), made by Acquisition and Mortgagor, in

RELEASED 7-22-93 SEE
MORTGAGE RECORD 152 PAGE 180

for Amendment to mtg
see mtg Rec 151, Page 659

the face amounts set forth below, payable to the respective Banks set forth below or order, on or before January 31, 1993, with interest at the rate specified in the Credit Agreement, which rate is an annual rate equal to (1) the fluctuating interest rate announced publicly by Bankers Trust Company, from time to time, as its prime lending rate (the "Prime Rate") plus 1-1/2% per annum, or (2) the applicable "Adjusted Earodollar Rate" as determined pursuant to the Credit Agreement (the "Adjusted Eurodollar Rate") plus 2-1/4% per annum, all subject to, and as more fully set forth in, the Credit Agreement:

Payee of Note	Face Amount of Note
Bankers Trust Company	$24,650,000
Continental Illinois National Bank and Trust Company of Chicago	$24,650,000
Irving Trust Company	$ 9,860,000
First Bank of Minneapolis	$ 5,780,000
First National Bank of Omaha	$ 3,060,000

WHEREAS, such financing for general corporate purposes will be evidenced by five promissory notes dated July 29, 1986 (the "Working Capital Notes"), made by Mortgagor, in the face amounts set forth below, payable to the respective Banks set forth below or order, on or before July 29, 1989, with interest at the rate specified in the Credit Agreement, which rate is an annual rate equal to (1) the Prime Rate plus 1-1/2% per annum, or (2) the Adjusted Eurodollar Rate plus 2-1/4% per annum, all subject to, and as more fully set forth in, the Credit Agreement:

Payee of Note	Face Amount of Note
Bankers Trust Company	$ 8,337,500
Continental Illinois National Bank and Trust Company of Chicago	$ 8,337,500
Irving Trust Company	$ 3,335,000
First Bank of Minneapolis	$ 1,955,000
First National Bank of Omaha	$ 1,035,000

(the Acquisition Notes together with the Working Capital Notes are collectively referred to herein as the "Note");

WHEREAS the Credit Agreement also provides that Mortgagee may issue certain letters of credit for the account

of Mortgagor (the "Letters of Credit") and that Mortgagor has the obligation to reimburse Mortgagee for drawns on the Letters of Credit, all as more fully set forth in the Credit Agreement;

WHEREAS, pursuant to the terms of an Assumption Agreement to be executed prior to the consummation of the Merger by Acquisition, Mortgagor, Agent and Holding, Mortgagor, as the surviving corporation, will assume all of the Obligations of Acquisition under the Credit Agreement and the Acquisition Notes;

WHEREAS, it is a condition precedent to the making of the initial Loans by Banks under the Credit Agreement that Mortgagor shall have entered into this Mortgage to secure the payment and performance of the Obligations other than the obligations to reimburse Mortgagee for draws under those Letters of Credit defined as the "Evanston L/C," the "Montevideo L/C," the "Sturgis L/C" and the "Vermillion L/C" in the Credit Agreement (such Letters of Credit being referred to herein as the "Excepted L/C's");

NOW, THEREFORE, for valuable consideration and in consideration of the sums which the Banks have advanced or agreed to advance to Mortgagor, as evidenced by the Note in the aggregate principal amount not to exceed $150,000,000.00, and to secure the payment of all sums due under the Note according to its terms, and any extensions or renewals thereof, and to secure the performance of all the terms and conditions of the Credit Agreement (including the obligations of Mortgagor to reimburse Mortgagee for draws on the Letters of Credit other than the Excepted L/C's), this Mortgage, and any and all other agreements securing the Note (provided, however, this Mortgage shall not secure the obligations of Mortgagor to reimburse Mortgagee for draws under the Excepted L/C's), Mortgagor does hereby mortgage, grant, bargain, sell and convey unto the Mortgagee forever all of its estate, right, title and interest in and to the real estate and properties legally described on Exhibit "A" attached hereto and made a part hereof (the "Land");

TOGETHER with all easements, servient estates appurtenant thereto, rights, privileges, appurtenances and hereditaments thereunto belonging or in any way appertaining thereto including without limitation any such right, title, interest, claim and demand in, to and any way affecting other property and in, to and under any streets, ways, alleys, vaults or strips of land adjoining such real estate, and all royalties, mineral, oil and gas rights and profits, water, water rights, and water stock appurtenant thereto;

TOGETHER with all leasehold interests in the real estate and properties described on Exhibit "A", including, without limitation, all interests in and to the lease agreements listed on Exhibit "B" attached hereto and made a part hereof, and all modifications, supplements, additions, extensions and renewals thereto and all options, credits, deposits, privileges and rights now or at any time existing thereunder;

TOGETHER with all existing and future buildings and improvements and all fixtures and articles of personal property including, but not limited to, all elevators, all gas, steam, electric or other heating, lighting, plumbing, ventilating, airconditioning, sprinkling, water and power systems, appliances and apparatus and all other fixtures and articles of personal property which may now or at any time hereafter, during the term of this Mortgage or any extension thereof, be used in connection with the real estate or properties described above or in the operation thereof excepting, however, inventory;

TOGETHER with all amounts of rents, insurance proceeds and condemnation awards and other income, and all proceeds and payments from or on account of the property, rights and privileges subjected to the lien of this Mortgage; and

