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| UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK (MANHATTAN) | | PROOF OF CLAIM | | YOUR CLAIM IS SCHEDULED AS: Schedule/Claim ID s542 Amount/Classification \$7,741.94 Unsecured | |
| In re: <p style="text-align: center;">Jennifer Convertibles, Inc.</p> | | Case Number: <p style="text-align: center;">10-13779</p> | | The amounts reflected above constitute your claim as scheduled by the Debtor or pursuant to a filed claim. If you agree with the amounts set forth herein, and have no other claim against the Debtor, you do not need to file this proof of claim EXCEPT as stated below. If the amounts shown above are listed as Contingent, Unliquidated or Disputed, a proof of claim must be filed. If you have already filed a proof of claim with the Bankruptcy Court or BMC, you do not need to file again. THIS SPACE IS FOR COURT USE ONLY | |
| NOTE: See Reverse for List of Debtors/Case Numbers/important details. This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503. | | | | | |
| Name of Creditor and Address: the person or other entity to whom the debtor owes money or property <div style="display: flex; justify-content: space-between;"> <div> SHOPS ON THE CURVE, LLC PO BOX 9905 GREENSBORO, NC 27429 </div> <div> 25239790000336 </div> </div> | | | | | |
| Creditor Telephone Number () | | <div style="border: 1px solid black; padding: 5px; display: inline-block;"> RECEIVED OCT 22 2010 BMC GROUP </div> | | <input type="checkbox"/> Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check this box if you are the debtor or trustee in this case. | |
| Name and address where payment should be sent (if different from above): Jennifer N. Fountain, Esq. P.O. Box 1888 Greensboro, NC 27402 | | Payment Telephone Number () 336.275-8626 | | <input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim. Claim Number (if known): Filed on: | |
| 1. AMOUNT OF CLAIM AS OF DATE CASE FILED \$ 37,112.49 If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4. If all or part of your claim is entitled to priority, complete item 5. If all or part of your claim qualifies as an administrative expense under 11 U.S.C. § 503(b)(9), complete item 6. <input checked="" type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges. | | | | | |
| 2. BASIS FOR CLAIM: Lease | | (See instructions #2 and #3a on reverse side.) | | 3. LAST FOUR DIGITS OF ANY NUMBER BY WHICH CREDITOR IDENTIFIES DEBTOR: 3a. Debtor may have scheduled account as: | |
| 4. SECURED CLAIM (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of set off and provide the requested information. Nature of property or right of setoff: Describe: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____ Value of Property: \$ _____ Annual Interest Rate: _____ % If any: \$ _____ Basis for Perfection: _____ Secured Claim Amount: \$ _____ Unsecured Claim Amount: \$ _____ Amount of arrearage and other charges as of time case filed Included in secured claim, DO NOT include the priority portion of your claim here. | | | | | |
| 5. PRIORITY CLAIM <input type="checkbox"/> Amount of Claim Entitled to Priority under 11 U.S.C. § 507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. You MUST specify the priority of the claim: <input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725*), earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5). <input type="checkbox"/> Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8). <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a) (). * Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment. | | | | | |
| 6. AMOUNT OF CLAIM THAT QUALIFIES AS AN ADMINISTRATIVE EXPENSE UNDER 11 U.S.C. § 503(b)(9): \$ See instruction #6 on reverse side | | | | | |
| 7. CREDITS: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. | | | | | |
| 8. SUPPORTING DOCUMENTS: Attach redacted copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of evidence of perfection of a security interest. (See instruction 8 and definition of "redacted" on reverse side.) If the documents are not available, please explain. DATE-STAMPED COPY: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim. DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. | | | | | |
| The original of this completed proof of claim form must be sent by mail or hand delivered (FAXES NOT ACCEPTED) so that it is actually received on or before 5:00 pm, prevailing Eastern Time on October 25, 2010 for Non-Governmental Claimants OR on or before 5:00 pm, prevailing Eastern Time on January 18, 2011 for Governmental Units BY MAIL TO: BMC Group, Inc Attn: Jennifer Convertibles Claims Processing PO Box 3020 Chanhassen, MN 55317-3020 | | | | THIS SPACE FOR COURT USE ONLY Jennifer Convertibles 00269 | |
| DATE 10-21-2010 | | SIGNATURE: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any. <div style="text-align: right;"> Jennifer N. Fountain, Attorney </div> | | | |

Penalty for presenting fraudulent claim is a fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 AND 3571

Jennifer Convertibles, Inc.
Case No. 10-13779

Attachment to Proof of Claim
of
Shops On the Curve, LLC

Rent Allowed from June 1, 2010 through June 30, 2011⁽¹⁾

| | |
|--|--------------|
| Pre-Petition past due Rent (June 1, 2010 – July 18, 2010) | 4,800.00 |
| Pre-Petition past due Processing Fee (May 1, 2010 – July 18, 2010) | 312.51 |
| Pre-Petition past due Late Fee (May 1, 2010 – July 18, 2010) | 258.05 |
| Post Petition Rent (July 19, 2010 – June 30, 2011) | \$31,741.93 |
| Total Amount Due | \$37,112.49* |

⁽¹⁾ Limited pursuant to Section 502(b)(6)

*Plus interest at the rate of 5% pursuant to Section 3.03 of the Lease

LEASE MODIFICATION AGREEMENT

THIS LEASE MODIFICATION AGREEMENT ("Modification Agreement") made and entered into as of this 1st day of January, 2009, by and between **SHOPS ON THE CURVE, LLC** ("Landlord"); and **JENNIFER CONVERTIBLES, INC.** ("Tenant");

RECITALS:

WHEREAS, Landlord and Tenant entered into a Lease, including a Rider and Letter of Possession attached thereto, dated October 30, 2000, for the premises known as Suite 110, Shops on the Curve, Stanley Road, Greensboro, NC (collectively the "Lease").

WHEREAS, Landlord and Tenant desire to make certain modifications to the Lease from the date hereto through the initial term of the Lease which ends on June 30, 2011.

NOW, THEREFORE, in consideration of the premises, the sum of Ten Dollars (\$10.00), and other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged by each of the parties hereto, Landlord and Tenant agree as follows:

1. The terms of **Section 1.01 – Summary of the Basic Lease Provisions** J. LEASE TERM AND EXTENSION RIGHTS are hereby deleted in their entirety and the following substituted in lieu thereof:

J. LEASE TERM: The Lease Term shall expire on June 30, 2011.

2. The terms of **Section 1.01 – Summary of the Basic Lease Provisions** N. FIXED MINIMUM RENT are hereby deleted in their entirety and the following substituted in lieu thereof:

N. FIXED MINIMUM RENT: Payable each calendar month beginning January 1, 2009 through June 30, 2011, the end of the Lease Term, in the amount of Three Thousand and no/100 Dollars (\$3,000.00).

3. **Section 3.03 – Additional Rent and Address for Payment** is amended by inserting the following as the last sentence thereof:

Notwithstanding anything in this Lease to the contrary, no Additional Rent shall be due and payable by the Tenant from January 1, 2009 through June 30, 2011, the end of the initial Lease Term.

4. **Section 37 Notice from One Party to the Other** is hereby deleted in its entirety and the following substituted in lieu thereof:

37. Notice from One Party to the Other – Any notice from Landlord to Tenant or from Tenant to Landlord shall be sent by certified mail, return receipt required. All notices shall be addressed or delivered, if to:

To Landlord:

Shops on the Curve, LLC
C/o Maxwell Associates, Inc.
101 W. Friendly Avenue, Suite 601
Greensboro, North Carolina 27401

To Tenant:

Jennifer Convertibles, Inc.
417 Crossways Park Drive
Woodbury, New York 11797

With A Copy To:

Owen Wincig, Esq.
Wincig and Wincig
137 Fifth Avenue, 9th Floor
New York, New York 10010

5. **Section 53 Early Termination** is hereby deleted in its entirety.

Except as modified and amended by this Modification Agreement, all of the terms, covenants and conditions of the Lease are hereby ratified and confirmed and are in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Modification Agreement as of the day and year first above written.

LANDLORD:

SHOPS ON THE CURVE, LLC

By: 

Name: SEAN M. JOHNSON
Manager

TENANT:

JENNIFER CONVERTIBLES, INC.

By: 

Name: EDWARD B. SEAMON
Title: EXECUTIVE V.P.

ORIGINAL

Number 2 of

X executed

counterparts

LEASE

THIS LEASE, made as of this the 30th day of October, 2000, by and between **SHOPS ON THE CURVE, LLC** ("Landlord") and **JENNIFER CONVERTIBLES, INC.** ("Tenant").

WITNESSETH:

Upon the terms and conditions hereinafter set forth, Landlord leases to Tenant the Premises (hereinafter defined), and Tenant rents them from Landlord, all as follow:

ARTICLE I SUMMARY

Section 1.01 - Summary of the Basic Lease Provisions

A. DATE OF LEASE AND SIGNING BY LANDLORD: October 30, 2000

B. NAME OF LANDLORD: ADDRESS OF LANDLORD:

Shops on the Curve, LLC

c/o Maxwell Associates, Inc.
127 North Greene Street
Greensboro, NC 27401

C. NAME OF TENANT: ADDRESS OF TENANT:

Jennifer Convertibles, Inc.

419 Crossway Park Drive
Woodbury, New York 11797

D. NAME OF GUARANTORS: N/A

E. PERMITTED USE: Retail sale of furniture

F. TENANT'S TRADE NAME: Jennifer Convertibles-
Jennifer Leather-Elegant Living

G. THE PREMISES: That portion of the Shopping Center crosshatched on the "Site Plan" attached hereto as Exhibit B and made a part hereof and designated as Suite 110 and consisting of approximately 3,240 square feet.

H. COMMENCEMENT DATE: The Lease Term begins on ~~November 1, 2000~~, provided, however, the Rent shall first be paid commencing on the one hundred and eighty-first (181st) day after ~~November 1, 2000~~ ("Rent Commencement Date").

I. LEASE YEAR: Twelve (12) consecutive calendar months commencing on the Rent Commencement Date. The term "Partial Lease Year" is the period from the Commencement Date

through December 31 of the calendar year of the Commencement Date and any other period beginning on the first day of any Lease Year and ending, by reason of the expiration of earlier termination of this Lease, prior to the end of such Lease Year.

