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LEASE AGREEMENT

THIS LEASE AGREEMENT dated June 1, 1991 is entered into by **THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF COLUMBIANA**, a public corporation organized under the laws of the State of Alabama (the "Issuer"), and **NFA CORP.**, a corporation organized under the laws of the Commonwealth of Massachusetts ("NFA").

Recitals

The Issuer will issue its \$4,800,000 aggregate principal amount of Revenue Bonds (NFA Corp. Project), Series 1991-A (the "Bonds") pursuant to a Trust Indenture dated June 1, 1991 (the "Indenture") between the Issuer and AmSouth Bank N.A., a national banking association with its principal place of business in Birmingham, Alabama (the "Trustee"). The Bonds will be issued for the purposes of (i) refunding the Issuer's \$1,500,000 Industrial Development Revenue Bond (NFA Corp. Project), dated June 1, 1983 and (ii) financing a portion of the costs of acquiring, constructing and equipping certain improvements to existing industrial facilities (the "Project").

Pursuant to this Lease Agreement the Issuer will agree to lease the Project to NFA and NFA will agree to pay rentals to the Issuer at such times and in such amounts as shall be sufficient to pay when due the principal of, premium (if any) and interest ("Debt Service") on the Bonds. Pursuant to the Indenture, the Issuer shall assign and pledge to the Trustee all the Issuer's rights under this Lease Agreement, except for certain rights relating to indemnification, reimbursement of expenses and receipt of notices and other communications.

As security for the payment of Debt Service on the Bonds, NFA will enter into a Guaranty Agreement dated June 1, 1991 (the "Bond Guaranty") in favor of the Trustee, whereby NFA will guarantee payment when due of Debt Service on the Bonds.

NFA will cause AmSouth Bank N.A., a national banking association with its principal place of business in Birmingham, Alabama (the "Bank"), to issue an irrevocable letter of credit in favor of the Trustee to enable the Trustee to pay Debt Service on the Bonds and the purchase price of Bonds tendered for purchase in accordance with the terms of the Indenture.

The initial Letter of Credit will be issued by the Bank pursuant to a Credit Agreement dated June 1, 1991 (the "Credit Agreement") between the Bank and NFA, whereby NFA will agree, among other things, to reimburse the Bank for all amounts drawn by the Trustee pursuant to the initial Letter of Credit.

As security for NFA's obligations under the Credit Agreement, NFA and the Issuer shall execute a Mortgage, Assignment of Leases and Security Agreement dated June 1, 1991 (the "Mortgage") in favor of the Bank, whereby the Bank will be granted a mortgage, assignment and pledge of, and security interest in, the Project, the rights of NFA under this Lease Agreement and certain other collateral.

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The Bonds shall be limited obligations of the Issuer payable solely out of (i) payments by NFA pursuant to this Lease Agreement and the Bond Guaranty, (ii) any other revenues, rentals or receipts derived by the Issuer from the leasing or sale of the Project, and (iii) money received by the Trustee from a draw on the Letter of Credit. The Trustee will not have a lien on or security interest in the Project. The Mortgage is for the sole benefit of the Bank to secure the obligations of NFA under the Credit Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto covenant, agree and bind themselves as follows:

ARTICLE 1

Definitions and Other Provisions of General Application

SECTION 1.01 Definitions

For all purposes of this Lease Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(1) Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Indenture.

(2) The terms defined in this Article shall have the meanings assigned to them in this Article. Singular terms shall include the plural as well as the singular, and vice versa.

(3) The definitions in the recitals to this instrument are for convenience only and shall not affect the construction of this instrument.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles. All references herein to "generally accepted accounting principles" refer to such principles as they exist at the date of application thereof.

(5) All references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(6) The terms "herein", "hereof" and "hereunder" and other words of similar import refer to this Lease Agreement as a whole and not to any particular Article, Section or other subdivision.

(7) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(8) The term "person" shall include any individual, corporation, partnership, joint venture, association, trust, unincorporated organization and any government or any agency or political subdivision thereof.

SECTION 1.02 Effect of Headings and Table of Contents

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.03 Date of Lease Agreement

The date of this Lease Agreement is intended as and for a date for the convenient identification of this Lease Agreement and is not intended to indicate that this Lease Agreement was executed and delivered on said date.

SECTION 1.04 Separability Clause

If any provision in this Lease Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.05 Governing Law

This Lease Agreement shall be construed in accordance with and governed by the laws of the State of Alabama.

SECTION 1.06 Counterparts

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

ARTICLE 2

Demising Clause

For and in consideration of the performance and observance by NFA of the agreements and covenants of this Lease Agreement to be performed and observed by NFA, the Issuer does hereby lease and demise to NFA, and NFA does hereby lease, take and hire from the Issuer the following property:

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I.

Project Site

The real property and interests therein described in Exhibit A attached hereto, together with all easements, permits, licenses, rights-of-way, contracts, leases, tenements, hereditaments, appurtenances, rights, privileges and immunities pertaining or applicable to said real property and interests therein (herein referred to as the "Project Site").

II.

**Improvements and Other
Buildings and Structures**

The buildings, structures and improvements to be constructed on the Project Site pursuant to Article 3, more particularly described in Exhibit C to this instrument (herein referred to as the "Improvements"), and all other buildings, structures and improvements now or hereafter located on the Project Site.

III.

Equipment

The personal property and fixtures described in Exhibit B attached hereto and all other personal property and fixtures acquired or to be acquired by the Issuer with the proceeds of the Bonds, including all substitutions and replacements for such personal property and fixtures (herein referred to as the "Equipment").

SUBJECT, HOWEVER, to Permitted Encumbrances, which are described in Exhibit E to this Lease Agreement.

ARTICLE 3

Acquisition of the Project

SECTION 3.01 Agreement to Acquire

(a) The Project Site has been acquired by the Issuer in accordance with the instructions of NFA. The Project Site is described in Exhibit A to this Lease Agreement. The Improvements to be constructed and installed on the Project Site are described in Exhibit C to this Lease Agreement. The personal property and fixtures to be acquired and installed as part of the Project are described in Exhibit B to this Lease Agreement. The Improvements and the Equipment shall be constructed and installed on the Project Site.

(b) NFA shall be solely responsible for the planning and design of the Project, the preparation of contracts and purchase orders for the Project and the supervision of the work on the Project. The acquisition, construction and installation of the Project shall be in accordance with all applicable zoning, planning and building restrictions, and NFA shall obtain all necessary governmental permits, licenses, certificates, authorizations and approvals necessary to be obtained for the acquisition, construction, installation and operation of the Project.

(c) The Issuer shall enter into, assume or accept the assignment of such contracts and purchase orders for the Project as NFA shall request in writing, subject to the requirements of Section 10.01.

(d) The Issuer will cooperate with NFA in good faith in the acquisition, construction and installation of the Project in order that the Project may be completed and placed in service as soon as practicable.

(e) NFA may, subject to the requirements of the Credit Agreement and the Mortgage, cause changes or amendments to be made in the plans and specifications for the Improvements and the Equipment, provided (i) such changes or amendments will not change the nature of the Project to the extent that it would not qualify for financing under the Enabling Law, and (ii) NFA delivers to the Trustee a Favorable Tax Opinion. The Issuer will make only such changes or amendments in the plans and specifications for the Improvements and the Equipment as may be requested in writing by NFA.