TOGETHER with all other property of every kind and description, real, personal and mixed, and interests therein now held or hereafter acquired by Mortgagor, and any other contracts, agreements, intangible property, or otherwise related to the real estate described on Exhibit "A" (all of the foregoing property and real estate are herein collectively referred to as the "Mortgaged Property");

To Have and To Hold the Mortgaged Property unto the Mortgagee forever; provided, nevertheless, that this Mortgage is upon the express condition that if the Obligations shall be paid in full and the Mortgagor shall pay as and when due and payable all amounts due under the Credit Agreement and the Note, and shall also keep and perform each and every covenant and agreement of Mortgagor herein contained and contained in the Credit Agreement, then, this Mortgage and the estate hereby guaranteed shall cease and be and become void and shall be released of record at the expense of the Mortgagor; otherwise this Mortgage shall be and remain in full force and effect.

Mortgagor relinquishes all rights of homestead, dower, distributive or elective share and all other contingent interests, either at law or in equity, and waives any rights of redemption as to the Mortgaged Property to the fullest extent permitted by applicable law, as well as the

right to assert any statute of limitations as a bar to the enforcement of the lien of this Mortgage.

Mortgagor represents and warrants that (i) it holds the sole leasehold estate in the Mortgaged Property, subject to existing subleases, (ii) it has authority to mortgage the same, (iii) the Mortgaged Property is free and clear of all liens and encumbrances whatsoever, except as heretofore disclosed in writing to Mortgagee ("Permitted Exceptions"), and (iv) it will forever warrant and defend the title to the Mortgaged Property against the lawful claims of all persons.

Mortgagor covenants and agrees with Mortgagee as follows:

1. Debt. Mortgagor will punctually pay the principal, interest and all other sums which become due under the Note, the Credit Agreement, this Mortgage and any and all other agreements securing the Note or contemplated by this Mortgage, the Credit Agreement, or the Note. This Mortgage secures all sums advanced from time to time pursuant to the Note, secures future advances and secures all Obligations to reimburse Mortgagee for draws on the Letters of Credit other than the Excepted L/C's. This Mortgage shall not secure Obligations to reimburse Mortgagee for draws on the Excepted L/C's. The total aggregate principal amount outstanding and secured by this Mortgage shall not exceed One Hundred Fifty Million Dollars ($150,000,000.00).

2. Recordation of Mortgage and Security Agreements. Mortgagor will execute, acknowledge and deliver any financing statements and other instruments in addition or supplemental hereto, including, without limitation, contracts, licenses and permits affecting the Mortgaged Property, which may be requested by Mortgagee from time to time in order to perfect and maintain the validity and effectiveness of this Mortgage and the lien and security thereof to Mortgagee and in such manner and places and within such times as may be necessary to accomplish such purposes and to preserve and protect the rights and remedies of Mortgagee. Mortgagor will furnish satisfactory evidence of every such recording, filing and registration to Mortgagee. Mortgagor hereby appoints Mortgagee as its true and lawful attorney-in-fact (and such appointment is coupled with an interest and is irrevocable) to file, in accordance with the laws of the State wherein the Mortgaged Property is located, with or without Mortgagor's signature, any and all Uniform Commercial Code financing and continuation statements which Mortgagee may deem necessary or appropriate to file in respect of this Mortgage.

3. Payment of Taxes, Assessments and Insurance. Mortgagor shall pay all ground rents, taxes (including, without limitation, mortgage taxes incurred in connection with this Mortgage), assessments, premiums for fire and other hazard insurance, rent loss insurance, and such other insurance covering the Mortgaged Property as Mortgagee may require pursuant to Section 5 below, common area utility and maintenance charges, and all other impositions attributable to the Mortgaged Property by Mortgagor's making payment, before the same becomes delinquent, directly to the payee thereof; provided that no such tax, assessment, charge or claim need be paid if being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and if such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor or if the failure to pay such tax, assessment, charge or claim would not in any way materially impair the conduct of business by Mortgagor. Upon request by Mortgagee, Mortgagor shall promptly furnish to Mortgagee all notices of amounts due for such rates, rents, taxes, assessments, premiums, charges and other impositions and Mortgagor shall furnish to Mortgagee receipts evidencing such payments on or before the tenth day preceding such delinquency date.

4. Liens. Mortgagor shall not permit any mechanic's, contractor's, materialmen's, subcontractor's, laborer's, statutory or other similar lien to be created or to remain outstanding upon the Mortgaged Property or any part thereof, and Mortgagor warrants that it will indemnify and hold Mortgagee harmless from and against all such liens and any and all expenses and fees incurred by Mortgagee in connection therewith. Mortgagor shall promptly discharge any lien which has, or may have, priority over, or equality with, the lien of this Mortgage.