J. LEASE TERM AND EXTENSION RIGHTS: Approximately ten (10) years beginning on the Rent Commencement Date and expiring on the tenth (10th) anniversary of the Rent Commencement Date, but if the Rent Commencement Date is not the first day of a calendar month, the last day of the calendar month in which the anniversary of the Rent Commencement Date occurs.

Provided Tenant is not then in default beyond the applicable cure period hereunder, has continuously operated in good faith throughout the term of this Lease for Tenant's Permitted Use, and is in good financial condition as evidenced by Tenant's most recently audited financial statement, or by a true and correct financial statement certified by Tenant, either of which shall be less than one (1) year old and shall accompany the following notice, Tenant shall have the options to renew the lease for one five (5) year term. Said option shall be exercised, if at all, by written notice to Landlord at least one hundred twenty (120) days prior to the expiration of the then current term. All terms and conditions contained herein shall apply during the option period with exception of the annual Fixed Minimum Rent which shall be adjusted as provided in Paragraph N below.

K. LANDLORD'S WORK: The Premises shall be delivered to Tenant in shell condition as follows:

1. Concrete floor in place.
2. Demising partitions - studs and gypsum board is taped and sanded and primed and ready for paint finish. ~~The entire back wall is to be left unfinished.~~ *W RUP*
3. Bathroom - One bathroom is in place in the back left of the premises. State building code may require another bathroom to be added, based on the leased square footage. If required, the cost of the addition will be borne by the ~~tenant~~. *Landlord W RUP*
4. Ceiling - 2' x 4' acoustical ceiling has been installed at a ceiling height of ten feet.
5. Electrical - Outlets are placed as per local building code.
6. HVAC is in place at a capacity of one ton per 400 square foot.
7. Glass store front with green aluminum frames.
8. Rear service door.

L. **TENANT'S WORK:** All construction work other than Landlord's Work which is required to complete the Premises to a finished condition ready for the conduct of Tenant's business. Tenant's Work shall be performed in a good and workmanlike manner in conformity with all codes and by a duly licensed and insured contractor who meets criterion reasonably satisfactory to Landlord. The Tenant shall receive an allowance of \$7,500.00 from Landlord to be used for a portion of the tenant's upfit. The \$7,500.00 allowance shall be paid within ten (10) days after the Rent Commencement Date provided only that the Tenant has completed Tenant's Work and paid the first Rent payment .

M. **INTENTIONALLY DELETED.**

N. **FIXED MINIMUM RENT:** Payable each calendar month during the Lease Term as follows:

| <u>Year</u> | <u>Months</u> | <u>\$/SF</u> | <u>Annual Rent</u> | <u>Monthly Rent</u> |
|-------------|---------------|--------------|--------------------|---------------------|
| 1 | 12 | \$ 16.25 | \$ 52,650.00 | \$ 4,387.50 |
| 2 | 12 | 16.25 | 52,650.00 | 4,387.50 |
| 3 | 12 | 16.74 | 54,237.60 | 4,519.80 |
| 4 | 12 | 17.24 | 55,857.60 | 4,654.80 |
| 5 | 12 | 17.76 | 57,542.40 | 4,795.20 |
| 6 | 12 | 18.29 | 59,259.60 | 4,938.30 |
| 7 | 12 | 18.84 | 61,041.60 | 5,086.80 |
| 8 | 12 | 19.40 | 62,856.00 | 5,238.00 |
| 9 | 12 | 19.99 | 64,767.60 | 5,397.30 |
| 10 | 12 | 20.59 | 66,711.60 | 5,559.30 |

OPTION YEAR

| <u>Year</u> | <u>Months</u> | <u>\$/SF</u> | <u>Annual Rent</u> | <u>Monthly Rent</u> |
|-------------|---------------|--------------|--------------------|---------------------|
| 1 | 12 | \$ 21.10 | \$ 68,364.00 | \$ 5,697.00 |
| 2 | 12 | 21.63 | 70,081.20 | 5,840.10 |
| 3 | 12 | 22.17 | 71,830.80 | 5,985.90 |
| 4 | 12 | 22.72 | 73,612.80 | 6,134.40 |
| 5 | 12 | 23.29 | 75,459.60 | 6,288.30 |

Provided Tenant is not then in default during any of the relevant times and has timely cured all defaults, if any, Tenant shall be relieved of its obligation for the payment of Fixed Minimum Rent until the Rent Commencement Date. Tenant shall pay Operating Costs, Taxes, and other charges pursuant to the terms hereof as of the Rent Commencement Date.

O. SHOPPING CENTER: The area owned by Landlord as shown on Exhibit A, sometimes described as Shops on the Curve.

P. SECURITY DEPOSIT: N/A

ARTICLE 2

LANDLORD'S GRANT OF POSSESSION AND QUIET ENJOYMENT

Section 2.01 - Demise

Landlord leases the Premises to Tenant, and Tenant hereby rents them, so that Tenant shall continuously operate its business in accordance with the Permitted Use, subject only to the Lease terms and conditions, matters of public record, and all applicable governmental rules and regulations. The Premises includes only the interior improvements specifically granted.

Section 2.02 - Use of Common Areas

Tenant may use the Common Area with others subject, however, to the terms and conditions of this Lease and to the Rules and Regulations attached hereto. "Common Areas" means all facilities outside of any Premises furnished by Landlord for the non-exclusive use of the occupants of the Shopping Center, their officers, agents, employees and customers. The Common Areas shall be solely controlled by Landlord. Landlord may alter the size, scope and configuration of the Shopping Center and any portion(s) of the Common Areas, including, the construction of other buildings or improvements in the Shopping Center and the construction of parking facilities, provided only that the size, access and location of the Premises, and the parking facilities shall not be materially, adversely impaired.

Section 2.03 - Construction/Possession

Landlord's delivery to Tenant of the Premises for the commencement of Tenant's Work establishes acceptance of the Premises by Tenant. Tenant shall accept possession upon substantial completion of Landlord's Work, if any. The Landlord will deliver the Premises to Tenant in a "vanilla box" condition. Tenant shall be responsible for the design and upfit of the Premises to a finished condition. All construction and finished work performed by Tenant shall conform to the applicable governmental rules, regulations and ordinances and be consistent with the design criteria established by Lessor's project architect, which design criteria have been made known to the Tenant. The plans and specifications for Tenant's design and upfit of the Premises must be submitted to and approved by the Landlord prior to commencement of the work. Landlord's approval of the Tenant's plans and specifications shall not be unreasonably withheld. No

representations or inducements respecting the condition of the Premises have been made to Tenant by Landlord or its authorized representatives except as provided in this Lease. No representations have been made to Tenant that any other tenants have leased or will continue to lease space within the Shopping Center or that Tenant has any product exclusive unless stated herein to the contrary. Tenant shall perform Tenant's Work in accordance with standards of other similar shopping centers and shall install such first class stock, fixtures and equipment and perform such other work as shall be necessary to prepare the Premises for the opening and continuous operation of business. Tenant shall pay for temporary utilities from the date when the Premises are made available to Tenant for Tenant's Work (or from the date when Tenant commences to perform its Tenant's Work, if earlier) until Rent Commencement Date.

Section 2.04 - Quiet Enjoyment

Upon paying all sums due from Tenant to Landlord and performing and observing all of Tenant's obligations, Tenant shall, subject to the provisions hereof, peacefully and quietly have, hold and enjoy the Premises throughout the Lease Term without interference by Landlord.

Section 2.05 - Statement of Lease Term

Upon Landlord's request, Tenant shall execute and deliver a written statement in recordable form specifying the Commencement Date and the termination date of the Lease Term. However, Landlord may request Tenant to delay its opening by no more than five (5) days so as to have a joint opening and, if so, the Lease Term and Commencement Date shall be the date of the joint opening.

ARTICLE 3 RENT

Section 3.01 - Fixed Minimum Rent

Tenant covenants and agrees to pay to Landlord, in lawful money of the United States, the Rent as provided in Section 1.01 (N) in advance without demand, deduction or set-off whatsoever on the Rent Commencement Date and on the first (1st) day of each calendar month during the Lease Term. Rent for any partial calendar month during the Lease Term shall be prorated on a per diem basis.

Section 3.02 - Security Deposit

Intentionally Deleted.

Section 3.03 - Additional Rent and Address for Payment

In addition to Fixed Minimum Rent, all other payments due and payable by Tenant hereunder, including but not limited to, Tenant's proportionate share of "Operating Costs" (as hereinafter

defined) are known as "Additional Rent" and such sums shall be due and payable on demand, together with interest thereon as provided below. Fixed Minimum Rent and Additional Rent are hereinafter sometimes referred to as "Rent". Should Tenant fail to make any payment of Rent, such unpaid amounts shall bear interest from the due date thereof to the date of payment at the rate of five percent (5%) per annum. Tenant also shall pay as Additional Rent a fee of One hundred dollars (\$100.00) for processing of any late payment. Rent shall be due at the address specified by Landlord for notices hereunder.

ARTICLE 4 OPERATING COSTS, TAXES

Section 4.01 - Operating Costs

Tenant shall pay monthly as Additional Rent, its share of all costs of maintaining, repairing, operating and insuring the Common Areas and other portions of the Shopping Center (including but not limited to storm water charges, outdoor maintenance, snow and trash removal and common area utility charges) which are the responsibility of Landlord plus (i) management fees or (ii) administrative cost equal to fifteen percent (15%) of the foregoing costs, whichever is greater ("Operating Costs").

Tenant's share of Operating Costs are determined by the following formula:

$$\frac{\text{Square Footage of Premises}}{\text{Square Footage of Shopping Center}} \times \text{Lease Year Operating Costs for Shopping Center}$$

Premises Square Footage is measured from the center line of demising wall and to the exterior faces of exterior walls or windows. Landlord shall estimate these costs annually and shall reconcile actual costs by May 1 of any succeeding Lease Year. Any excess payments by Tenant shall be applied towards next month's (or months') Operating Costs and any shortage shall be paid to Landlord with Tenant's next Rent payment. Tenant's share of Operating Costs shall be prorated for any Partial Lease Year hereunder.