(f) The Issuer shall cause withdrawals to be made from the Construction Fund for the payment of Project Costs (including reimbursement to NFA for Project Costs), subject to the requirements of Section 3.02.

(g) The provisions of Article 3 of the Inducement Agreement (relating to the appointment of NFA as agent of the Issuer for the acquisition, construction and equipping of the Project) shall survive the delivery of this Lease Agreement and the termination of the Inducement Agreement and shall remain in effect until the Project is complete.

SECTION 3.02 Withdrawals From Construction Fund

(a) NFA may cause withdrawals to be made from the Construction Fund for the payment of Project Costs (including reimbursement to NFA for Project Costs paid by it), but only if (i) no Lease Default exists, (ii) NFA delivers to the Trustee a duly completed requisition for each such withdrawal in the form attached hereto as Exhibit D, executed on behalf of NFA by an Authorized NFA Representative, and (iii) such requisition is approved by the Bank.

(b) For purposes of this Lease Agreement the term "Project Costs" shall mean all costs of acquiring, constructing and installing the Project, including without limitation:

- (1) all costs related to the acquisition of the Project Site,

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- (2) the cost of labor, materials and supplies furnished or used in the construction, installation, renovation, or rehabilitation of buildings, structures and improvements,
- (3) acquisition, transportation and installation costs for personal property and fixtures,
- (4) fees for architectural, engineering, legal and supervisory services,
- (5) expenses incurred in the enforcement of any remedy against any contractor, subcontractor, materialman, vendor, supplier or surety,
- (6) interest accruing on indebtedness incurred by the Issuer or NFA (including the Bonds) in connection with the acquisition, construction and installation of, or other work on, the Project for the period ending on the date the Project is (or was) placed in service,
- (7) expenses incurred by the Issuer and NFA in connection with the financing of the Project, including legal, consulting, accounting and underwriting fees,
- (8) fees for an appraisal of the Project,
- (9) insurance premiums and taxes incurred until the Project is (or was) placed in service,
- (10) any fee payable to the Bank in connection with the Letter of Credit for the period ending on the date the Project is placed in service,
- (11) any fees and expenses of the Remarketing Agent, the Trustee or the Tender Agent for the period ending on the date the Project is placed in service,
- (12) reimbursement to NFA for any such costs, fees and expenses paid by it with its own funds, and
- (13) any rebate due to the United States Treasury pursuant to Section 148(f) of the Internal Revenue Code.

SECTION 3.03 No Warranty; NFA to Complete Project

(a) NFA recognizes that since the plans, specifications and directions for acquiring, constructing and installing the Project have been, or will be, furnished by it, the Issuer makes no warranty, either express or implied, with respect to the Project and does not offer any assurances that the Project will be suitable for NFA's purposes or needs or that the proceeds derived from the sale of the Bonds will be sufficient to pay in full all Project Costs.

(b) If the proceeds derived from the sale of the Bonds are insufficient to pay in full all Project Costs, NFA shall complete the acquisition, construction and installation of the Project at its own expense.

SECTION 3.04 Remedies Against Contractors, etc.

If any vendor, contractor or subcontractor shall default under any contract or purchase order in connection with the acquisition, construction or installation of the Project, the Issuer shall follow the written instructions of, and shall cooperate in good faith with, NFA in the pursuit of any remedies that may be available under the circumstances. Upon the written request of NFA, the Issuer shall assign to NFA all rights of the Issuer under any such contract or purchase order and NFA may, in its own name or in the name of the Issuer, pursue any such remedies.

SECTION 3.05 Completion of the Project

(a) The completion of the Project shall be evidenced by a certificate signed by an Authorized NFA Representative stating that

(1) the acquisition, construction and installation of the Improvements and Equipment has been completed in substantial accordance with the plans and specifications therefor (including any changes or amendments to such changes pursuant to Section 3.01), and

(2) all amounts due for labor, materials, supplies and other costs incurred in connection with the acquisition, construction and installation of the Project have been paid.

(b) After the delivery of the aforesaid certificate to the Trustee, any money then remaining in the Construction Fund shall be applied as provided in the Indenture.

ARTICLE 4

Lease Term and Rental Payments

SECTION 4.01 Lease Term

The term of this Lease Agreement shall begin on the date of the delivery of this Lease Agreement and, unless renewed and extended in accordance with the terms of this Lease Agreement and the Indenture, shall continue until midnight of June 1, 2003.

SECTION 4.02 Basic Rental Payments

(a) Prior to the Trustee's close of business on each Bond Payment Date NFA shall make rental payments ("Basic Rental Payments") to the Trustee, for the account of the Issuer in an amount equal to the Debt Service on the Bonds due on such Bond Payment Date.

(b) NFA shall receive a credit against the Basic Rental Payments required by subsection (a) of this Section as follows:

(1) The amount of accrued interest received from the sale of the Bonds to the original purchaser or purchasers thereof shall be deducted from the amount of interest due on the first Interest Payment Date for purposes of calculating the required Basic Rental Payment due on such Date.

(2) Money received by the Trustee from a draw on the Letter of Credit with respect to Debt Service due on the related Bond Payment Date shall be credited against the Basic Rental Payment due on such Bond Payment Date.

(3) Investment income and profits remaining in the Bond Fund after reimbursement of the Bank for amounts due under the Credit Agreement shall be credited against Basic Rental Payments as directed by NFA.

(4) Any other money held by the Trustee and available under the terms of the Indenture and this Lease Agreement for the payment of Debt Service on the Bonds remaining after reimbursement of the Bank for amounts due under the Credit Agreement shall be credited against Basic Rental Payments as directed by NFA. Such directions must be consistent with any mandatory provision of the Indenture and this Lease Agreement with respect to the required use of such money.

(c) All Basic Rental Payments shall be made in funds immediately available at the Office of the Trustee on the due date of such Payments.

(d) NFA acknowledges that Basic Rental Payments required by this Section have been calculated to provide amounts which will be sufficient to pay Debt Service on the Bonds as the same matures and comes due. If on any Bond Payment Date the amount on deposit in the Bond Fund is not sufficient to pay Debt Service on the Bonds due and payable on such Date, NFA shall immediately deposit the amount of such deficiency in the Bond Fund.

(e) Money on deposit in the Bond Fund may be used to reimburse the Bank for amounts due to the Bank under the Credit Agreement, as provided in Section 8.01 of the Indenture.

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SECTION 4.03 Additional Rental Payments

(a) NFA shall make additional payments ("Additional Rental Payments") as follows:

(1) Prior to the close of the Trustee's business on each Tender Date, NFA shall pay to the Trustee an amount equal to the purchase price of Bonds to be tendered for purchase on such Tender Date. Such payments shall be made in funds immediately available at the Office of the Trustee on the related Tender Date.

(2) Within 10 days after receipt by NFA of an invoice therefor, NFA shall pay to the Trustee (i) the acceptance fee of the Trustee, (ii) the normal fees, charges and expenses of the Trustee, and (iii) any amount to which the Trustee may be entitled under Section 13.07 of the Indenture.