5. Insurance. Mortgagor shall keep or cause to be kept such insurance on the Mortgaged Property as Mortgagee may from time to time require to protect the Mortgaged Property, in amounts and against other insurable hazards then commonly obtained in the case of property similar to the Mortgaged Property. Such insurance shall be written by insurers acceptable to Mortgagee. Such insurance shall be in form acceptable to Mortgagee, shall include as an insured party thereunder Mortgagee as its interests may appear (except with respect to worker's compensation insurance), shall be primary and without any right of contribution as to other insurance carried by Mortgagee and shall be endorsed to provide that all terms and conditions except for limit of liability shall operate in the same manner as if there were a separate policy covering each insured. Every such policy shall contain an agreement by the insurer that it will not cancel such policy except after thirty days prior written

notice to Mortgagee and that any loss otherwise payable thereunder shall be payable notwithstanding any act or negligence of Mortgagor of Mortgagee which might, absent such agreement, result in a forfeiture of all or a part of such insurance payment and notwithstanding (a) the occupation or use of the Mortgaged Property for purposes more hazardous than permitted by the terms of such policy, (b) any foreclosure or other actions or proceeding taken pursuant to any provision of any mortgage or deed of trust upon the happening of an event of default, as defined therein, or (c) any change in title or ownership of the Mortgaged Property. Mortgagor shall deliver to Mortgagee insurance certificates and copies of endorsements which provide reasonable evidence of the existence of all the insurance which is then required to be maintained or caused to be maintained by Mortgagor hereunder and, at least thirty days prior to the expiration of any such insurance, customary and reasonable evidence of the renewal of such insurance. Should Mortgagor fail to effect, maintain or renew any insurance provided for in this Section 5, or to pay the premium therefor, or to deliver to Mortgagee proper evidence thereof, Mortgagee, at its option, but without obligation so to do, may procure such insurance, and any sums expended by it to procure any such insurance and shall be repaid by Mortgagor together with the late charge within five days after receipt of bills therefor from Mortgagee. Mortgagor shall not obtain or carry separate insurance concurrent in form or contributing in the event of loss with that required in this Section 5 to be furnished by Mortgagor unless Mortgagee is included therein as an insured and named in a mortgagee endorsement, with loss payable to Mortgagee. Mortgagor shall immediately notify Mortgagee whenever any such separate insurance is obtained and shall deliver the policy or policies or certificates evidencing the same. Anything contained in this Section 5 to the contrary notwithstanding, any and all insurance which Mortgagor is obligated to carry under the terms of this Mortgage may be carried under a "blanket" policy or policies covering other properties or liabilities of Mortgagor, provided that such policies specify the portion of the total coverage that is allocated to the Mortgaged Property and that such portion and the other terms of the policies comply with the requirements of this Mortgage. Mortgagor and Mortgagee each agree to cooperate with the other, to such extent as such other party reasonably may require, in connection with the prosecution or defense of any action or proceeding arising out of, or for the collection of, any insurance moneys that may be due in the event of any loss or damage, and to execute and deliver to such other party such instruments as may be required to facilitate the recovery of any insurance moneys, but the costs and expenses of all such actions and proceedings shall be paid by Mortgagor. Mortgagor agrees to pay, and to protect, indemnify and save harmless Mortgagee from and against, any and all

liabilities, losses, damages, costs, expenses (including all attorney's fees and court costs), claims and demands of any nature whatsoever arising from (a) any injury to, or the death of, any person or any damage to property on the Mortgaged Property or elsewhere or in any manner growing out of or connected with the use, non-use, condition, maintenance or occupancy of the Mortgaged Property or any part thereof or of adjoining property, streets, sidewalks or passageways, (b) violation of any agreement or condition of this Mortgage and of any contracts, agreements, restrictions, statutes, laws, ordinances or regulations affecting the Mortgaged Property or any part thereof or the ownership, occupancy or use thereof, or (c) any act or omission on the part of Mortgagor or any of its agents, employees, contractors, sublessees, licensees or invitees. In case any action, suit or proceeding is brought against Mortgagor or Mortgagee by reason of any occurrence herein described, Mortgagor will defend or cause to be defended such action, suit or proceeding with counsel reasonably satisfactory to Mortgagee at Mortgagor's expense. Mortgagor shall give Mortgagee prompt written notice of any casualty resulting in damage or destruction to the Mortgaged Property. Except as otherwise provided in the following paragraph, the insurance proceeds payable as a result of any such casualty shall be applied in Mortgagee's sole election to the outstanding indebtedness secured by this Mortgage or to the cost of restoration of the Mortgaged Property. So long as no Event of Default shall have occurred and be continuing, insurance proceeds for casualty losses in an amount less than ten percent of the full replacement value of the Mortgaged Property shall be applied to the restoration of the Mortgaged Property, provided that such amount of proceeds is sufficient to pay the cost of restoration or funds equal to the excess of the cost of such restoration over the amount of the insurance proceeds are provided by Mortgagor. If Mortgagee so consents, and if Mortgagor restores the Mortgaged Property, then Mortgagee will hold the proceeds and will make then available from time to time as restoration progresses upon the written request of Mortgagor accompanied by such evidence of the application of such disbursements and previous disbursements as Mortgagee shall require. Mortgagee shall have to right to condition such disbursements upon Mortgagor's compliance with disbursement procedures similar to those required by Mortgagee and the Banks in connection with construction loans of similar size and type. Upon completion of all the restoration in a good and workmanlike manner and receipt by Mortgagee of satisfactory evidence that the restoration has been completed and paid for in full and that there are no liens of the character referred to above, any balance of the insurance money at the time held by Mortgagee shall be paid to Mortgagor provided that no default exists hereunder.