Section 4.02 - Taxes

Tenant shall pay monthly as Additional Rent its pro rata share of Taxes. "Taxes" mean all federal, state, local, governmental, special district and special service area taxes, charges, assessments and any other government charges, surcharges and levies, pending or confirmed, general and special, ordinary or extraordinary, of any kind whatsoever (including interest thereon whenever same may be payable in installments) which Landlord shall pay or be obligated to pay arising out of the use, occupancy, ownership, leasing, management, repair or replacement of the Shopping Center, any appurtenance thereto or any property, fixtures or equipment thereon. Taxes also include the costs (including, without limitation, reasonable fees of attorneys, consultants or appraisers actually incurred) of any negotiation, contest or appeal pursued by or on behalf of Landlord. Taxes shall not include any income, inheritance or franchise tax which may be imposed upon Landlord. Tenant's share of Taxes shall be computed by multiplying Taxes by the

fraction utilized in Lease Section 4.01. Should Taxes be underestimated, Tenant shall pay any deficiency with the next payment of Fixed Minimum Rent and Landlord shall appropriately adjust its estimates. Any excess payments shall be credited against the next payment of Taxes.

Section 4.03 - Adjustments

Notwithstanding anything contained herein, Tenant shall pay as Tenant's share of Operating Costs and Taxes during the first twelve (12) months of the Lease Term an amount equal to \$2.00 per square foot of Premises. Tenant's obligation to pay its share of Operating Costs shall be increased or decreased in such amount to reflect any increase or decrease in Operating Costs and Taxes.

ARTICLE 5 UTILITIES

Section 5.01 - Utilities

Tenant shall contract and pay for all utilities used or consumed in the Premises, including any tap-in, connection and metering fees which may be charged by the applicable utility supplier. If Tenant fails to pay such charges when due, then Landlord may, pay such charge on behalf of Tenant, with any such amount paid by Landlord being repaid by Tenant to Landlord, promptly upon demand, along with an administrative charge of One hundred dollars (\$100.00). The Landlord is not responsible for any interruptions or curtailment in utility services.

ARTICLE 6 INSTALLATION, MAINTENANCE, OPERATION AND REPAIR

Section 6.01 - Tenant Installation of Fixtures and other Changes

Tenant shall install first class trade fixtures and equipment required to operate its business. All trade fixtures, signs or other personal property installed in the Premises by Tenant shall remain its property and may be removed at any time, provided that Tenant is not in default beyond the applicable cure period and that the removal thereof does not cause, contribute to or result in Tenant's default hereunder. Tenant shall, at its expense, promptly repair any damage to the Premises. The term "trade fixtures" excludes carpeting, floor coverings, permanently attached shelving, and specialty lighting fixtures, track lighting and spotlights, wall coverings or similar Tenant improvements, all of which shall become the property of Landlord upon surrender of the Premises. Tenant shall perform no work costing more than \$1,000.00 in the aggregate per Lease Year, without the prior written approval of Landlord which shall not be unreasonably withheld. Any work permitted shall be at Tenant's sole cost and expense and be done in a good and workmanlike manner in compliance with all government requirements without any liens attaching to the Premises or the Shopping Center.

Section 6.02 - Non-Premises Maintenance by Landlord

Landlord shall keep the exterior supporting walls, foundations, roof, sprinkler system (if any), gutters and downspouts of the Premises in good repair. Landlord shall not repair, maintain, alter or perform any other repairs in the Premises including any plumbing, heating, ventilating, air conditioning systems, electrical or other mechanical installations, but shall repair the plumbing, sanitary sewer, electrical and water lines to their entry point into the Premises. Landlord shall maintain and keep in good repair the Common Areas within the Shopping Center. Landlord will pay to replace the HVAC system (described in Section 6.03)

Section 6.03 - Premises Maintenance by Tenant

Except for Landlord's maintenance responsibilities as provided in Section 6.02, Tenant shall, at Tenant's expense, keep the Premises (interior and exterior including all glass) and appurtenances thereto in good order, condition and repair and in a clean, pleasant, sightly, sanitary and safe condition and free from loiterers. If Tenant fails to do so Landlord may perform these duties with Tenant hereby agreeing to reimburse any cost to Landlord upon ten (10) days request. Tenant shall make any and all additions, improvements, alterations and repairs to or on the Premises, other than those required for load-bearing interior walls and the roof, foundation or exterior walls, required by any lawful authorities or insurers. Landlord may deal directly with any authorities respecting their requirements for additions, improvements, alterations or repairs. Tenant shall perform or cause to be performed all maintenance on the heating, ventilating and air-conditioning system ("HVAC") for the Premises, including the monthly changing of filters and lubrications, adjustments, and inspections plus purchase a maintenance contract on the HVAC system, and shall provide evidence thereof within ten (10) days of Landlord's request. Tenant shall, at its expense, repair such systems and all components thereof as required to maintain such systems in good working order and repair. Upon prior notice, Landlord, through an independent contractor, may undertake HVAC maintenance at competitive rates and charge Tenant for such maintenance as Additional Rent and in such event, Tenant covenants to pay such charges. Any and all roof penetrations and sprinkler changes required by Tenant's Work or for Tenant to comply with this Section 6.03 shall be made at Tenant's cost by Landlord's independent roofing and sprinkler contractors, respectively.

Section 6.04 - Signs, Awnings and Canopies

No exterior door, wall or window signs, awnings or canopies nor any lighting or protruding object or any decoration, lettering or advertising matter on any exterior door, wall or window of the Premises is permitted without Landlord's written consent obtained in advance which shall not be unreasonably withheld. Tenant shall maintain any approved sign, canopy, decoration, lettering or advertising matter in good condition and repair and shall obtain any and all permits or licenses required by applicable governmental authorities. The Landlord shall erect and allow Tenant to utilize a portion, with other tenants, of a marquee sign identifying the Shopping Center and all tenants. The design of the marquee sign and size of said portion thereof identifying the Tenant's business shall be in Landlord's sole discretion. The individual signage on the marquee sign shall be at Tenant's expense. The Tenant will be allowed to install professionally fabricated and

internally lighted channel lettered exterior signage on the facade of the Premises in accordance with all applicable governmental rules, regulations and ordinances and at Tenant's sole cost and expense. The Landlord must approve any and all signage prior to installation thereof, such approval shall not be unreasonably withheld, and all signage must be installed in a first-class, workmanlike manner.

Section 6.05 - Liens

No encumbrances, charges or liens against the Shopping Center shall exist because of any action or inaction by Tenant or its independent contractors. Tenant will discharge by bond or otherwise within thirty (30) days of notice of its existence, any lien, encumbrance or other charge arising in violation of this Section.

Section 6.06 - Surrender of Premises

Upon termination, Tenant shall surrender the Premises in the same condition as the date Tenant opened for business, reasonable wear and tear and loss due to casualty and condemnation excepted, and shall surrender all keys for the Premises to Landlord. Tenant must remove all its trade fixtures and personal property and, if requested, any other installation, alterations or improvements made by Tenant and shall repair any damage caused thereby.

ARTICLE 7 INSURANCE

Section 7.01 - Tenant's Coverage

Tenant shall insure its property and for all occurrences within the Premises, maintain, at its expense, comprehensive general liability insurance for the Premises which insurance shall contain a waiver of subrogation provision with respect to the Landlord. Such coverages shall at a minimum (i) have a single limit of not less than \$1,000,000.00, (ii) cover Tenant's contractual liability hereunder, (iii) cover any third parties performing work in the Premises, and (iv) name Landlord and Tenant as insureds. Tenant shall also keep in force fire and extended coverage insurance for the full replacement value of Tenant's improvements and full worker's compensation insurance. Tenant shall deliver certificates thereof to Landlord within ten (10) days of the Commencement Date which shall reflect that the policies shall not be cancelled without thirty (30) days prior notice to Landlord, but if any work is to be performed on Tenant's improvements, the Certificate shall be delivered to Landlord prior to commencement of the improvements. If Tenant fails to obtain the necessary coverages, Landlord may do so and charge Tenant as Rent.

Section 7.02 - Increase in Fire or Environmental Insurance Premium

Tenant shall not keep, use, sell or offer for sale in or upon the Premises any article or service which may be prohibited by the standard form of fire insurance policy or which is prohibited by any local, state or federal agency.

Section 7.03 - Landlord's Coverage

Landlord shall self insure or maintain adequate public liability and fire and extended insurance covering the Shopping Center. Tenant shall bear its proportionate share of the cost of insurance procured by Landlord, all in accordance with Section 4.01. Landlord may waive any property damage claims against Tenant to the extent of Tenant's insurance.

Section 7.04 - Indemnification

Tenant agrees to protect, defend, indemnify and hold Landlord harmless from and against any and all claims, damages, liabilities or expenses arising out of or from (i) Tenant's use of the Premises (except for damages or losses caused by Landlord's negligence or breach of its obligations hereunder), (ii) any breach or default in the performance of any obligation of Tenant, (iii) any act, omission or negligence of Tenant, its sublessees, assignees, licensees or concessionaires or any of their respective agents, employees and contractors. Tenant shall maintain a contractual liability endorsement to its public liability policy, specifically endorsed to cover the indemnity provision of this Section 7.4. Landlord shall not be liable for any damage to or loss of Tenant's personal property, inventory, fixtures or improvements, or for any personal injury, from any cause whatsoever.

ARTICLE 8 DAMAGE AND DESTRUCTION

Section 8.01 - Fire, Explosion or Other Casualty (an Occurrence)

Tenant shall immediately give notice to Landlord of any damage to the Premises. If the Premises are damaged by a fire, explosion or other casualty (an "Occurrence") to an extent of less than fifty percent (50%) of the cost of replacement of the Premises, the damage, except as provided in Section 8.02, shall promptly be repaired by Landlord subject to this Section. Landlord shall not be required to repair or replace Tenant's improvements, alterations and additions, inventory, fixtures, furniture, furnishings, floor coverings, equipment and other personal property. If such damage occurs and (i) Landlord is not required to repair as provided above, or (ii) the Premises shall be damaged to the extent of fifty percent (50%) or more of the cost of replacement, or (iii) the building of which the Premises are a part is damaged to the extent of twenty-five percent (25%) or more of the cost of replacement, or (iv) the buildings (taken in the aggregate) in the Shopping Center shall be damaged to the extent of more than twenty-five percent (25%) of the cost of replacement, Landlord may repair or rebuild the Premises or the buildings), or terminate this Lease upon notice of such election in writing to Tenant within sixty (60) days after the Occurrence. If the Occurrence renders forty percent (40%) or less of the Premises untenable and Tenant does not utilize that portion, a proportionate abatement of the Rent shall be allowed from the Occurrence date until the date Landlord completes its work, said proportion to be computed on the basis of the relation which the gross square footage of the untenable space bears to the floor area of the Premises.