(3) Within 10 days after receipt by NFA of an invoice therefor, NFA shall pay to Issuer the reasonable expenses of the Issuer incurred (i) at the request of NFA, (ii) in the performance of the Issuer's duties under any of the Financing Documents, (iii) in connection with any litigation which may at any time be instituted involving the Project or the Financing Documents, except such litigation arising from any bad faith or willful misconduct on the Issuer's part, or (iv) in the pursuit of any remedies under the Financing Documents.

(4) NFA shall pay to the Remarketing Agent and the Tender Agent the fees and expenses due to each of them in accordance with the respective agreements appointing them to serve in such capacities.

(b) NFA shall receive a credit against the Additional Rental Payments required by subsection (a)(1) of this Section for the following amounts:

(1) money received by the Trustee from a draw on the Letter of Credit to pay the purchase price of Tendered Bonds;

(2) proceeds from the remarketing of Bonds remaining in the Bond Purchase Fund after reimbursement of the Bank for any amounts due to the Bank under the Credit Agreement; and

(3) investment income and profits remaining in the Bond Purchase Fund after reimbursement of the Bank for any amounts due to the Bank under the Credit Agreement.

(c) Money on deposit in the Bond Purchase Fund may be used to reimburse the Bank for amounts due to the Bank under the Credit Agreement, as provided in Section 8.02 of the Indenture.

SECTION 4.04 Overdue Payments

Any overdue Basic Rental Payment shall bear interest from the related Bond Payment Date until paid at the Post-Default Rate for overdue Debt Service payments. Any overdue Additional Rental Payment shall bear interest from the date due until paid at the Post-Default Rate for such Additional Rental Payments specified in the Indenture.

SECTION 4.05 Unconditional Obligation of NFA

NFA's obligation to make the payments required by this Lease Agreement and to perform and observe the other agreements and covenants on its part herein contained shall be absolute and unconditional, except for any rights of set-off, recoupment or counterclaim it might otherwise have against the Issuer or the Trustee. NFA will not suspend or discontinue any Basic Rental Payment or terminate this Lease Agreement for any cause whatsoever, including, without limiting the generality of the foregoing, (i) failure to complete the Project, (ii) any acts or circumstances that may constitute an eviction or constructive eviction, (iii) failure of consideration or commercial frustration of purpose, (iv) the invalidity of any provision of this Lease Agreement, (v) any damage to or destruction of the Project or any part thereof, (vi) the taking by eminent domain of title to, or the use of, all or any part of the Project, (vii) any change in the laws or regulations of the United States of America, the State of Alabama or any other governmental authority, or (viii) any failure of any of the Financing Participants to perform and observe any agreement or covenant, whether express or implied, to be performed or observed by them under any of the Financing Documents.

ARTICLE 5

Concerning the Bonds, the Indenture and the Trustee

SECTION 5.01 Assignment of Lease Agreement and Rental Payments by Issuer

(a) Simultaneously with the delivery of this Lease Agreement, the Issuer shall, pursuant to the Indenture, assign and pledge to the Trustee all right, title and interest of the Issuer in and to the Project Revenues and the Lease Agreement. NFA hereby consents to such assignment and pledge.

(b) Simultaneously with the delivery of this Lease Agreement, the Issuer shall, subject to the prior assignment and pledge pursuant to the Indenture, assign and pledge to the Bank all right, title and interest of the Issuer in and to the Project Revenues and the Lease Agreement. NFA hereby consents to such assignment and pledge.

(c) Until all Indenture Indebtedness has been Fully Paid, the Trustee may exercise all rights and remedies herein accorded to the Issuer, and any references herein to the Issuer shall be deemed, with the necessary changes in detail, to include the Trustee; provided, however, that if the Letter of Credit is in effect and the Bank has not defaulted in the payment of any draw,

the Trustee will not exercise any of its remedies under this Lease Agreement without the prior written consent of the Bank; provided further that the Issuer shall retain the rights to indemnification and reimbursement of expenses granted to it by this Lease Agreement.

(d) If all Indenture Indebtedness has been Fully Paid, but all Bank Indebtedness has not been Fully Paid, the Bank may exercise all rights and remedies herein accorded to the Issuer, and any references herein to the Issuer shall be deemed, with the necessary changes in detail, to include the Bank; provided, however, that the Issuer shall retain the rights to indemnification and reimbursement of expenses granted to it by this Lease Agreement.

SECTION 5.02 Redemption of Bonds

(a) The Issuer will cause the Trustee to redeem any or all of the Bonds in accordance with the mandatory redemption provisions of the Bonds without any direction from or consent by NFA.

(b) If no Lease Default exists, the Issuer will exercise any right of optional redemption with respect to the Bonds only upon the written request of NFA.

SECTION 5.03 Amendment of Indenture

The Issuer will not cause or permit the amendment of the Indenture or the execution of any amendment or supplement to the Indenture without the prior written consent of NFA.

SECTION 5.04 The Special Funds

(a) If no Lease Default exists, the Issuer shall cause any money held as part of a Special Fund to be invested or reinvested by the Trustee in accordance with the terms of the Indenture and the instructions of NFA.

(b) NFA shall be solely responsible for (i) determining that any such investment of Special Funds under the Indenture complies with the arbitrage limitations imposed by Section 148 of the Internal Revenue Code, including without limitation the provisions of Section 148(d)(3) of the Internal Revenue Code relating to investment of "gross proceeds" of bonds, and (ii) calculating the amount of, and making payment of, any rebate due to the United States under Section 148(f) of the Internal Revenue Code.

SECTION 5.05 Effect of Full Payment of Indebtedness

(a) After the Indenture Indebtedness is Fully Paid, all references in this Lease Agreement to the Bonds, the Indenture and the Trustee shall be ineffective and neither the Trustee nor the Holders of the Bonds shall thereafter have any rights hereunder, except those rights which by the express terms of this Lease Agreement survive termination of this Lease Agreement.

(b) After the Bank Indebtedness is Fully Paid, (i) all references in this Lease Agreement to the Bank shall be ineffective and thereafter the Bank shall have no rights hereunder, except those rights that by the express terms of this Lease Agreement survive termination of this Lease Agreement, and (ii) all references in this Lease Agreement to the Mortgage shall be ineffective.

(c) After all Indebtedness is Fully Paid, any money or investments remaining in the Special Funds shall be delivered to NFA.

(d) If all Indebtedness is Fully Paid prior to the expiration of the term of this Lease Agreement, NFA shall be entitled to the use and occupancy of the Project until the expiration of the term of this Lease Agreement without the payment of any further Basic Rental Payments, but otherwise subject to all the terms and conditions hereof, except that NFA shall no longer be required to perform and observe the agreements and covenants of this Lease Agreement that are for the sole benefit of the Bank, the Trustee or the Holders of the Bonds or any combination thereof.

ARTICLE 6

The Project

SECTION 6.01 Possession and Use of Project

(a) NFA shall be permitted to possess, use, manage, operate and enjoy the Project without hindrance on the part of the Issuer, subject, however, to all the terms and conditions of this Lease Agreement.

(b) The Issuer shall be permitted such possession of the Project as shall be necessary and convenient for it to construct and install the Improvements and the Equipment and any additions, improvements, modifications, repairs or renovations to the Project that are required to be made by it pursuant to the terms of this Lease Agreement.