6. Condition of Mortgaged Property.

(a) Leases. Mortgagor shall not materially amend, modify or revise any of the leases listed on Exhibit B (the "Leases") except by a writing signed by Mortgagor and the landlord under the Lease. Mortgagor shall promptly deliver to Mortgagee a copy of all such amendments, modifications and revisions. Mortgagor shall not, without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld, amend, modify or revise any of the Leases, in a manner which would materially reduce the value of the leasehold or otherwise be adverse to Mortgagee or Mortgagee's rights and interests hereunder. Mortgagor shall not, without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld, assign or sublease all or any of the Leases, or any portion of any of the Leases (other than any sublease or assignment of 25% or less of the total retail floor space covered by a Lease); provided, however, if Mortgagee consents to such sublease or assignment, Mortgagee shall, upon request by Mortgagor, execute in recordable form an agreement that the subtenant of Mortgagor under such sublease or assignment shall not be disturbed in its quiet enjoyment so long as it shall continue to perform its obligations under such sublease, notwithstanding any foreclosure of this Mortgage, deed or other conveyance in lieu of foreclosure, or any other surrender of Mortgagor's rights pursuant to the Leases and that upon such foreclosure or similar action, as the case may be, Mortgagor and its assigns shall be substituted for the sublessor under any such sublease provided the sublessee shall attorn to such party. Mortgagor shall not do any act which would destroy or impair the benefits to Mortgagee of this Mortgage, and without limiting the generality of the foregoing, Mortgagor shall take all actions required to be taken by Mortgagor under the terms of the Leases and Mortgagor shall refrain from taking all actions prohibited by the Leases. Mortgagor shall also abide by all other terms of the Leases. Mortgagor shall pay, when due, all basic rent, additional rent and all other payments and charges under the Leases, including but not limited to insurance, taxes and assessments, and shall promptly perform each and every of its obligations, and fulfill all of the conditions to be fulfilled by it, pursuant to the Leases. Mortgagor shall not, without ten (10) days prior written notice to Mortgagee, acquire any interest in the Land or any option to acquire any such interest, other than the leasehold interest granted pursuant to the Leases. If Trustor acquires any such interest in the Land, Mortgagor agrees that the lien of this Mortgage shall, immediately upon such acquisition by Mortgagor, attach to and cover said interest as fully as if originally described in this Mortgage. Mortgagor shall promptly give Mortgagee written notice of any default under any Lease by Mortgagor or the landlord under any of the

Leases. Mortgagee shall have the right, but not the obligation, to cure any default under any of the Leases, and all sums expended by Mortgagee in curing any such default shall be secured hereby. Mortgagor agrees to pay to Mortgagee, immediately upon demand all sums so expended by Mortgagee (including, without limitation, reasonable attorneys' fees and expenses), with interest thereon at the Prime Rate (as defined in the Credit Agreement) plus 3-1/2% per annum (the "Agreed Rate") from the date of expenditure until payment.

(b) Property. Mortgagor shall (i) keep or cause to be kept the Mortgaged Property and all buildings and other improvements located thereon in good condition and repair, (ii) comply or cause compliance with all laws, ordinances and regulations of all public authorities relating to the Mortgaged Property or the use thereof, (iii) not commit, suffer or permit any waste on the Mortgaged Property, (iv) restore or repair promptly and in a good and workmanlike manner all or any part of the property to the equivalent of its original condition, or such other condition as Mortgagee may approve in writing, in the event of any damage, injury or loss thereto, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair and (v) not remove, demolish or alter nor permit the removal, demolition or alteration of any improvements, fixtures, machinery or appliances thereon except when incident to their replacement with improvements, fixtures, machinery or appliances of like kind and equivalent or better value. Mortgagee and its authorized representatives shall have the right to inspect the Mortgaged Property or any part thereof during usual business hours or at any time if the Mortgaged Property is vacant.

7. Condemnation. Mortgagor shall give prompt notice to Mortgagee of any condemnation proceeding affecting the Mortgaged Property as soon as it has notice thereof. The proceeds of any award in such condemnation proceeding or sale to the condemning authority under threat thereof (a "Taking") shall be, at Mortgagee's sole election, applied to the outstanding indebtedness secured by this Mortgage or to cost of restoration of the Mortgaged Property. In the event of restoration by the Mortgagor, the restoration shall occur upon the same conditions as set forth in Section 5 of this Mortgage and the proceeds of any taking shall be applied as provided in Section 5 of this Mortgage for insurance proceeds.

8. Mortgagee's Right to Act. If Mortgagor fails to perform any act which it is required to perform hereunder or to pay any money which it is required to pay hereunder, Mortgagee may, but shall not be obligated to, perform or cause to be performed such act and may pay such money and any expenses thereby incurred by Mortgagee, and any money so paid

shall be an obligation immediately owing by Mortgagor without demand and shall bear interest at the rate provided in the Note, from the date of making such payment until paid and shall be part of the obligations hereby secured, and Mortgagee shall be subrogated to all of the rights of the person receiving such payment or the benefit of such act.