If more than forty percent (40%) of the Premises is rendered untenable, and Tenant does not utilize the entire Premises for any purpose, then if and until Landlord restores them to the condition they were in on the Commencement Date, Rent shall abate until substantial completion. If any Occurrence precludes use of twenty-five percent (25%) or more of the Premises by Tenant and less than twelve (12) months remain on the then current term, notwithstanding any of the other provisions of this Section, Landlord shall have no obligation to repair or rebuild unless Tenant, within sixty (60) days of the Occurrence, irrevocably exercises its next option, if any, to extend this Lease. If no such option exists or is exercised and less than twelve (12) months remain in the term, Landlord shall have no obligation to restore or rebuild.

Section 8.02 - Landlord's and Tenant's Work

Upon an Occurrence, Landlord need only repair as is necessary to place the Premises in the same condition as when possession was delivered. Immediately thereafter, Tenant shall, at Tenant's expense, promptly perform Tenant's Work and shall repair or replace its inventory, fixtures, personal property, and if applicable shall promptly reopen for business.

ARTICLE 9 CONDEMNATION

Section 9.01 - Condemnation (A Taking by any Governmental Unit)

If any part of the Demised Premises is rendered unusable because of a taking by eminent domain, or if any part of the Shopping Center is taken and its continued operation is not in Landlord's opinion economical, this Lease shall automatically terminate as of the date possession is taken by the condemning authority. In the event of a partial taking which does not result in the termination of this Lease, Fixed Minimum Rent shall be reduced proportionately according to the part of the Demised Premises remaining usable by Tenant.

Section 9.02 - Condemnation Award

All compensation awarded or paid for any taking shall be the property of Landlord and Tenant hereby assigns to Landlord all of Tenant's right, title and interest in and to any and all such compensation. Nonetheless, Landlord shall not be entitled to any award specifically made to Tenant for moving expenses or for the taking of Tenant's trade fixtures, furniture or leasehold improvements to the extent initially paid for by Tenant.

Section 9.03 - Landlord's and Tenant's Work

If this Lease is not terminated as provided above, Landlord shall promptly repair such structural portions of the Premises as may be necessary for Tenant to operate its business. Promptly following such repair, Tenant shall, at Tenant's expense, perform Tenant's Work as required shall timely open and operate and otherwise conform to the requirements of this Lease.

**ARTICLE 10
DEFAULT AND REMEDIES**

Section 10.01 - Default (Violation of Lease Terms)

A. If Tenant fails to:

(i) pay all or any portion of the Fixed Minimum Rent, Additional Rent or any other sum when due;

(ii) cease all conduct prohibited hereby immediately upon receipt of written notice from Landlord;

(iii) take actions in accordance with the provisions of any written notice from Landlord to remedy Tenant's failure to perform any of the terms, covenants and conditions hereof;

(iv) conduct business in the Premises as required;

(v) have any bankruptcy proceedings dismissed within thirty (30) days after filing;

(vi) cease committing waste to the Premises upon written notice from Landlord; or

(vii) conform with the Lease provisions and is otherwise in breach of Tenant's obligations.

And if any such act of default is not cured within thirty (30) days following written notice from Landlord (provided Landlord shall only be required to give one (1) written notice of a payment default under Section 10.01A(i) within any Lease Year), then the next Subsection 10.01B. shall be applicable.

B. If one or more acts of default shall occur and shall continue for such time after notice required to be given is given as herein provided, the Landlord may:

1. with or without terminating this Lease, immediately or at any time thereafter, re-enter the Premises and correct or repair any condition which shall constitute a failure on Tenant's part to keep or perform or abide by any term, condition, covenant, or agreement of this Lease or of the rules and regulations now or hereafter in effect. Tenant shall reimburse and compensate Landlord as additional rent for the Lease term or extended Lease term within fifteen (15) days after delivery of any statement to Tenant by Landlord for any expenditures made by Landlord in making such corrections or repairs.

2. with or without terminating this Lease, immediately or at any time thereafter, demand in writing that Tenant vacate the Premises. Tenant

shall vacate the Premises and move therefrom all property thereon belonging to Tenant within ten (10) days of receipt by Tenant of such notice from Landlord whereupon Landlord shall have the right to re-enter and take possession of the Premises but only pursuant to court order authorizing such actions.

3. with or without terminating this Lease, immediately or at any time thereafter, may re-let the Premises or any part thereof for such time or times and at such rent or rents and upon such other terms and conditions as Landlord in its sole discretion may deem advisable; and Landlord may make any alterations or repairs to the Premises which it may deem necessary or proper to facilitate such re-letting. Tenant shall pay all reasonable costs of such re-letting, including the costs of any such repairs to the Premises; and, if this Lease shall have not been terminated, Tenant shall continue to pay all rent due under this Lease up to and including the date of beginning of payment of rent by any subsequent Tenant of part or all of the Premises, and thereafter, Tenant shall pay monthly during the remainder of the term of this Lease the difference, if any, between the rent collected from any such subsequent Tenant(s) and the Rent for the Lease Term or extended Lease Term, reserved in this Lease, but Tenant shall not be entitled to receive any excess of any such rents collected over the Rent reserved herein.
4. with or without terminating this Lease, immediately or at any time thereafter, declare the entire balance of the rent for the remainder of the Lease Term to be due and payable immediately, and collect such balance in any manner not inconsistent with applicable law, provided that such amount shall be reduced by any rent actually received by Landlord for rental of the Premises or any portion thereof during the then current term of this Lease as a result of the Landlord's mitigation of damages with any surplus amounts becoming the property of Landlord. Accelerated payments payable hereunder shall not in any manner constitute a penalty or forfeiture or any form of liquidated damages, but shall merely constitute payment of Rent in advance.
5. immediately or at any time thereafter, terminate this Lease without notice or demand to vacate the Premises. This Lease shall be deemed to have been terminated by giving written notice of such termination to the Tenant, which termination shall be effective as of the date of receipt by Tenant of such notice or any later date specified by the Landlord in such notice. Landlord shall not be deemed to have accepted any abandonment or surrender by Tenant of any or all of the Premises or the Tenant's leasehold estate under this Lease unless Landlord has so advised Tenant expressly and in writing, regardless of whether the Landlord has re-entered or re-let

any or all of the Premises or exercised any or all of the Landlord's other rights under the provisions of this section or applicable law. Upon termination by Landlord of the Lease, Landlord shall have and recover from Tenant all damages Landlord shall suffer by reason of such termination including without limitation the cost (including legal expenses and reasonable attorney's fees) of recovering possession of the Premises, the cost of any repairs performed to the Premises which are necessary or proper to prepare the same for reletting, and the cost (including legal expenses and reasonable attorney's fees) of recovering of the Tenant any Rent due or owing to Landlord under the then current Lease term. In addition thereto, Landlord shall have and recover from Tenant an amount equal to the excess, if any, of the total amount of all Rents to be paid by Tenant for the remainder of the term, or any extended term, of this Lease, less the net value of what Landlord actually receives from reletting the Premises or any portion thereof during the remainder of the term of this Lease. Tenant shall have no right in or to any surplus which may be derived by Landlord from any such reletting, in the event that the proceeds of such reletting exceed any Rent, installment thereof or other sum owed by Tenant to Landlord hereunder.

6. pursue any combination of the remedies listed above and/or any other right or remedy available to the Landlord on account of such act of default under this Lease and/or at law or in equity.

C. In the event of any re-entry of the Premises by Landlord pursuant to court order, Tenant hereby waives all claims for damages which may be caused by such re-entry by Landlord except such claims as arised from the negligence of Landlord; and Tenant shall shave Landlord harmless from any loss, cost, (including legal expenses and reasonable attorney's fees) or damages suffered by Landlord by reason of such re-entry. No such re-entry shall be considered or construed to be a forceable entry.

D. On the occurrence of any act of default, Tenant shall reimburse Landlord for all expenses (including, by way of example rather than of limitation, any and all repossession costs, management expenses, operating expenses, legal expenses and reasonable attorney's fees) incurred by Landlord (i) in curing or seeking to cure any act of default and/or (ii) in exercising or seeking to exercise any of Landlord's rights and remedies under the provisions of this Lease and/or at law or in equity on account of any act of default, and/or (iii) otherwise arising out of any act of default.

E. No course of dealing between Landlord and Tenant, or any delay on the part of Landlord in exercising any rights it may have under this Lease, shall operate as a waiver of any of the rights of Landlord hereunder. Nor shall any waiver of a prior default operate as a waiver of any subsequent default or defaults; and no expressed waiver shall effect any condition, covenant, rule or regulation other than the one specified in such waiver, and that one only for the time and in the manner specifically stated.

F. The exercise by Landlord of any one or more of the remedies provided in this Lease shall not prevent the subsequent exercise by Landlord of any one or more of the other remedies herein provided. All remedies provided for in this Lease are cumulative and may, at the election of Landlord, be exercised alternatively, successively, or in any other manner and are in addition to any other rights provided by law.

G. Nothing herein contained shall limit or prejudice Landlord's right to seek recovery of and obtain its damages, by reason of the occurrence of an act of default and/or termination of the Lease, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved and recovered.

Section 10.02 - Rights and Remedies

Landlord may exercise any or all remedies in this Lease in addition to any others at law or equity. Landlord may, upon notice to Tenant, cure any breach by Tenant at Tenant's cost and expense, and Tenant shall reimburse Landlord for such expense upon demand.