SECTION 6.02 Maintenance and Other Operating Expenses

NFA will, at its own expense, (i) cause the Project to be maintained and kept in good condition, repair and working order, ordinary wear and tear excepted, (ii) cause to be made all necessary repairs, renewals, replacements, betterments and improvements to the Project as may be necessary so that any business carried on in connection therewith may be properly and advantageously conducted at all times, and (iii) pay all gas, electric, water, sewer and other charges for the operation, use and upkeep of the Project.

SECTION 6.03 Taxes, Assessments, Etc.

NFA will pay or cause to be paid as they become due and payable all taxes, assessments and other governmental charges lawfully levied or assessed or imposed upon the Project or any part thereof or upon any income therefrom, and also all taxes, assessments and other

governmental charges lawfully levied, assessed or imposed upon the lien or interest of the Trustee or of the Bondholders in the Trust Estate, so that the lien of the Indenture shall at all times be wholly preserved at the cost of NFA and without expense to the Issuer, the Trustee or the Bondholders; provided, however, that NFA shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment or governmental charge to the extent that the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings and NFA shall have established and shall maintain adequate reserves on its books for the payment of the same.

SECTION 6.04 Improvements, Alterations, Etc.

NFA may, at its own expense, subject to the requirements of the Mortgage, make changes, additions, improvements or alterations to the buildings, structures and other improvements constituting a part of the Project, provided that NFA determines, in its judgment, that such changes, additions, improvements or alterations are necessary or desirable in connection with the business of NFA carried on at the Project. At the written request of NFA, the Issuer will enter into a contract for such changes, additions, improvements, or alterations, subject, however, to the requirements of Section 10.01.

SECTION 6.05 Utility Easements

The Issuer will, upon request of NFA, subject to the requirements of the Mortgage, grant such utility and other similar easements over, across or under the Project Site as requested by NFA for the furnishing of utility and other similar services to the Project or to real property adjacent to the Project Site that is owned or leased by NFA; provided, that such easements shall not, in the opinion of NFA, materially impair the use of the Project for the purposes for which it is leased by NFA.

SECTION 6.06 Transfer or Encumbrance Created by Issuer

Without the prior written consent of NFA, and except as otherwise provided in the Mortgage, the Issuer (i) will not sell, transfer or convey the Project or any part thereof, except as provided in this Lease Agreement, and (ii) will not create or incur or suffer or permit to be created or incurred or to exist any mortgage, lien, charge or encumbrance on the Project or any part thereof.

SECTION 6.07 Assignment, etc. of Leasehold Interest

NFA may, subject to the requirements of the Mortgage, assign its rights under this Lease Agreement or mortgage its leasehold interest in the Project, or sublease the Project or any part thereof, subject to the following limitations:

- (1) NFA shall continue to be primarily liable for the performance and observance of the agreements and covenants to be performed and observed by it under this Lease Agreement, and no such assignment, mortgage or sublease shall in any way diminish or

abate the obligations of NFA hereunder unless the Letter of Credit is in effect and the Bank consents to the assignment of NFA's rights hereunder and the Bank consents to the release of NFA from its obligations hereunder;

(2) no such assignment, mortgage or sublease shall permit or result in the use of the Project for any purpose that would not be permitted for facilities financed under the Enabling Law; and

(3) within 30 days after the delivery of any such assignment, mortgage or sublease, NFA shall deliver a copy thereof to the Issuer and to the Trustee.

SECTION 6.08 Disposition of Equipment

(a) NFA shall have the right from time to time, in the name and on behalf of the Issuer, without any release from or consent by the Issuer, but subject to the requirements of the Mortgage, to sell or otherwise dispose of any item of the Equipment which may have become obsolete or unfit for use or no longer useful, necessary or profitable in the conduct of the business carried on by NFA at the Project.

(b) The Issuer will cooperate with NFA in good faith in the exercise of the rights and privileges granted by this Section and shall, from time to time, execute a written instrument to confirm any action taken by NFA under this Section, upon receipt by the Issuer of (i) a certificate or certificates signed by an Authorized NFA Representative requesting the same and expressing any required opinions and stating that such action was duly taken in conformity with this Section and (ii) an Opinion of Counsel that such action was duly taken by NFA in conformity with such provisions and that execution of such written instrument is appropriate to confirm such action under this Section.

(c) Except as permitted by this Section or otherwise in the Financing Documents, neither the Issuer nor NFA shall sell or otherwise dispose of the Equipment or any portion thereof.

SECTION 6.09 NFA's Personal Property and Fixtures

(a) NFA may, at its own expense, install at the Project any personal property or fixtures which, in NFA's judgment, are necessary or desirable for the conduct of the business carried on by NFA at the Project. Any such personal property or fixtures which are installed at NFA's expense and which do not constitute a part of the Equipment under the terms of this Lease Agreement, shall be and remain the property of NFA and may be removed by NFA at any time; provided, that any damage to the Project occasioned by such removal shall be repaired by NFA at its own expense.

(b) If any personal property or fixtures described in subsection (a) of this Section are leased by NFA or NFA shall have granted a security interest in such property in connection with the acquisition thereof by NFA, then the lessor of such property or the party holding a security interest therein, as the case may be, may remove such property from the Project Site within a

reasonable period of time after the occurrence of such Lease Default and notification to such lessor even though a Lease Default shall then exist or this Lease Agreement shall have been terminated following a Lease Default hereunder; provided, that the foregoing permission to remove shall be subject to the agreement by such lessor or secured party to repair at its own expense any damage to the Project occasioned by such removal.

SECTION 6.10 Insurance

(a) Until the Bank Indebtedness is Fully Paid, NFA will at all times keep the Project insured as provided in the Mortgage.

(b) NFA will at all times (whether or not all Indebtedness is Fully Paid) maintain insurance against liability for bodily injury to or death of persons and for damage to or loss of property occurring on or about the Project Site or in any way related to the condition or operation of the Project, in the minimum amounts of \$1,000,000 for death of or bodily injury to any one person, \$1,000,000 for all death and bodily injury claims resulting from any one accident, and \$1,000,000 for property damage. Such insurance shall insure the Issuer, as well as NFA, against such liability.

(c) All insurance required by subsection (b) of this Section shall be effected with responsible insurance carriers. All policies or other contracts evidencing such insurance or a certificate of the respective insurers attesting the fact that such insurance is in force and effect, shall be deposited with the Issuer. Prior to the expiration of such insurance, NFA shall furnish to the Issuer evidence that such insurance has been renewed or replaced. Each policy or other contract for such insurance, or such mortgage clause, shall contain an agreement by the insurer that, notwithstanding any right of cancellation reserved to such insurer, such policy or contract shall continue in force for the benefit of the Issuer for at least 10 days after written notice to the Issuer of cancellation.

SECTION 6.11 Damage and Destruction

(a) If the Project or any part thereof is damaged or destroyed by fire or other casualty, NFA shall, as promptly as practicable, repair, rebuild, restore or replace the property damaged or destroyed (herein referred to as the "Restoration Work"). If the amount of loss proceeds of insurance on the Project available to pay the costs of such Restoration Work is not sufficient for such purpose, NFA shall complete the Restoration Work at its own expense. At the request of NFA, the Issuer shall enter into contracts and purchase orders necessary for the Restoration Work, subject to the requirements of Section 10.01.

(b) If the Bank Indebtedness has been Fully Paid, loss proceeds from any insurance payable with respect to such casualty shall be paid to NFA and shall be applied by NFA to pay the costs of the Restoration Work.