9. Default. Mortgagor shall be in default hereunder and, at the option of Mortgagee, the amounts due under the Note and the Credit Agreement shall immediately become due and payable, irrespective of the maturity date stated therein, if one or more of the following events (herein, a "Default" or an "Event of Default") shall occur:

(i) the failure of Mortgagor to pay any installment of principal, interest or any other sum due under the Note, the Credit Agreement, this Mortgage, or any other agreement securing the Note or the Credit Agreement within five (5) days after the same becomes due;

(ii) a default under or the failure of Mortgagor to perform or observe any other agreement, condition or covenant contained in the Note, the Credit Agreement, this Mortgage, or in any other agreement securing the Note if such failure shall continue for a period of thirty days after written notice of such failure;

(iii) the sale, assignment, conveyance, transfer, encumbrance, or transfer of full possessory rights of all or any portion of Mortgagor's interest the Mortgaged Property; whether voluntary, involuntary or by operation of law (this provisions shall apply to each and every sale, transfer, conveyance or encumbrance regardless of any prior consent or waiver by Mortgagee with respect to any prior sale, transfer, conveyance or encumbrance); or

(iv) a default under any other encumbrance upon the Mortgaged Property, whether prior or subordinate to the lien of this Mortgage.

10. Surrender of Mortgaged Property to Mortgagee. Whenever any Event of Default shall occur, Mortgagor shall, upon demand of Mortgagee, forthwith surrender to Mortgagee actual possession of all the Mortgaged Property, or such part or parts thereof as Mortgagee may designate and Mortgagee, personally or by its agents or attorneys, may enter thereupon and take possession thereof and wholly exclude Mortgagor and its agents and servants therefrom, or on application of Mortgagee, a receiver may be appointed in the manner hereinafter provided. Mortgagee in possession, or such receiver, may thereafter (a) operate and manage such property and exercise all rights, powers and franchises of Mortgagor in

respect thereof, with power to use and consume in connection therewith all materials, current supplies and stores then belonging to Mortgagor, wherever found, and with power to make, at the expense of Mortgagor, such repairs, replacements, alterations, additions or improvements thereto, and to purchase or otherwise acquire such materials therewith, as Mortgagee may consider advisable, (b) collect the earnings and income from such property and (c) pay all proper charges, operating expenses, and all disbursements and liabilities of Mortgagee under the note, this Mortgage, and any other agreement securing the Note, this Mortgage, and any other agreement securing the Note. All net income and profit arising from the operation of any of the Mortgaged Property received by any receiver shall be paid to Mortgagee. The net proceeds arising from any such operation of the Mortgaged Property by Mortgagee, or by a receiver, shall be applied from time to time to the payment of the installments of principal and interest due upon and any other sums due under the Note, the Credit Agreement, this Mortgage, and any other agreement securing the Note or the Credit Agreement.

11. Remedies: Acceleration, Foreclosure, etc. Upon the occurrence of an Event of Default, the Mortgagee may, at its option, exercise one or more of the following rights and remedies (and any other rights and remedies available to it under law). Mortgagee may, by written notice to the Mortgagor, declare immediately due and payable all unmatured Indebtedness secured by this Mortgage, and the same shall thereupon be immediately due and payable, without further notice or demand. Upon the occurrence of any default hereunder, Mortgagee may proceed to enforce its rights by any remedy legally available to it, including, but not limited to, a suit or suits at law or in equity for specific performance or otherwise. In conjunction or in addition to such rights and remedies, Mortgagee also may (a) require Mortgagor to assemble the Mortgaged Property and make it available to Mortgagee at a place to be designated by Mortgagee which is reasonably convenient to Mortgagor and Mortgagee, (b) with or without process of law and without liability for loss or damage, enter upon any premises where such Mortgaged Property or any part thereof may be found and take possession of all or any part thereof, and hold, store, keep idle, use, lease, operate or otherwise use or permit the use of the same or any part thereof for such time and upon such terms as Mortgagee may deem to be commercially reasonable, and may demand, collect and retain all hire, earnings and other sums due whomsoever, accounting only for the net earnings, if any, arising from such use after charging against all receipts from the use of the same or from the sale thereof, by court proceedings or pursuant to subparagraph (c) next following or otherwise, all costs, expenses and charges of, and damages or losses by reason of, such use and/or sale or (c) with or

without process of law, without liability for loss or damage, enter upon any premises where such Mortgaged Property or any part thereof may be found and sell or dispose of all or any part of the same, free from any and all claims of Mortgagor or any party claiming by, through, or under Mortgagor at law or inequity, at such time or times, and upon such terms as Mortgagee may fix, with or without advertisement of any such sale or disposal. Mortgagee shall give Mortgagor ten days' prior notice of the time and place of any public sale thereof or of the time which any private sale or other intended disposition thereof is to be made.

12. Additional Remedies of Mortgagee. Whenever an Event of Default shall have occurred, Mortgagee, either in aid of any other available right or remedy, or upon institution of any suit in equity or action at law hereunder, shall be entitled to secure the appointment, by any court of competent jurisdiction, of a receiver of all or any part of the Mortgaged Property (other than deposited money) and the earnings, rents, profits and income therefrom or, to the extent permitted by law, the appointment of a general receiver of all the property of Mortgagor, or the appointment of both a mortgage receiver and a general receiver, with power to operate the same as provided in this Mortgage, and with such additional powers as the court making such appointment shall fix.