Section 10.03 - Bankruptcy

If Landlord cannot terminate this Lease because of law, then Tenant, as a debtor in possession or on behalf of any trustee for Tenant, shall (i) within the statutory time, assume or reject this Lease, and to not seek or request any extension or adjournment of any application to assume or reject this Lease by Landlord. In such event, Tenant or any trustee for Tenant may only assume this Lease if (A) it cures or provides adequate assurance that it will promptly cure any default hereunder, (B) it compensates or provides adequate assurance that Tenant will promptly compensate Landlord for any actual pecuniary loss to Landlord resulting from Tenant's defaults, and (C) it provides adequate assurance of performance during the Lease Term of all of the terms, covenants and provisions of this Lease to be performed by Tenant. In no event after the assumption of this Lease shall any then-existing default remain uncured for a period in excess of the earlier of thirty (30) days or the time period set forth herein. Adequate assurance of performance shall include, without limitation, adequate assurance (1) of the source of Rent reserved hereunder, (2) that any Rent due hereunder will not decline from the levels anticipated, and (3) the assumption of this Lease will not breach any provision hereunder.

ARTICLE 11 ASSIGNMENT AND SUBLETTING

Section 11.01 - Covenant Not to Assign or Sublet Without Consent

Tenant covenants that it will not assign, mortgage or encumber this Lease, nor sublease the Premises, or permit the Premises or any part of the Premises to be used or occupied by others, without the prior written consent of Landlord in each instance. If Tenant conforms with Section 12.02 below, Landlord shall not unreasonably withhold its consent to the assignment or sublease.

Section 11.02 - Conditions for Landlord's Consent

The granting of consent by Landlord shall be preconditioned upon the fulfillment of the following requirements of Landlord: (1) Landlord shall be provided with at least thirty (30) days written notice prior to any proposed assignment or subletting; (2) Tenant shall remain primarily liable under this Lease and shall guaranty the Lease if Landlord so requests; (3) Any proposed assignee or sublessee shall assume, in a written instrument acceptable to Landlord, all of the obligations of Tenant; (4) No use shall be employed in connection with the Premises other than the Permitted Use set forth in this Lease; (5) The Premises shall remain intact and unless Landlord agrees to the contrary; (6) The successor shall have a good reputation in the area and be financially capable of fulfilling its obligation; (7) The prospect of Percentage Rent, if any, must be at least equal to that of Tenant and the Gross Proceeds from the subtenant or assignee shall be equal to those paid by Tenant for Fixed Minimum Rent and Additional Rent; (8) Any use of the Premises permitted hereunder by the proposed sublessee/assignee will not violate or create any potential violation of any laws, nor will it violate any other agreements affecting the Premises, the Shopping Center or Landlord; (9) Tenant shall pay all reasonable attorney's fees or other costs associated with Landlord's review and approval of a prospective assignee or sublessee; and (10) Tenant will not sublet or assign to an existing Shopping Center tenant, or to a person or entity with whom Landlord has negotiated for Shopping Center premises within the preceding six (6) months. If Landlord improperly denies a sublease or assignment, Tenant's sole remedy shall be in equity.

Section 11.03 - Assignment in Violation of Article

No occupancy by any party other than Tenant or collection of Rent by Landlord will be deemed (i) a waiver of the provisions of this Article; or (ii) the acceptance of the assignee, subtenant or occupancy as Tenant; or (iii) a release of Tenant from the further performance by Tenant of covenants on the part of Tenant contained in this Lease. The consent by Landlord to an assignment or sublease shall not relieve Tenant from obtaining Landlord's prior written consent in writing to any further assignment or sublease. No permitted subtenant shall assign or encumber its sublease or further sublease all or any portion of its subleased space, or otherwise permit the subleased space or any part of its subleased space to be used or occupied by others.

ARTICLE 12 RIGHT OF ENTRY

Section 12.01 - Reasonable Right of Entry

Landlord or its agents shall have the right to enter the Premises for any reasonable purpose and to bring and store necessary repair materials without any liability to Landlord. Landlord shall use reasonable efforts to minimize any disruption to Tenant's business caused by such entry. During the six (6) months before the end of the Lease Term or any renewal term, Landlord may place upon the Premises "To Let" or "For Rent" notices, display windows and entry doors excluded.

ARTICLE 13
SUCCESSION TO LANDLORD'S INTEREST

Section 13.01 - Attornment, Subordination and Estoppel Certificates

(a) Tenant shall attorn (recognize) and be bound to any of Landlord's assigns or successors under this Lease in accordance with all of the Lease terms, covenants and conditions. The term "Landlord" as used herein shall be deemed to include any successor to Landlord's interest hereunder. This Lease is subject and subordinate to the present and all future mortgages and their liens and to all renewals, modifications, consolidations, replacements and extensions thereof, and upon demand Tenant shall promptly execute all documents evidencing its subordination to the future mortgagees. Within ten (10) days after landlord's request, Tenant shall execute and return all Estoppel Letters or Certificates submitted by Landlord.

(b) Any mortgagee may subordinate its lien to this Lease, without Tenant's consent, by notice in writing to Tenant. Thereupon this Lease shall be deemed to be prior in lien to such mortgage without regard to their respective dates of execution and delivery.

(c) Tenant shall give written notice to any mortgagee of which it has notice of any default of Landlord under the terms of this Lease. Tenant shall not exercise any remedies it may have by reason of such default until: (i) any cure period allowed to Landlord shall have expired without a cure having been effected; (ii) Tenant shall have given notice to mortgagee of its intention to exercise remedies with respect thereto; and (iii) Mortgagee shall have failed to cure such default within thirty (30) days after receipt of such notice of its intention to exercise remedies, or, if such default is not solely a monetary default and is not reasonably susceptible of cure within such period, mortgagee shall have failed to take steps to cure Landlord's default within such period and shall thereafter fail diligently to cure such default.

(d) Provided that so long as Tenant shall pay, when due, all rent and otherwise perform within the applicable grace periods, if any set forth in the Lease, the Tenant shall not be evicted by a mortgagee from the Premises; nor shall any of the Tenant's rights to use and possession under the Lease be affected in any way by reason of the subordination of the Lease to a mortgage; nor shall the Tenant's leasehold estate under the Lease be terminated or disturbed by mortgagee during the term of the Lease by reason of any default under the mortgage.

ARTICLE 14
HOLDING OVER

Section 14.01 - Holding Over

Tenant may not remain within the Premises after the day of Lease expiration without Landlord's written approval. With Landlord's approval, Tenant shall become a tenant at will and any such holding over shall not constitute an extension of this Lease. During such holding over, Tenant shall pay 150% of the Rent in effect as of the expiration date. If Tenant holds over without

Landlord's written consent, Tenant also shall be a tenant at sufferance and shall pay twice the then effective Rent until Tenant surrenders possession. Nothing contained herein shall be interpreted to grant permission to Tenant to holdover or to deprive Landlord of any rights and remedies with respect thereto.

ARTICLE 15 HAZARDOUS SUBSTANCES

Section 15.01 - Hazardous Substances

A. Neither Tenant, its successors or assigns, nor any permitted assignee, permitted sublessee, licensee or other person or entity acting at the direction or with the consent of Tenant shall (i) manufacture, treat, use, store or dispose of any "Hazardous Substance" (as hereinafter defined) on the Premises, the Shopping Center or any part thereof, unless the manufacturing, treatment use, storage, disposal, or release of a hazardous substance is approved in writing by Landlord, or (ii) permit the "release" (as hereinafter defined) of a Hazardous Substance on or from the Premises, the Shopping Center or any part thereof.

B. Tenant indemnifies and covenants and agrees, at its sole cost and expense, to protect and save Landlord harmless against and from any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, or expenses of any kind or of any nature whatsoever (including, without limitation, attorney's fees and expert's fees) which may at any time be imposed upon, incurred by or asserted or awarded against Landlord arising from or out of any Hazardous Substance on, in, under or affecting the Premises, the Shopping Center or any part thereof as a result of any act or omission by Tenant, its successors or assigns, or any permitted assignee, permitted sublessee, licensee or other person or entity acting at the direction or with the consent of Tenant.

C. The term "Hazardous Substance" shall mean any waste, substance or material (i) identified in Section 101 (14) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as the same may be amended from time to time (herein called "CERCLA"), or (ii) determined to be hazardous, toxic, a pollutant or contaminant, under federal, state, or local statute, law, ordinance, rule, regulation or judicial or administrative order or decision, a same may be amended from time to time, including, but not limited to, petroleum and petroleum products. The term "release" shall have the meaning given to such term in Section 101 (22) of CERCLA.

ARTICLE 16 MISCELLANEOUS

Section 16.01 - Miscellaneous

A. The Landlord's acceptance of some act in violation of the terms of this Lease shall not prevent the Landlord from insisting upon the strict performance of that term at any other time.

B. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent stated shall be other than on account. Any endorsement or statement on a check or any accompanying letter is void, and Landlord may accept such check or payment without prejudice to right to remedy at law or in equity or provided in this Lease.

C. This Lease is the sole agreement concerning the Premises and the Shopping Center. All prior negotiations, considerations and representations have been incorporated herein. No course of prior dealings between the parties or their officers, agents or affiliates shall be relevant or admissible to supplement, explain or vary any of the terms of the Lease. No subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by them.

D. Landlord and Tenant are not partners or joint venturers.

E. If Landlord or Tenant is delayed, hindered or prevented from performing any act or thing required hereunder by reason of strikes, lock-outs, labor troubles, casualties, inability to procure labor, materials or financing, failure or lack of utilities, governmental laws or regulations, riots, insurrection, war, acts of God, or other causes beyond the reasonable control of either, the delayed party shall not be liable and the period of performance of any such act shall be extended for a period equivalent to the period of such delay. The foregoing is inapplicable to the payment of Rent and Additional Rent.

F. Any writing required to be given under this Lease shall be delivered by hand delivery or sent by either United States certified mail postage prepaid or air or special courier service and shall be addressed (i) if to Landlord, at the address provided in Section 1.01(B) for Landlord or at such other address as Landlord may designate by written notice and (ii) if to Tenant, at the address provided in Section 1.01(C) for Tenant or at such other address as Tenant shall designate by written notice. Notices shall be effective upon delivery unless delivery is refused or cannot be made, in which event notice shall be effective on mailing.