(c) If the Bank Indebtedness has not been Fully Paid, loss proceeds from any insurance payable with respect to such casualty shall first be paid to the Bank and shall be applied as provided in the Mortgage.

SECTION 6.12 Condemnation

(a) If title to, or the use of, the Project or any part thereof shall be taken by the exercise of the power of eminent domain and the Bank Indebtedness has not been Fully Paid, the entire proceeds of any award referable thereto shall first be paid to the Bank and shall be applied as provided in the Mortgage.

(b) If the Bank Indebtedness has been Fully Paid, the entire proceeds of any award referred to in subsection (a) of this Section shall be paid to NFA and applied to the cost of acquiring, constructing and equipping additional facilities (herein referred to as "Additional Facilities") in accordance with the instructions of NFA, which Additional Facilities shall forthwith become, without further action, property of the Issuer and a part of the Project subject to this Lease Agreement.

(c) The Issuer shall cooperate in good faith with NFA in the conduct of any condemnation proceeding with respect to the Project and will, to the extent it may lawfully do so, permit NFA to appear in such proceeding in the name and on behalf of the Issuer. The Issuer will not settle, or consent to the settlement of, any condemnation proceeding without the prior written consent of NFA.

ARTICLE 7

Representations and Covenants

SECTION 7.01 General Representations

NFA makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(1) It is duly organized as a corporation under the laws of the state of its organization.

(2) It has the power to consummate the transactions contemplated by the Financing Documents to which it is a party.

(3) By proper corporate action it has duly authorized the execution and delivery of the Financing Documents to which it is a party and the consummation of the transactions contemplated therein.

(4) It has obtained all consents, approvals, authorizations and orders of governmental authorities that are required to be obtained by it as a condition to the execution and delivery of the Financing Documents to which it is a party.

SECTION 7.02 Eligibility of Project for Financing

NFA makes the following representations and warranties regarding the eligibility of the Project for financing under the Enabling Law:

(1) The financing of the Project through the issuance of the Bonds and the leasing of the Project to NFA will induce NFA to locate the Project in the State of Alabama, and thereby enlarge, expand and improve NFA's existing operations in the State of Alabama, and will promote industry, develop trade and further the use of the agricultural products and natural and human resources of the State of Alabama.

(2) NFA intends to operate the Project for manufacturing elastic and other related products through its operating division, Elastic Corporation of America.

(3) The Project is located (i) wholly within the corporate limits of the Municipality and (ii) wholly within Shelby County.

SECTION 7.03 General Representations and Covenants Regarding Exempt Interest on Bonds

(a) NFA represents and warrants that to the best of its knowledge the Bonds will constitute qualified small issue bonds under Section 144(a) of the Internal Revenue Code and that interest on the Bonds will not be Taxable.

(b) NFA covenants and agrees that it will not take any action, or fail to take any action, if such action or failure to act would cause interest on the Bonds to be Taxable. Without limiting the generality of the preceding sentence, NFA covenants and agrees that, to the extent necessary for interest on the Bonds to remain not Taxable,

(1) the proceeds of the Bonds shall not be used or applied in a manner that would cause the Bonds to be arbitrage bonds, within the meaning of Section 148 of the Internal Revenue Code,

(2) the issuance costs financed by the Bonds shall not exceed 2% of the proceeds of the Bonds,

(3) not less than 95% of the net proceeds of the Bonds (net proceeds being the original proceeds of the Bonds and any investment income therefrom, minus the amount, if any, of such proceeds deposited in a reasonably required reserve or replacement fund) will be used (i) for Qualified Project Costs, within the meaning of subsection (c) of this

Section, and (ii) to provide a "manufacturing facility", within the meaning of Section 144(a)(12) of the Internal Revenue Code,

(4) the proceeds of the Bonds shall not be used for the acquisition, construction, reconstruction or improvement of any property which would cause the average maturity of the Bonds to exceed 120% of the average reasonably expected economic life of the facilities financed with the proceeds of the Bonds,

(5) less than 25% of the proceeds of the Bonds will be used for the acquisition of land,

(6) NFA will not permit the Project to be owned or used by any test-period beneficiary if the face amount of the Bonds allocated to such test-period beneficiary, when increased by the outstanding tax-exempt facility-related bonds allocated to such test-period beneficiary, would exceed \$40,000,000, within the meaning of Section 144(a)(10) of the Internal Revenue Code,

(7) the proceeds of the Bonds will not be used to acquire any used property (property first used by another person and depreciated in whole or in part by such person for federal income tax purposes) unless NFA makes rehabilitation expenditures with respect to such used property as required by Section 147(d) of the Internal Revenue Code,

(8) any rehabilitation expenditures with respect to the Project will not be attributable to a building in a "registered historic district" or a "certified historic structure" (as defined in Section 48(g)(3) of the Internal Revenue Code),

(9) the limitation on capital expenditures set forth in Section 144(a)(4) of the Internal Revenue Code will not be exceeded during the applicable 6-year period with respect to facilities described in Section 144(a)(4) of the Internal Revenue Code,

(10) NFA will not permit the use of more than 25% of the net proceeds of the Bonds to provide any facility described in Section 144(a)(8) of the Internal Revenue Code and will not permit the use of any portion of the proceeds of the Bonds to provide a facility described in Section 147(e) of the Internal Revenue Code.

(c) Money in the Construction Fund shall not be used to pay or reimburse NFA for the Project Costs other than Qualified Project Costs, unless the amount of such non-Qualified Project Costs, when added to all other non-Qualified Project Costs already paid or reimbursed from the Construction Fund, will be less than 1/19 of the Qualified Project Costs already paid from the Construction Fund. For purposes of this subsection (c), the term "Qualified Project Costs" shall mean Project Costs that (i) are for the acquisition, construction, reconstruction or improvement of land or property of a character subject to the allowance for depreciation and (ii) were paid or incurred after July 23, 1990 (the official action date). Issuance costs do not constitute Qualified Project Costs.

(d) If NFA receives written notice from the Holder of any Bond, or otherwise receives notice in writing indicating, that the Internal Revenue Service has claimed that interest on the Bonds is Taxable, NFA shall promptly notify the Trustee in writing of such claim.

(e) If all Bonds are redeemed after a Determination of Taxability, any default in the performance, or breach, of any covenant or warranty contained in this Section shall be deemed waived, and any Lease Default resulting therefrom shall be deemed cured.

SECTION 7.04 Covenants Regarding § 148 of the Internal Revenue Code

(a) NFA will make timely rebate payments to the United States Treasury Department as required by Section 148(f) of the Internal Revenue Code.

(b) Not later than 30 days after the end of each bond year, NFA shall furnish to the Trustee an opinion of Bond Counsel or a certificate by an Independent certified public accountant stating in effect (i) that as of such date NFA has made all rebate payments to the United States Treasury Department necessary to prevent the Bonds from being "arbitrage bonds" under Section 148(f) of the Internal Revenue Code and (ii) the aggregate accrued, but unpaid, rebate liability under Section 148(f) of the Internal Revenue Code. If such opinion or certificate indicates that any rebate liability has accrued, but is unpaid, NFA shall establish a reserve on its books for the payment of such rebate. For purposes of this subsection the term "bond year" means the 12-month period ending on June 1 in each year. NFA may change the ending date for bond years by notice to the Trustee accompanied by a Favorable Tax Opinion.