13. Assignment of Rents. Mortgagor hereby absolutely and unconditionally assigns to Mortgagee, to the extent of the performance of all obligations secured hereby, all the rents, revenue, profits and income from the Mortgaged Property, including those now due, past due or to become due, and the possession of the Mortgaged Property for the purpose of collecting and enforcing the same. Mortgagor does hereby constitute and appoint Mortgagee its true and lawful attorney-in-fact (which appointment is coupled with an interest and is irrevocable) for the purpose of taking possession of the Mortgaged Property and collecting all of the rents, revenue and income therefor and to pay from the money collected from the Mortgaged Property all fees, commissions and expenses incurred in renting and managing the same and collecting the rentals therefrom and to pay the taxes, assessments and insurance premiums on the Mortgaged Property and the charges and amounts due under the Note, this Mortgage, and any other agreement securing the Note. Notwithstanding the foregoing, however, so long as no Event of Default has occurred and is continuing, Mortgagor shall collect and receive all rents and revenues of the Mortgaged Property as trustee for the benefit of Mortgagee and Mortgagor and apply the rents and revenues so collected to the sums secured by this Mortgage to the extent then due, it being intended by Mortgagor and Mortgagee that this assignment of rents

constitutes an absolute assignment and not an assignment for additional security only. Upon the occurrence of any Event of Default, and without the necessity of Mortgagee entering upon and taking and maintaining full control of the Mortgaged Property in person, by agent or by a court-appointed receiver, Mortgagee shall immediately be entitled to possession of all rents and revenues of the Mortgaged Property as specified in this Section 13 as the same become due and payable, including, but not limited to, rents then due and unpaid, and all rents shall immediately upon the occurrence of each such Default be held by Mortgagor as trustee for the benefit of Mortgagee only. Mortgagor agrees that commencing upon the occurrence of such Default, each tenant of the Mortgaged Property shall make its rent payable to and pay such rent to Mortgagee (or Mortgagee's agents) on Mortgagee's written demand therefor, delivered to such tenant personally, by mail, or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of a Default by Mortgagor. Mortgagor hereby covenants that Mortgagor has not executed any prior assignment of said rents, that Mortgagor has not performed, and will not perform, any acts or has not executed, and will not execute, any instrument which would prevent Mortgagee from exercising its rights under this Section 13, and that at the time of execution of this Mortgage there has been no anticipation or prepayment of any of the rents of the Mortgaged Property for more than one month prior to the due dates of such rents. Mortgagor covenants that Mortgagor will not hereafter collect or accept payment of any rents of the Mortgaged Property more than one month prior to the due dates of such rents. Mortgagor further covenants that Mortgagor will execute and deliver to Mortgagee such further assignments of rents and revenues of the Mortgaged Property as Mortgagee may from time to time request. Upon the occurrence of any Event of Default, Mortgagee may in person, by agent or by a court-appointed receiver, regardless of the adequacy of Mortgagee's security, enter upon and take and maintain full control of the Mortgaged Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited to, the execution, cancellation or modification of leases, the collection of all rents and revenues of the Mortgaged Property, the making of repairs to the Mortgaged Property and the execution or termination of contracts providing for the management or maintenance of the Mortgaged Property, all on such terms as are deemed best to protect the security of this Mortgage. In the event Mortgagee elects to seek the appointment of a receiver for the property upon Mortgagor's breach of any covenant or agreement of Mortgagor in this Mortgage, Mortgagor hereby expressly consents to the appointment of such receiver. Mortgagee or the receiver shall be entitled to receive a reasonable fee for so managing the Mortgaged Property. All

rents and revenue collected subsequent to the occurrence of any Event of Default shall be applied first to the costs, if any, of taking control of and managing the Mortgaged Property and collecting the rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Mortgaged Property, premiums on insurance policies, taxes, assessments and other charges on the Mortgaged Property, and costs of discharging any obligation or liability of Mortgagor as lessor or landlord of the Mortgaged Property and then to the sums secured by this Mortgage. Mortgagee or the receiver shall have access to the books and records used in the operation and maintenance of the Mortgaged Property and shall be liable to Mortgagor, anyone claiming under or through Mortgagor or anyone having an interest in the Mortgaged Property by reason of anything done or left undone by Mortgagee under this Section 13. If the rents of the Mortgaged Property are not sufficient to meet the costs, if any, of taking control of and managing the Mortgaged Property and collecting the rents, any funds expended by Mortgagee for such purposes shall become indebtedness of Mortgagor to Mortgagee secured by this Mortgage. Unless Mortgagee and Mortgagor agree in writing to other terms of payment, such amounts shall be payable upon notice from Mortgagee to Mortgagor requesting payment thereof and shall bear interest from the date of disbursement at the Agreed Rate. Any entering upon and taking and maintaining of control of the Mortgaged Property by Mortgagee or the receiver and any application of rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of Mortgagee under applicable law or provided herein. Upon payment and performance in full to Mortgagee of all obligations of Mortgagor under the Note the Credit Agreement and all instruments securing the Note and the Credit Agreement, Mortgagee shall re-assign to Mortgagor, without recourse, the rents of the Mortgaged Property.