G. The captions, section numbers, article numbers and index appearing are for convenience and do not define, limit, construe or describe the scope or intent of such Sections of this Lease nor in any way affect this Lease.

H. The word "Tenant" shall be deemed and taken to mean each and every entity or person executing this Lease.

I. Tenant and Landlord warrant that they have had no dealings with any broker or agent in connection with this Lease except Robert V. Perkins, III of Maxwell Associates, Inc. and its Cooperating Broker, if any, whose commission shall be paid by Landlord. Landlord and Tenant covenant to pay, hold harmless and indemnify each other from and against any and all cost, expense or liability for any compensation, commissions and charges claimed by any broker or agent utilized by the indemnitor with respect to this Lease or the negotiation thereof.

J. The remainder of this Lease shall be enforceable if any section or clause is found invalid or unenforceable.

K. The submission of this Lease to a prospective Tenant is not an offer, a reservation of or option for the Premises, and this Lease becomes effective as a Lease only upon execution and delivery thereof by Landlord and Tenant.

L. The laws of the state in which the Shopping Center is located shall govern the validity, performance and enforcement of this Lease.

M. This Lease is binding upon any and all successors in title and assigns of Landlord and Tenant.

N. Any obligation which by its nature is due after this Lease expires, shall survive the Lease's termination.

O. In any judicial action by Landlord, Tenant shall not assert any permissive counterclaims nor shall Tenant demand a jury trial.

P. No levy or execution by tenant against Landlord shall be satisfied from any assets other than Landlord's equity interest in the Shopping Center. In this Lease, Landlord refers solely to the owners of the Shopping Center at the time of its or their interest and in the event of any sale, divestment, assignment or transfer of Landlord's interest hereunder, the prior owner(s) shall be forever discharged, released and remised from this Lease and all obligations and covenants arising within it, except for breaches or defaults which have accrued prior to the owner's sale, assignment or transfer.

Q. Highlighted language shall be of no greater or lesser force and effect than the remainder of this Lease. Any stricken language shall be treated as though it did not exist.

R. The remedy for any actual or alleged breach of any provision of this Lease by Landlord solely shall be the enforcement of that provision.

S. The individual(s) executing this Lease warrants that they have full authority to execute and to bind the Landlord and Tenant.

T. The Landlord may promulgate reasonable rules and regulations from time to time for the Shopping Center or the Premises which shall become binding against the Premises when issued.

IN WITNESS WHEREOF, the parties hereto have executed this Lease under seal this day and year first above written.

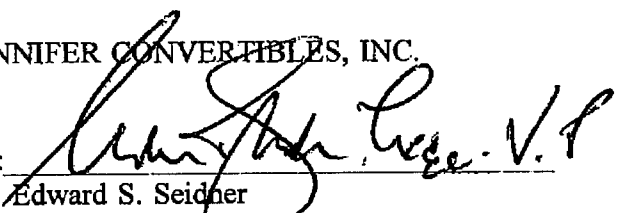
LANDLORD:

SHOPS ON THE CURVE, LLC (SEAL)

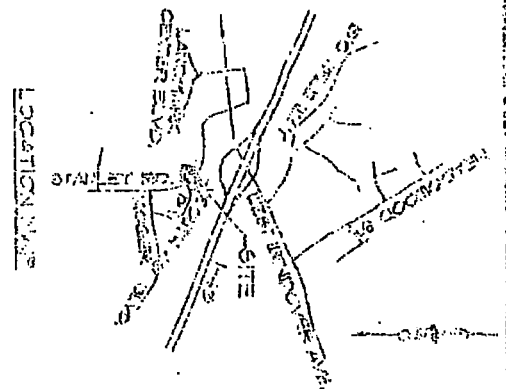
By:  (SEAL)
Manager

TENANT:

JENNIFER CONVERTIBLES, INC.

By:  V.P.
Edward S. Seidner
Executive Vice President, Real Estate

MOVING CENTER



QUESTION 1

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EXHIBIT 15-1

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1. **Identifying the Problem:** The first step is to identify the specific problem or issue that needs to be addressed. This involves gathering information, understanding the context, and defining the scope of the problem.

• **Explain the importance of the following:**

ADVERTISING

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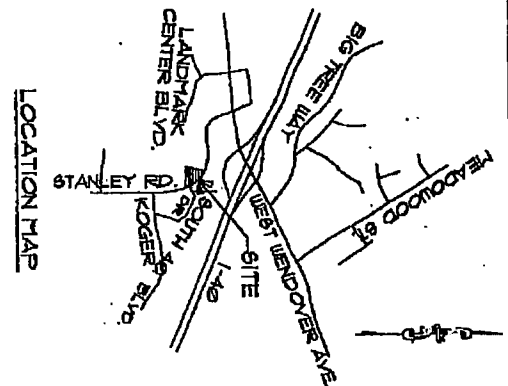
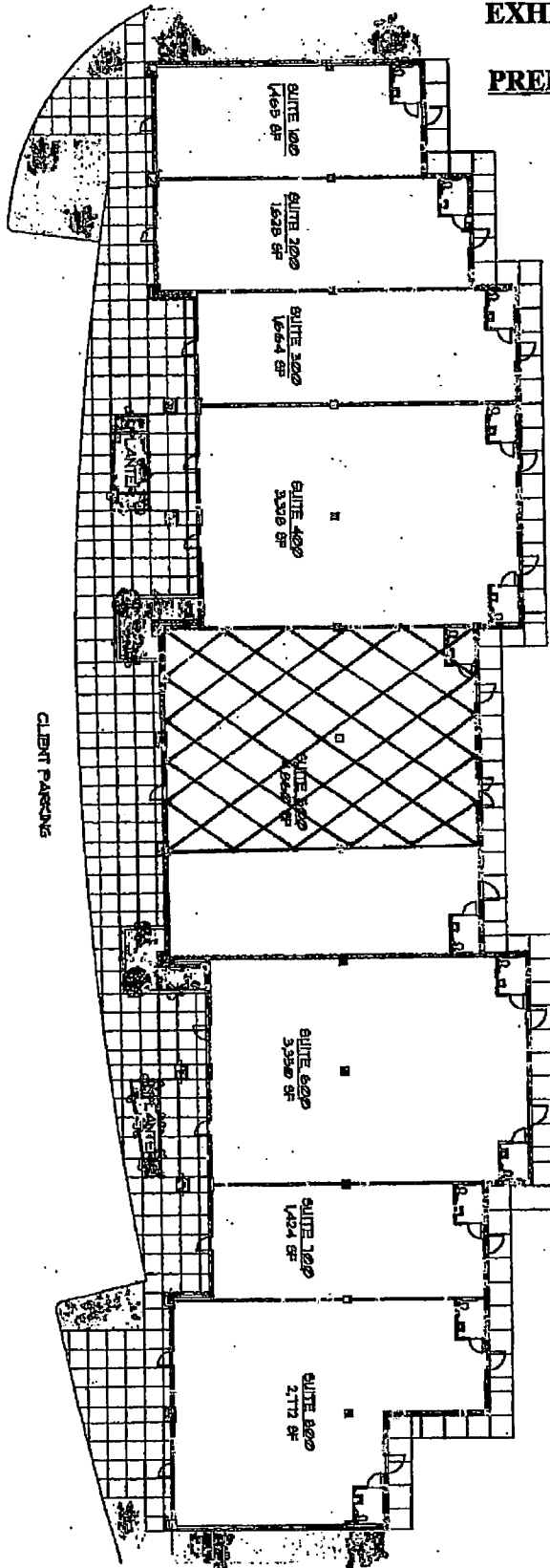
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EXHIBIT B

PREMISES

TENANT LEASING PLAN



Type 1 Spots
5 Day

ARCHITECTURE

ENGINEERING

PLANNING

INTERIOR DESI

4 C Oak Branch Dr
Greenville, SC 29615
Telephone: 864-235-0000
Fax: 864-235-0001

Shops on the Curve
WATTS, INC.

See Date Description
1/1/1990

TENANT LEASING PLAN

Date: 2/16/00
Drawn by: CEB
Cally: MTT
File No: SB-016
Sheet

A8.1

Rider attached to Lease dated: October 30, 2000

Landlord: SHOPS ON THE CURVE, LLC

Tenant: JENNIFER CONVERTIBLES, INC.

Relating to property known as: Suite 110, Shops on the Curve Shopping Center
Stanley Road, Greensboro, NC

Consisting of provisions numbered: 17 through 53

17. Rider Controls - The printed part of this lease is hereby modified and supplemented as follows, it being agreed that wherever there is a conflict between this Rider and the printed part of this Lease and/or other riders to this lease (if any), the provisions of this Rider are paramount and shall govern, and this lease shall be construed accordingly.

18. Measurement of Demised Premises - The Demised Premises shall be measured to the center line of all walls common to other Tenant premises, to the exterior faces of all other walls, and to the building line. To the extent that the actual square footage of the Demised Premises more or less than that indicated in this Lease agreement, then the rental obligation of the Tenant shall be proportionally reduced or increased.

19. Character of Shopping Center - Tenant has entered into this Lease in reliance upon the representation by Landlord that the shopping Center is, and will remain, retail in character, and further, that no part of same shall be used as a theater, auditorium, meeting hall, school or other place of public assembly, gymnasium, dance hall, billiard or pool hall, massage parlor, video game arcade, bowling alley, skating rink, car wash, night club or adult book or adult video tape store (which are defined as stores in which at least ten percent (10%) of the inventory is not available for sale or rental to children under 18 years old because such inventory explicitly deals with or depicts human sexuality).

20. Commencement of Term and Rent Commencement Date - (a) The commencement date set forth in the body of the lease shall be adjusted to coincide with the completion of the facility by the Landlord of the work to be performed by the Landlord in the Tenant's space. In the event the demised premises, or any portion of the overall facility, has not been completed by the stated commencement date of this lease and the Landlord cannot deliver possession of the demised premises to the Tenant, then the commencement date shall be adjusted to reflect a date coincidental with the Landlord's ability to deliver possession of the demised premises to the Tenant. The termination date of the lease shall be similarly adjusted and any anniversary dates for rental increases or for renewals by the Tenant shall be adjusted to reflect the new commencement date. The first "lease year" during the term hereof shall be the period commencing on the rent commencement date if it occurs on the first day of a calendar month, or the first day of the next succeeding calendar month if the rent commencement date occurs on any date other than the first day of a calendar month, and shall terminate twelve (12) full calendar months thereafter.