(c) Prior to each date that a rebate payment is due, NFA shall furnish to the Trustee evidence that such payment has been made, including a copy of all forms or other documents filed with the United States Treasury Department in connection with such payment.

(d) NFA will maintain all records required by Section 148(f) of the Internal Revenue Code and the applicable regulations thereunder and shall furnish to the Trustee such data or information as the Trustee shall reasonably request in writing to verify compliance with Section 148(f) of the Internal Revenue Code.

SECTION 7.05 Corporate Existence

(a) Except as otherwise provided in subsection (b) of this Section, NFA will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises.

(b) NFA may not consolidate with or merge into any other corporation or transfer its property substantially as an entirety to any person unless (except in those situations where assumption by a Successor shall occur by operation of law), the corporation formed by such consolidation or into which NFA is merged or the person which acquires by conveyance or transfer NFA's property substantially as an entirety (the "Successor") shall execute and deliver to the Issuer and the Trustee an instrument in form acceptable to the Issuer and the Trustee

containing an assumption by such Successor of the performance and observance of every covenant and condition of this Lease Agreement to be performed or observed by NFA.

(c) Upon any consolidation or merger or any conveyance or transfer of NFA's property substantially as an entirety in accordance with this Section, the Successor shall succeed to, and be substituted for, and may exercise every right and power of, NFA under this Lease Agreement with the same effect as if such Successor had been named as NFA herein and NFA shall be released from its obligations hereunder.

SECTION 7.06 Further Assurances

(a) NFA will do, execute, acknowledge and deliver such further acts, conveyances, mortgages, financing statements and assurances as the Issuer or the Trustee shall require for accomplishing the purposes of the Financing Documents.

(b) NFA will cause this instrument, any amendments to this Lease Agreement and other instruments of further assurance, including financing statements and continuation statements, to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed in such places as may be required by law fully to preserve and protect the rights of the Issuer and the Trustee to all property comprising the Project.

SECTION 7.07 Inspection of Records

NFA will at any and all times, upon the written request of the Issuer or the Trustee and with reasonable advance notice provided to NFA, permit the Issuer or the Trustee by their representatives to inspect the Project and any books, records, reports and other papers of NFA relating to the Project, and to make copies therefrom, and will afford and procure a reasonable opportunity to make any such inspection, and NFA will furnish to the Issuer and the Trustee any and all information as the Issuer or the Trustee may reasonably request with respect to the performance by NFA of its covenants in this Lease Agreement.

SECTION 7.08 Advances by Issuer or Trustee

If NFA shall fail to perform any of its covenants in this Lease Agreement, the Issuer or the Trustee may, at any time and from time to time, after written notice to NFA and the reasonable opportunity to cure thereafter, make advances to effect performance of any such covenant on behalf of NFA. Any money so advanced by the Issuer or the Trustee, together with interest at the Post-Default Rate, shall be repaid upon demand.

SECTION 7.09 Indemnity of Issuer and Trustee

(a) To the extent permitted by law, NFA agrees to indemnify the Issuer and the Trustee for, and hold each of them harmless against, any loss, liability or expense (including reasonable attorneys' fees) incurred without bad faith or willful misconduct on the Issuer's part or without bad faith, willful misconduct or negligence or default or breach by the Trustee under any of the

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Financing Documents, arising out of or in connection with the issuance of the Bonds, the acceptance of their duties and responsibilities under the Financing Documents, or their performance or observance of any agreement or covenant on their part to be observed or performed under the Financing Documents, including without limitation (i) the acquisition, construction or installation of, or other work on, the Project, (ii) any injury to, or the death of, any person or any damage to property at the Project, or in any manner growing out of, or connected with, the use, nonuse, condition or occupation of the Project or any part thereof, (iii) any damage, loss or destruction of the Project, (iv) violation or breach by NFA of any contract, agreement or restriction affecting the Project or the use thereof or of any law, ordinance or regulation affecting the Project or any part thereof or the ownership, occupancy or use thereof, (v) the offer and sale of the Bonds or a subsequent sale or distribution of any of the Bonds, (vi) the exercise, or failure to exercise, any right, privilege or power of the Issuer or the Trustee under the Financing Documents and (vii) the administration of the trust established by the Indenture.

(b) The covenant of indemnity by NFA contained in this Section shall survive the termination of this Lease Agreement with respect to events that occurred prior to such termination.

ARTICLE 8

Remedies

SECTION 8.01 Events of Default

Any one or more of the following shall constitute an event of default (a "Lease Default") under this Lease Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any Basic Rental Payment when such Basic Rental Payment becomes due and payable; or

(2) default in the payment of any Additional Rental Payment with respect to the purchase price of Tendered Bonds when such Additional Rental Payment becomes due and payable; or

(3) default in the performance, or breach, of any covenant or warranty of NFA in this Lease Agreement (other than a covenant or warranty, a default in the performance or breach of which is elsewhere in this Section specifically dealt with), and the continuance of such default or breach for a period of 45 days after there has been given, by registered or certified mail, to NFA and the Bank by the Issuer or by the Trustee a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "notice of default" hereunder; or

(4) the occurrence of an event of default, as therein defined, under the Indenture or Bond Guaranty, and the expiration of the applicable grace period, if any, specified therein.

SECTION 8.02 Remedies on Default

If a Lease Default occurs and is continuing, the Issuer (or the Trustee or Bank, as provided in Section 5.01) may exercise any of the following remedies:

(1) declare all installments of Basic Rental Payments for the remainder of the term of this Lease Agreement to be immediately due and payable in an amount not to exceed the principal amount of all Outstanding Bonds, plus the redemption premium (if any) payable with respect thereto, plus the interest accrued thereon to the date of such declaration;

(2) reenter the Project, without terminating this Lease Agreement, and, upon 10 days' prior written notice to NFA, relet the Project or any part thereof for the account of NFA, for such term (including a term extending beyond the term of this Lease Agreement) and at such rentals and upon such other terms and conditions, including the right to make alterations to the Project or any part thereof, as the Issuer may deem advisable, and such reentry and reletting of the Project shall not by itself be construed as an election to terminate this Lease Agreement nor relieve NFA of its obligations to make payments required by this Lease Agreement and to perform and observe any of its other agreements and covenants under this Lease Agreement, all of which shall survive such reentry and reletting, and NFA shall continue to make all payments required by this Lease Agreement until the end of the term of this Lease Agreement, less the net proceeds, if any, of any reletting of the Project after deducting all of the Issuer's expenses in connection with such reletting, including, without limitation, all repossession costs, brokers' commissions, attorneys' fees, alteration costs and expenses of preparation for reletting;

(3) terminate this Lease Agreement, exclude NFA from possession of the Project and, if the Issuer elects so to do, lease the same for the account of the Issuer, holding NFA liable for all payments due under this Lease Agreement up to the date of such termination; and

(4) take whatever legal proceedings may appear necessary or desirable to collect the payments under this Lease Agreement then due, whether by declaration or otherwise, or to enforce any obligation or covenant or agreement of NFA under this Lease Agreement or by law.

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SECTION 8.03 No Remedy Exclusive

No remedy herein conferred upon or reserved to the Issuer, the Bank or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient.