14. Remedies of Mortgagee to be Nonexclusive and Cumulative. Every right or remedy herein conferred or reserved shall be nonexclusive, shall be cumulative and shall be in addition to every other right, remedy, or power given hereunder or now or hereafter existing in law or in equity. No delay or omission by Mortgagee in exercising any available right, power or remedy hereunder shall impair or be construed as a waiver thereof or be considered an acquiescence in the circumstances giving rise thereto. Every right, power or remedy herein conferred upon or reserved to Mortgagee may be exercised from time to time and as often as deemed expedient. The acceptance by Mortgagee of payment of any sum secured by this Mortgage after the due date of such payment shall not be a waiver of Mortgagee's right or either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement

of insurance or the payment of taxes or other liens or charges by Mortgagee pursuant to Section 8 shall not be a waiver of Mortgagee's right to accelerate the maturity of the indebtedness secured by this Mortgage, nor shall Mortgagee's receipt of any awards, proceeds or damages under Section 5 or Section 7 hereof operate to cure or waive Mortgagor's default in the payment of any sums secured by this Mortgage. In case any of the remedies in this Mortgage given or attempted to be given to Mortgagee shall at any time be held invalid, or in the case that any provision of this Mortgage shall be held illegal, invalid or unenforceable for any reason, such illegality, invalidity or unenforceability shall not affect the remaining parts of this Mortgage or the other remedies given hereby, and this Mortgage shall be construed and enforced as if all such illegal or invalid provisions had never been inserted herein. If at any time Mortgagee, by reason of any Default hereunder, shall have proceeded to enforce any of its rights or powers, by foreclosure, entry or otherwise, and if thereafter such Default and all other Defaults of Mortgagor shall have been cured or if such other proceedings shall have for any reason been abandoned, or withdrawn by Mortgagee, or shall have been determined adversely to it, then in every such case this Mortgage, and all rights, remedies and powers of Mortgagee hereunder shall continue thereafter as though no such proceeding had been taken. If any action or proceeding shall be commenced in which Mortgagee is made a party, or in which it becomes necessary to enforce, defend or uphold the lien of this Mortgage (including participation by Mortgagee in any bankruptcy, insolvency, reorganization or similar federal or state proceeding affecting any party having any interest in the Mortgaged Property), all expenses paid by Mortgagee in connection with such action, proceeding or defense (including reasonable attorneys' fees to the extent permitted by law) shall be paid by Mortgagor upon demand of Mortgagee, with interest thereon at the Agreed Rate and any such sums and the interest thereon shall become part of the debt secured by this Mortgage. Notwithstanding the existence of any other security interests in the Mortgaged Property held by Mortgagee or by any other party, Mortgagee shall have the right to determine the order in which any or all of the Mortgaged Property shall be subjected to the remedies provided herein. Mortgagee shall have the right to determine the order in which any and all portions of the indebtedness secured hereby are satisfied form the proceeds realized upon the exercise of the remedies provided herein. Mortgagor, any party who consents to this Mortgage, and any party who now or hereafter acquires a security interest in the Mortgaged Property and who has actual or constructive notice hereof hereby waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

15. Security Agreement. This Mortgage is intended to be a security agreement pursuant to the Uniform Commercial Code for any of the items specified above as part of the Mortgaged Property which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and Mortgagor hereby grants Mortgagee a security interest in said items. This Mortgage, or a reproduction thereof, shall be filed in the real estate records or other appropriate index, as a real property constituting financing statement and fixture filing for the the Mortgaged Property. Any reproduction of this Mortgage or of any security agreement or any financing statement shall be sufficient as a financing statement and/or fixture filing. In addition, Mortgagor agrees to execute and deliver to Mortgagee, upon Mortgagee's request, any financing statements and fixture filings, as well as extensions, renewals and amendments thereof, and reproductions of this Mortgage in such form as Mortgagee may require to perfect a security interest with respect to said items. Mortgagor shall pay all costs of filing such financing statements and any continuation statements, extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements Mortgagee may reasonably require. Without the prior written consent of Mortgagee, Mortgagor shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest having a priority over the security interest of this Mortgage in said items, including replacements and additions thereto. Upon the occurrence of any Event of Default hereunder, Mortgagee shall have the remedies of a secured party under the Uniform Commercial Code and, at Mortgagee's option, may also invoke the remedies provided herein. In exercising any of said remedies, Mortgagee may proceed against the items of real property and any items of personal property specified above as part of the Mortgaged Property separately or together and in any order whatsoever, without in any way affecting the availability of Mortgagee's remedies under the Uniform Commercial Code or of the remedies provided herein.

16. Observance of Covenants. Mortgagor will not, directly or indirectly, do any act or thing it would be prohibited from doing by any of the provisions of this Mortgage, the Note, or any other agreement securing the Note; nor suffer or permit any Default to occur under this Mortgage, or any such security agreements, but will faithfully observe and perform all of the conditions, covenants and requirements of this Mortgage and all such security agreement.

17. Further Assurances. Mortgagor will, on request of the Mortgagee promptly correct any defect, error or omission which may be discovered in the contents of this Mortgage, the Note or in any other agreement securing the

Note, or in the executions or acknowledgment thereof, and will execute, acknowledge and deliver such further instruments and do such further acts as may be necessary or as may be reasonably requested by Mortgagee to effectuate the purpose of this Mortgage and any such security agreement.

18. Notices. All notices, demands, requests, consents, approvals or communications required under this Mortgage shall be in writing and shall be deemed to have been properly given if sent by registered or certified mail, postage prepaid, return receipt requested or personally delivered to the parties at the addresses set forth below or to such other addresses as designated by notice pursuant to this Section. Mortgagor on behalf of itself and Mortgagee hereby requests that a copy of any notice of default or notice of sale hereunder be mailed to each person who is a party thereto at the address set forth below. All notices shall be deemed received when delivered, but in no event later than three (3) days after being deposited with the United States Postal Service, whichever shall occur first.