(b) Notwithstanding anything in this Lease to the contrary, all payments under this Lease shall not commence or begin to accrue until one hundred fifty (150) days after delivery to Tenant of the Premises in the condition called for under this Lease and ten (10) days written notice to Tenant thereof.

(c) Within five (5) days of the date of the tendered possession of the leased premises to the Tenant, both Landlord and Tenant agree to execute a certificate in form annexed herewith marked as Possession Agreement.

21. Apportionment/Proration of Rent - Any apportionments or prorations of rents to be made under this Lease shall be computed on the basis of a three hundred sixty (360) day year, with twelve months (12) of thirty (30) days each.

22. Access to Building - Landlord covenants and agrees, and this Lease is conditioned upon there being at all times during the Lease Term (i) direct and unencumbered access between the public ways and the sidewalk on either side thereof on the one hand and the Premises on the other hand and (ii) no additional buildings, structures, obstructions, barriers and the like constructed upon, attached or placed adjacent to the Building and/or the Premises, which in any event shall not adversely affect the access to or visibility of the Building and/or the Premises and/or Tenant's sign(s). In addition, Landlord covenants and agrees that it will not reduce the space nor the dimension of the Demised Premises, except as permitted under the terms of this Lease.

23. Delivery of Possession - Delivery of possession of the Building and the Premises to Tenant shall in no event be deemed to have occurred until actual and exclusive physical possession of the Building and the Premises shall have been delivered to Tenant in a broom-clean condition, free and clear of all violations, prior leases, Tenants and/or occupants and free and clear of all fixtures and other property of all prior Tenants and/or occupants, and with any warranties and representations contained in this Lease being true and fulfilled as of such date, and with the construction and condition of the Building and the Premises being such as to allow the issuance of a building permit for work to be performed by Tenant.

24. Failure to Give Possession - Notwithstanding anything in this Lease to the contrary including any Force Majeure clause, if Landlord is unable to give Tenant possession of the Premises as required hereunder by June 30, 2001, Tenant shall have the option of terminating this Lease within thirty (30) days thereof by notice to Landlord.

25. Real Estate Taxes - (a) Landlord covenants and agrees that it shall timely and fully pay the real estate taxes and assessments levied against the Building, including the Premises and all improvements therein provided that Tenant has paid its pro rata share of taxes as required by Section 4.02 of the Lease.

(b) Abatements - If Landlord shall obtain any abatement, refund or rebate in Real Estate Taxes, Landlord shall promptly forward to Tenant its share of such abatement, refund or

rebate (less Tenant's share of the reasonable cost and reasonable expense of obtaining them) provided Landlord shall have no duty to pursue any abatement, refund or rebate.

(c) New Construction - In the event that any additions to the Building or improvements (collectively the "New Construction") are constructed (for reasons other than to replace portions of the Building damaged or destroyed by a Casualty) after the assessment day for Real Estate Taxes for the first tax year ending during the Lease Term, Tenant's share of the Real Estate Taxes shall be calculated to exclude the real estate taxes and the square footage that are attributable to the New Construction. Landlord shall use its best efforts to cause any New Construction to be separately assessed.

26. Alterations - Tenant shall have the right, without consent of Landlord, to make non-structural repairs and alterations provided disbursements do not exceed \$50,000.00 per annum for the first lease year and \$25,000.00 per annum per lease year thereafter and provide Landlord with plans and specs before work commences.

27. Use of the Premises - Tenant shall use the Premises for the purpose of conducting the business of the sale of sofas, furniture, home furnishings and related items and ancillary items. The use of the premises shall include the exclusive right to sell sofas and convertible sofas.

28. Yield Up - Tenant agrees, at no later than the Expiration Date, to remove all trade fixtures and personal property, to repair any damage caused by such removal, to remove all Tenant's signs wherever located and to surrender all keys to the Premises and yield up the Premises, in the same good order and repair in which Tenant is obliged to keep and maintain the Premises by the provisions of this Lease, reasonable wear and tear and damage by fire, casualty or taking excepted. Any property not so removed shall be deemed abandoned and may be removed and disposed of by Landlord at Tenant's expense in such manner as Landlord shall determine, without any obligation on the part of Landlord to account to Tenant for any proceeds therefrom, all of which shall become the property of Landlord.

29. Rules and Regulations - All rules and regulations that Landlord may make shall be uniform, reasonable, and applied equally on a non-discriminatory basis to all of the Tenants, complied with by all Tenants, and shall not conflict with any provisions of this Lease.

30. Maintenance - Landlord agrees to transfer or enforce for the benefit of Tenant the unexpired portion, if any, of any warranties relating to the Premises, the equipment that is a part thereof, the HVAC system and the like. Landlord covenants and agrees that it will, at all times during the Lease Term, maintain and keep in good order and repair the foundation, floorslab, exterior, exterior walls, steel frame, roof, structural portions, gutters, downspouts, if any, and underground utility lines of the Premises and the Building, and all utility lines serving the Premises. Landlord shall make all repairs and replacements without, to the extent practicable, not interfering with the conduct of Tenant's business. If during such repairs and replacements, except those to the utility lines, the Building or the Premises are wholly or partially unsuitable

for their use as provided in this Lease, there shall be an equitable abatement of Minimum Annual Rent, Percentage Rent and all other additional rent until such time as such repairs and replacements have been completed.

31. Condemnation - Tenant may terminate this lease if there is any substantial permanent impairment of ingress or egress from or to the shopping center through condemnation or if the following property, or any interest in it, is condemned for public or quasi-public use and Tenant is prevented from reasonably using the demised premises to conduct its business:

- (a) Any part of the demised premises; or
- (b) More than twenty-five percent (25%) of the common area of the shopping center.

Tenant will not have any claim or be entitled to any award for diminution in value of its rights under this lease or for the value of any unexpired term of this lease; however, tenant may make its own claim for any separate award that may be made by the condemnor for tenant's loss of business or for the taking of or injury to tenant's improvements, or on account of any cost or loss tenant may sustain in the removal of tenant's trade fixtures, equipment, and furnishings, or as a result of any alternations, modifications, or repairs that may be reasonably required by tenant in order to place the remaining portion of the demised premises not taken in a suitable condition for the continuation of tenant's occupancy provided any such claim by Tenant shall not reduce the Landlord's condemnation award.

If this lease is terminated pursuant to the provisions of this paragraph, then all rentals and other charges payable by tenant to landlord under this lease will be paid to the date of the taking, and any rentals and other charges paid in advance and allocable to the period after the date of the taking will be repaid to tenant by landlord. Landlord and tenant will then be released from all further liability under this lease.

32. Interior Signs - Tenant shall be entitled to place, maintain, and Landlord shall allow to be permitted, placed and maintained appropriate dignified displays of customary type for its display windows on the interior of the window area, or elsewhere on the premises so as to be visible to the public as may be allowed by law. Tenant shall be permitted a "relocating sign" during the last sixty (60) days.

33. Remedies Cumulative - Any and all rights and remedies that Landlord or Tenant may have under this Lease, and at law and in equity, shall be cumulative and shall not be deemed inconsistent with each other, and any two or more of all such rights and remedies may be exercised at the same time insofar as permitted by law.

34. Right to Cure Defaults - Intentionally Deleted.

(b) With regard to any monetary default, Tenant shall have the right to cure said default within fifteen (15) days after notice but only three such notices shall be required in any one calendar year.

(c) With regard to non-monetary default, Tenant shall have a right to cure said default or perform within thirty (30) days after notice.

35. Effect of Waivers on Default - No consent or waiver, express or implied, by either party to or of any breach of any covenants, conditions or duty of the other shall be construed as a consent or waiver to or of any other breach of the same or any other covenant, condition or duty.

36. Assignment, Subletting, etc. - (a) Tenant shall have the right to make any assignment, transfer or subletting of the Premises, or any part thereof, upon the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned, delayed or charged for to any other entity or person.

(b) Notwithstanding the above, no consent shall be required for, and Tenant shall have the right to make, any assignment, transfer or subletting of the Premises, or any part thereof (i) to a parent, subsidiary or affiliated company, (ii) directly or indirectly, in any manner, in connection with a merger, or a consolidation or a combination, or a sale of substantially all of the assets constituting a portion and/or all of the retail chain of which the business in the Premises is a part in the state in which the Premises is located provided such assignment does not violate the terms of any other lease covering any portion of the Premises or existing laws. Upon any assignment in accordance with the foregoing, the Tenant named herein shall not be relieved of any further liability hereunder unless it receives Landlord's consent thereto.

(c) Tenant shall have the absolute right to assign, sublet or otherwise transfer its interest in this Lease to a Licensee, Franchisee or operating subsidiary of Tenant, without Landlord's approval, written or otherwise, as long as Tenant remains fully liable for full performance of all its obligations under this Lease.

37. Notice from One Party to the Other - Any notice from Landlord to Tenant or from Tenant to Landlord shall be sent by certified mail, return receipt required. All notices shall be addressed or delivered, if to:

To Landlord: Shops on the Curve, LLC
c/o Maxwell Associates, Inc.
101 West Friendly Avenue, Suite 601
Greensboro, North Carolina 27401

To Tenant: Jennifer Convertibles, Inc.
419 Crossways Park Drive
Woodbury, New York 11797

With A Copy To: Law Offices of Wincig & Wincig
Attn: Bernard Wincig, Esq.
574 Fifth Avenue
New York, New York 10036

38. Recording - Each party agrees not to record this Lease, but each party hereto agrees on request by the other, to execute a Notice or Short Form of this Lease in recordable form in accordance with applicable statutes, and reasonably satisfactory to Landlord's and Tenant's attorneys. In no event shall such document set forth the rental or other charges payable by Tenant under this Lease; and any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease, and is not intended to vary the terms and conditions of this Lease.