SECTION 8.04 Agreement to Pay Attorneys' Fees and Expenses

If NFA should default under any of the provisions of this Lease Agreement and the Issuer, the Bank or the Trustee should employ attorneys or incur other expenses for the collection of payments due under this Lease Agreement or the enforcement of performance or observance of any agreement or covenant on the part of NFA herein contained, NFA will on demand therefor pay to the Issuer, the Bank or the Trustee (as the case may be) the reasonable fee of such attorneys and such other expenses so incurred.

SECTION 8.05 No Additional Waiver Implied by One Waiver

In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

SECTION 8.06 Remedies Subject to Applicable Law

All rights, remedies and powers provided by this Article may be exercised only to the extent the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Lease Agreement invalid or unenforceable.

ARTICLE 9

Options

SECTION 9.01 Option to Terminate

NFA shall have the option to cancel or terminate this Lease Agreement at any time after the Indebtedness has been fully paid, by giving the Issuer notice in writing of such termination. Such termination shall become effective 10 days after such notice is given.

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SECTION 9.02 Option to Renew

NFA shall have the right and option to renew the term of this Lease Agreement for an additional term expiring on midnight of June 1, 2021. Such option shall be deemed automatically exercised by NFA unless NFA notifies the Issuer in writing that NFA elects to have this Lease Agreement terminate without a renewal for such additional term. The rental payable by NFA during such renewal term shall be the sum of \$100 per year, payable annually in advance.

SECTION 9.03 Option to Purchase Project

NFA shall have the option to purchase the Project for a purchase price of \$1.00 after the Indebtedness has been fully paid. Such option may be exercised by NFA prior to the termination of this Lease Agreement upon written notice to the Issuer. Such option shall be deemed automatically exercised on the date of termination of this Lease Agreement unless NFA notifies the Issuer in writing that it does not intend to exercise such option. The closing for such purchase shall take place on (i) a Business Day designated by NFA that is not less than 7 days nor more than 21 days from the date of such notice, or the date of termination of this Lease Agreement, as the case may be, or (ii) such other date as shall be mutually acceptable to the Issuer and NFA.

SECTION 9.04 Conveyance on Exercise of Option to Purchase

Upon the exercise of any option to purchase granted herein, the Issuer will upon receipt of the purchase price deliver to NFA documents conveying to NFA the property (via statutory warranty deed in the case of real property) with respect to which such option was exercised, as such property then exists, subject to the following: (i) all easements or other rights, if any, required to be reserved by the Issuer under the terms and provisions of the option being exercised by NFA; (ii) those liens and encumbrances, if any, to which title to said property was subject when conveyed to the Issuer; (iii) those liens and encumbrances created by NFA or to the creation or suffering of which NFA consented; and (iv) those liens and encumbrances resulting from the failure of NFA to perform or observe any of the agreements or covenants on its part contained in this Lease Agreement.

SECTION 9.05 Partial Release

At any time prior to the date the Indebtedness has been fully paid, NFA shall have the option to purchase the portion of the Project Site designated as Parcel Three in Exhibit A for a purchase price of \$100.00. Such option shall be deemed exercised on the date NFA notifies the Issuer in writing that it intends to exercise such option. The closing for such purchase shall take place on (i) a Business Day designated by NFA that is not less than 7 days nor more than 21 days from the date of such notice or (ii) such other date as shall be mutually acceptable to the Issuer and NFA. Any such acquisition of Parcel Three mentioned above shall be governed by the same terms and conditions set forth in Section 9.04.

ARTICLE 10

Miscellaneous

SECTION 10.01 Issuer's Liabilities Limited

(a) The covenants and agreements contained in this Lease Agreement shall never constitute or give rise to a personal or pecuniary liability or charge against the general credit of the Issuer, and in the event of a breach of any such covenant or agreement, no personal or pecuniary liability or charge payable directly or indirectly from the general assets or revenues of the Issuer shall arise therefrom. Nothing contained in this Section, however, shall relieve the Issuer from the observance and performance of the covenants and agreements on its part contained herein.

(b) No recourse under or upon any covenant or agreement of this Lease Agreement shall be had against any past, present or future incorporator, officer or member of the governing body of the Issuer, or of any successor corporation, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Lease Agreement is solely a corporate obligation, and that no personal liability whatever shall attach to, or is or shall be incurred by, any incorporator, officer or member of the governing body of the Issuer or any successor corporation, or any of them, under or by reason of the covenants or agreements contained in this Lease Agreement.

(c) The liability of the Issuer for the payment of any money due under any contract or purchase order entered into by it, or for any other costs incurred in connection with the acquisition, construction, installation or improvement of, or other work on, the Project shall be limited solely to (i) the available proceeds of the Issuer's revenue bonds, if and when issued for the Project, (ii) any money made available to the Issuer for such purpose by NFA, and (iii) any revenues or other receipts derived by the Issuer from the Project, subject to prior encumbrances. The limited liability of the Issuer shall be plainly and conspicuously stated on each such contract or purchase order.

SECTION 10.02 Corporate Existence of Issuer

The Issuer shall not consolidate with or merge into any other corporation or transfer its property substantially as an entirety, except as provided in Section 10.07 of the Indenture.

SECTION 10.03 Notices

(a) Any request, demand, authorization, direction, notice, consent, or other document provided or permitted by this Lease Agreement to be made upon, given or furnished to, or filed with, the Issuer, NFA, the Trustee or the Bank must (except as otherwise expressly provided in this Lease Agreement) be in writing and be delivered by one of the following methods: (i) by personal delivery at the hand delivery address specified pursuant to Section 16.01 of the

Indenture, (ii) by first-class, registered or certified mail, postage prepaid, addressed as specified pursuant to Section 16.01 of the Indenture, or (iii) if facsimile transmission facilities for such party are identified in Section 16.01 of the Indenture or pursuant to a separate notice from such party, sent by facsimile transmission to the number specified in Section 16.01 of the Indenture or in such notice. Any of such parties may change the address for receiving any such notice or other document by giving notice of the change to the other parties named in this Section.

(b) Any such notice or other document shall be deemed delivered when actually received by the party to whom directed (or, if such party is not an individual, to an officer, partner or other legal representative of the party) at the address or number specified pursuant to this Section, or, if sent by mail, 3 days after such notice or document is deposited in the United States mail, addressed as provided above.

SECTION 10.04 Successors and Assigns

All covenants and agreements in this Lease Agreement by the Issuer or NFA shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 10.05 Benefits of Lease Agreement

Nothing in this Lease Agreement, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, the Trustee, the Holders of the Bonds and the Bank, any benefit or any legal or equitable right, remedy or claim under this Lease Agreement.

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IN WITNESS WHEREOF, the Issuer and NFA have caused this instrument to be duly executed and their respective corporate seals to be hereunto affixed and attested.

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF
COLUMBIANA

By: George Bentley
Chairman of its Board of Directors

[S E A L]

Attest: Gula Henry
Its Secretary

NFA CORP.

By: Lee A. McDuff
Its: Treasurer

[S E A L]

Attest: [Signature]
Its: CLERK

This instrument was prepared by:

J. Hobson Presley, Jr.
Maynard, Cooper, Frierson &
Gale, P.C.
1901 Sixth Avenue North
Suite 2400 AmSouth/Harbert Plaza
Birmingham, Alabama 35203-2602

STATE OF ALABAMA
Jefferson COUNTY.