MORTGAGOR: Pamida, Inc.
8800 "F" Street
Omaha, Nebraska 68127
Attention: John J. Wiesner

MORTGAGEE: Bankers Trust Company
400 South Hope Street
Los Angeles, California 90071
Attention: Douglas F. Wallace

19. Inspection; Books and Records. Mortgagee may make or cause to be made reasonable entries upon and inspections of the Mortgaged Property. Mortgagor shall keep and maintain at all times at Mortgagor's address stated above, or such other place as Mortgagee may approve in writing, complete and accurate books of accounts and records adequate to reflect correctly the results of the operation of the Mortgaged Property and copies of all written contracts, leases and other instruments which affect the Mortgaged Property. Such books, records, contracts, leases and other instruments which affect the Mortgaged Property. Such books, records, contracts, leases and other instruments shall be subject to examination and inspection at any reasonable time by Mortgagee. Upon Mortgagee's request, Mortgagor shall furnish to Mortgagee, within one hundred twenty (120) days after the end of each fiscal year of Mortgagor, a balance sheet, a statement of income and expenses of the Mortgaged Property and a statement of changes in financial position, each in reasonable detail and certified by Mortgagor and, if Mortgagee shall require, by an independent certified public accountant.

20. Waiver of Marshalling. Mortgagor, any party who consents to this Mortgage and any party who now or hereafter acquires a lien on the Mortgaged Property and who has actual or constructive notice of this Mortgage hereby waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

21. Miscellaneous. (a) All of the rights and remedies reserved to Mortgagee and all of the obligations herein imposed upon Mortgagor shall be deemed to run with the land and shall be for the benefit of the successors and assigns of Mortgagee and shall bind the heirs, personal representatives, successors and assigns of Mortgagor, and all the grantees of the Mortgaged Property or any part thereof, their heirs, personal representatives, successors and assigns.

(b) Any headings or captions inserted herein are for convenience of reference only and are not to be used in the interpretation or construction of this Mortgage.

(c) Insofar as permitted by otherwise applicable law, this Mortgage and the Obligations shall be construed under and governed by the laws of the State of New York (including, without limitation, choice of law and conflict of law rules); provided, however, that, with respect to any portion of the Mortgaged Property located outside of the State of New York, the laws of the place in which such property is located shall apply to the extent, and only to the extent, necessary to permit Mortgagee to enforce or realize upon its rights and remedies hereunder with respect to such property.

(d) In the event that any provision or clause of this Mortgage conflicts with applicable law, such conflict shall not affect any other provisions of this Mortgage which can be given effect without the conflicting provisions and to this end the provisions of this Mortgage are declared severable.

(e) This Mortgage may be executed in several original counterparts. To facilitate filing and recording, there may be omitted from certain counterparts those portions of any legal descriptions attached hereto which contain Mortgaged Property which relates to land under the jurisdiction of offices or located in counties other than the office or county in which the particular counterpart is to be filed or recorded. Each counterpart shall be deemed to be an original for all purposes, and all counterparts shall together constitute but one and the same instrument.

22. Satisfaction. Unless sooner terminated in accordance with the provisions hereof, upon full payment of the debt secured hereby, then this Mortgage shall terminate, and the Mortgaged Property shall be free from lien hereof.

IN WITNESS WHEREOF, Mortgagor has executed and delivered this Mortgage on the date set forth in the acknowledgment hereto but effective for all purposes as of the day first written above.

PAMIDA, Inc.
a Delaware corporation

By: _____
Name: John J. Wiesner
Its: Vice Chairman of the Board of Directors and Chief Administrative Officer

ATTEST:

By: _____
Name: Richard W. Ramm
Its: Senior Vice President, Secretary and Treasurer

(SEAL)

PAMIDA, INC. CORPORATE SEAL 1980 DELAWARE

This instrument prepared by:
Arthur R. Mann
O'Melveny & Myers
400 South Hope Street
Los Angeles, CA 90071-2899

STATE OF NEBRASKA)
) SS.
COUNTY OF DOUGLAS)

(Iowa, South Dakota, Wyoming and Nebraska Form)

The foregoing instrument was acknowledged before me on this 24th day of September, 1986, by John J. Wiesner and Richard W. Ramm, the Vice Chairman of the Board of Directors and Chief Administrative Officer; and Senior Vice President, Secretary and Treasurer, respectively, of Pamida, Inc., a Delaware corporation, on behalf of said corporation.

GIVEN under my hand this 24th day of September, 1986.

Sandy L Ross
Notary Public

(SEAL) GENERAL NOTARY - State of Nebraska
SANDY L. ROSS
My Comm. Exp. Nov. 23, 1986

My Commission expires:_____

EXHIBIT "A"

Lots Seven (7) and Eight (8) in Block Twenty-Five (25) of the Original Twon of Winterset, Madison County, Iowa.

EXHIBIT "B"

Lease between Harold L. Taylor, as Landlord, and Pamida, Inc., a Delaware corporation, as Tenant, dated March 23, 1981.