39. Waiver of Subrogation - Notwithstanding anything contained herein to the contrary, each party hereto waives all rights of recovery against the other for all losses, damages or injuries to the Premises, the Building and any improvements, and other property of either party thereon. All insurance that is carried by either party with respect to the Premises, the Building or other property thereon, whether or not required, shall include provisions that either designate the other party as one of the insureds or deny to the insurer acquisition by subrogation of rights of recovery against the other party. Neither party shall acquire as insured under any insurance carried by the other any right to participate in the adjustment of loss or to receive insurance proceeds and agrees upon request promptly to endorse and deliver to the other party any checks or other instruments in payment or loss in which it is named as payee.

40. Subordination and Rights of Mortgagee - Tenant agrees at the request of Landlord to subordinate this Lease to any institutional first mortgage or deed of trust placed or to be placed upon the Premises by Landlord, provided by the terms of which such holder agrees not to disturb the possession and other rights of Tenant under or pursuant to this Lease during the Lease Term, so long as Tenant continues to perform its obligations hereunder and in the event of acquisition of title, or coming into possession, by said holder through foreclosure proceedings or otherwise, to accept Tenant as Tenant of the Premises under the terms and conditions hereunder and to assume and perform all of Landlord's obligations hereunder.

41. Americans with Disabilities Act of 1990 - Notwithstanding anything to the contrary contained in the Lease, Landlord shall have complied to the extent applicable to secure a certificate of occupancy for the Demised Premises with the Americans with Disabilities Act of 1990 (ADA), and any amendments to the ADA, as well as all other applicable Laws regarding access to, employment of and service to individuals covered by the ADA. Tenant's compliance will be limited to the interior design and interior alterations of the Premises.

42. Actions of Landlord - Whenever Landlord shall enter, or perform any work in or about the Premises, such entry shall be made, and such work shall be performed, to the extent practicable, without interfering with the conduct of Tenant's business unless such entry is a result of an emergency.

43. Damages - In determining any damages hereunder, Landlord and Tenant shall use its best efforts to mitigate its damages.

44. Mutuality of Lease Provisions - Intentionally Deleted.

45. Powers of Attorney - Intentionally Deleted.

46. Hold-over - Any "hold-over" by Tenant shall, be on a month-to-month basis, at the rental under said Lease in effect immediately prior to the expiration of the term thereof provided the parties are negotiating a new term and rental.

47. Plate Glass - Tenant is permitted to self-insure plate glass.

48. Payment for Services - In no event shall Tenant be required to pay with respect to any utility service or any other service provided or designated by Landlord, an amount in excess of the amount that Tenant would be required to pay if purchasing directly from such utility or other company.

49. Warranties - (a) Landlord represents and warrants that the bathrooms, HVAC system, plumbing system and electrical system will be in good working order and that the roof will be free of leaks and the sidewalk free of repair and that the Landlord has not received any notices of any violations of the applicable building code at date of delivery of the demised premises. In addition, Landlord will use its best efforts to prevent any noise or odors emanating from any other tenant located in the Premises entering into the demised premises.

50. Imputation - For purposes of this Lease, the negligence, affirmative act or violation of the provisions of this Lease by an employee or agent of Landlord or Tenant, or by a contractor, employed by Landlord or Tenant, shall be the negligence, affirmative act or violation of the provisions of this Lease of Landlord or Tenant, as the case may be.

51. Operating Costs - (a) It shall not include (i) expenses for any capital improvements made to Land or Building, (except that capital expenses for improvements which result in savings of labor or other costs shall be included at the cost or such improvements amortized over the useful life of the improvements); (ii) expenses for repairs or other work occasioned by fire, windstorm or other insured casualty; (iii) expenses incurred in leasing or procuring new Tenants (i.e. lease commissions, Tenant inducements, advertising expenses and expenses of renovating space for new Tenant); (iv) legal expenses in enforcing the terms of any lease; (v) interest or amortization payments on any mortgage or mortgages and/or capital improvements; (vi) reserve funds; (vii) administrative expenses of Landlord in excess of five (5%) percent provided Landlord or its agent may charge a management fee; (viii) expenses in connection with maintaining and operating any garage operated by Landlord incident to the operation of the shopping center; (ix) removal of hazardous material; (x) earthquake insurance--unless such coverage is reasonably available at a commercially reasonable cost; and (xi) direct settlement payments by Landlord in personal injury or property claims.

(b) All Operating Costs shall be based upon competitive charges for similar services and/or materials that are available in the general vicinity of the shopping center.

(c) The Landlord confirms that the costs for the common area maintenance, taxes and insurance for the first lease year shall be approximately (to be adjusted in accordance with the terms of the Lease) as follows:

| | |
|-------------------|---|
| CAM | \$ |
| Insurance | \$ |
| Real Estate Taxes | \$ |
| Total | \$6,480.00 per annum - \$540.00 per month |

(d) However, in no event will Landlord be entitled to collect in excess of 100% of the total expense from all the Tenants in the center. Generally accepted accounting principles, consistently applied will be used to determine expenses.

52. Tenant dispute of Operating Costs - Any statement rendered by Landlord to Tenant for Tenant's share of Landlord's Common Area Charges shall be deemed accepted by Tenant unless, within six (6) months after the receipt of such statement, Tenant shall notify Landlord in writing of the items it disputes ("Notice of Dispute"). Pending the determination of such dispute, Tenant shall pay all amounts due as indicated on the statement and such payments shall be without prejudice to Tenant. In connection with determining and resolving such dispute, Tenant may upon reasonable prior written notice and at Landlord's home office, audit and review the books of Landlord kept in connection with Landlord's Common Area Charges. If the dispute is not amicably settled between Landlord and Tenant within sixty (60) days after completion of Tenant's audit or review, either party may refer the disputed items to a reputable firm of independent certified public accountants, selected by Landlord and approved by Tenant, for a decision, and the decision of such firm shall be conclusive and binding upon Landlord and Tenant. The expenses involved in such determination shall be borne by the party against whom a decision is rendered by such accountants, provided that if more than one (1) item is disputed and the decision shall be against both parties, then the expenses shall be apportioned according to the monetary value of the items decided against each party. If the dispute on any item shall be determined in Tenant's favor, the amount of Tenant's overpayment shall be refunded to Tenant within thirty (30) days of such accounting firm's notice of its decision.

53. Early Termination. At any time after the expiration of the first three (3) Lease Years during the Term or the Renewal Term of this Lease, Tenant may vacate the Premises and terminate the Lease upon six (6) months prior written notice to Landlord ("Early Termination"), conditional upon Tenant (i) paying all Basic and Additional Rent to Landlord up until the date that Tenant vacates the Premises, paying the unamortized (ten (10) year straight line basis) portions of the \$7,500 upfit allowance and the 4% lease fee in the amount of \$23,502.96; and (ii) leaving the Premises in a broom clean condition free and clear for any Tenants, or other occupants. Notwithstanding anything to the contrary hereinabove, Tenant's exercise of its right of Early Termination pursuant to the terms delineated herein, shall not be deemed an event of default under this Lease.

LANDLORD:

SHOPS ON THE CURVE, LLC

By: 

Manager

TENANT:

JENNIFER CONVERTIBLES, INC.

By: 

EDWARD SHIDNER,

Executive Vice President of Real Estate

Date: October 30, 2000

LETTER OF POSSESSION

PURSUANT TO AGREEMENT dated October 30, 2000 between:

Landlord: SHOPS ON THE CURVE, LLC

Tenant: JENNIFER CONVERTIBLES, INC.

WHEREAS, the parties hereto entered into a Lease of the premises at:

Suite 110, Shops on the Curve Shopping Center
Stanley Road, Greensboro, NC

WHEREAS, the Landlord has complied with all the terms and conditions of such Lease on the Landlord's part to be performed; and

THEREFORE, in consideration of the mutual covenants herein contained, and for the sum of \$1.00 each to the other in hand paid, receipt of which is hereby acknowledged, it is agreed as follows:

1) The Tenant acknowledges that the Landlord has complied with all the terms, covenants, and the conditions of said Lease on Landlord's part to be performed. The Tenant agrees that he has taken possession of the premises on ~~November 1, 2000~~ *January 1, 2001* *RWP*

2) Tenant is to commence rental payments on ~~May 1, 2001~~ *July 1, 2001* *RWP* as provided for in the Lease. The termination of said Lease shall be on ~~May 31, 2011~~ *June 30, 2011* *RWP*

LANDLORD:

SHOPS ON THE CURVE, LLC

By: *[Signature]*

Manager

TENANT:

JENNIFER CONVERTIBLES, INC.

By: *[Signature]*

EDWARD SEIDNER

Executive Vice President of Real Estate

Date: October 30, 2000

HENRY H. ISAACSON
MARC L. ISAACSON
DESMOND G. SHERIDAN
JENNIFER N. FOUNTAIN
DEBBI L. ABERMAN *
TESSA T. LEFTWICH

* ALSO LICENSED IN FLORIDA

Isaacson Isaacson
Sheridan & Fountain, LLP
ATTORNEYS AT LAW

MAILING ADDRESS
P.O. Box 1888
GREENSBORO, NC 27402

WRITER'S EMAIL: jfountain@iislaw.com
WRITER'S DIRECT DIAL: 336.275.7626, Ext. 5

October 21, 2010

VIA FEDERAL EXPRESS: 952.404.5700

BMC Group, Inc.
Attn: Jennifer Convertibles Claims Processing
18750 Lake Drive East
Chanhassen, MN 55317

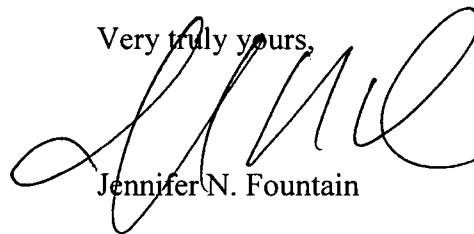
Re: Jennifer Convertibles, Inc.
Bankruptcy Case No. 10-13779

Dear Sir or Madam:

I am enclosing an original and two copies of a Proof of Claim in the above-referenced matter. Please file the Proof of Claim and return file-stamped copies to me in the enclosed self-addressed, stamped envelope.

Thank you for your assistance with this matter.

Very truly yours,



Jennifer N. Fountain

JNF/sjj
Enclosures
cc: Shops on the Curve, LLC