I, Patricia S. Henning, a Notary Public in and for said County in said State, hereby certify that George Beatty, whose name as Chairman of the Board of Directors of The Industrial Development Board of the City of Columbiana, a public corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this the 28 day of June, 1991.

Patricia S. Henning
Notary Public

[NOTARIAL SEAL]

My commission ~~expires~~ commission Expires October 28, 1992

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STATE OF ALABAMA
Jefferson COUNTY

I, Patricia S. Henning, a Notary Public in and for said County in said State, hereby certify that George A. McManis whose name as Treasurer of NFA Corp., a corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this the 28 day of June, 1991.

Patricia S. Henning
Notary Public

[NOTARIAL SEAL]

My commission expires: October 28, 1992

EXHIBIT A

Description of Project Site

PARCEL ONE:

Commence at the northeast corner of Section 27, Township 21 South, Range 1 West; thence run in a southerly direction along the east line of Section 27 for a distance of 1488.68 feet to a point on the south right of way of Alabama Highway Number 70; thence turn an angle to the right of 77 degrees 41 minutes 41 seconds and run in a southwesterly direction along the south right of way line of Alabama Highway Number 70 for a distance of 21.78 feet to the point of beginning. From the point of beginning thus obtained turn an angle to the right of 6 degrees 56 minutes 50 seconds and continue in a southwest direction along the south right of way of Alabama Highway Number 70 for a distance of 292.20 feet to the intersection of the southeast right of way of the Southern Railroad; thence turn an angle to the left of 28 degrees 48 minutes 17 seconds and run in a southwest direction along the southeast right of way of the Southern Railroad for a distance of 296.60 feet; thence turn an angle to the left of 55 degrees 45 minutes 23 seconds and run in a southerly direction for a distance of 268.26 feet; thence turn an angle to the left of 90 degrees 00 minutes and run in an easterly direction for a distance of 536.07 feet; thence turn an angle to the left of 90 degrees 00 minutes and run in a northerly direction for a distance of 462.86 feet to the point of beginning. According to survey of Jimmy A. Gay, RLS #8759, dated June 27, 1991.

PARCEL TWO:

Commence at the northeast corner of Section 27, Township 21 South, Range 1 West. Thence run south along the east line of said Section 27 for a distance of 1488.68 feet to the point of beginning. From the point of beginning thus obtained, thence turn an angle to the right of 77 degrees 41 minutes 41 seconds and run in a southwesterly direction along the southern right-of-way of Alabama Highway 70 for a distance of 21.78 feet, thence turn an interior angle to the right of 102 degrees 23 minutes 10 seconds and run in a southerly direction for a distance of 530.26 feet; thence turn an interior angle to the right of 76 degrees 42 minutes 43 seconds and run in a northeasterly direction for a distance of 283.37 feet; thence turn an interior angle to the right of 101 degrees 45 minutes 18 seconds and run in a northerly direction for a distance of 524.69 feet to a point on the south right-of-way of Alabama Highway 70; thence turn an interior angle to the right of 78 degrees 17 minutes 58 seconds and run in a southwesterly direction along said right-of-way for a distance of 124.95 feet; thence turn an interior angle to the right of 180 degrees 50 minutes 51 seconds and run in a southwesterly direction along said right-of-way for a distance of 121.69 feet to the point of beginning. Situated in Shelby County, Alabama. According to survey of Jimmy A. Gay, RLS #8759, dated June 27, 1991.

PARCEL THREE:

Commence at the NE corner of Section 27, Township 21 South, Range 1 West; thence proceed in a Southerly direction along the East boundary of said Section for a distance of 849.40 feet to the point of intersection with the NW right of way line of Industrial Road; thence turn an angle of 55 degrees 51 minutes to the right and run along said right of way for a distance of 132.92 feet to the point of beginning of the parcel of land herein described; thence continue in the same direction along said right of way for a distance of 251.83 feet to a point; thence proceed along a curve to the left (concave Southeasterly and having a radius of 435.14 feet), continuing along said right of way for an arc distance of 110.30 feet to a point; thence turn an angle of 101 degrees 55 minutes 24 seconds to the right, from a tangent to the curve, and run for a distance of 272 feet to a point; thence turn an angle of 33 degrees 59 minutes 11 seconds to the right and run for a distance of 90.30 feet to a point; thence turn an angle of 2 degrees 00 minutes 01 seconds to the right and run for a distance of 60.10 feet to a point; thence turn an angle of 2 degrees 11 minutes 16 seconds to the right and run for a distance of 225.50 feet to a point; thence turn an angle of 24 degrees 28 minutes 56 seconds to the right and proceed along a curve to the right (concave Southeasterly and having a radius of 354.41 feet) for an arc distance of 227.60 feet to a point; thence turn an angle of 15 degrees 20 minutes 00 seconds to the right from a tangent to the curve, and run for a distance of 40.10 feet to a point; thence turn an angle of 4 degrees 56 minutes 28 seconds to the right and run for a distance of 125.74 feet to a point; thence turn an angle of 10 degrees 43 minutes 03 seconds to the right and run for a distance of 117.09 feet to a point; thence turn an angle of 86 degrees 17 minutes 55 seconds to the right and run for a distance of 121.72 feet to a point; thence turn an angle of 90 degrees 00 minutes 00 seconds to the left and run for a distance of 16.00 feet to a point; thence turn an angle of 90 degrees 00 minutes 00 seconds to the right and run for a distance of 434.03 feet to the point of beginning, said property lying in the NE 1/4 of Section 27, Township 21 South, Range 1 West.

Situated in Shelby County, Alabama.

EXHIBIT B

Description of Equipment

A. New Equipment

Weaveing

Looms - NF 6/50
Looms - 12 OMM
Lycra Drive Units
Conversion Kits
Misc. Small Tools
Humidification
Lighting
Chain Hoists

Knitting

Knitting Machines Comez 13
Filling Guides
Conversion Kits
Humidification
Chain Extension Boxes
Softwear Computer

Warping

Beam Racks
Static Eliminator
Lighting

Finishing

5 Wiring
4 Conical Rollers
Steam Generator
Exhaust System
Lighting

Putup

Spoolers

Covered Rubber

Spools
Covering Machines
Beam Racks
Bobbin Winder

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Buggies
Lighting
Bobbin Winder 32 Position
Silicone Department
Silicone Machines
Accumulators
Silicone Expansion

Maintenance
Lathe

Warehouse
Scale

Administration
Computer Memory Upgrade

Equipment
Fork Lifts
Knit Takeaways
Kniters
Looms
Rubber Warper
Finishing Machines
Yarn Warper
Relocation of Equipment
Weave Racks
Modify Finishers

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B. Existing Equipment

NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
	Handling Equipment Forklift Hyster w/squeeze jaws, 3,000 lbs. capacity, propane	A10D1635E	1
	Handling Equipment Hand truck		5
	Handling Equipment Pallet jack		1
	Fork Lift by Baker (electric) Mdl. FTD 040, 5000 lbs. capacity	U-1916-A-1642	1
	Battery Charger by Baker, Mdl. Auto 1000	HR-96199-1-01	1
	Yarn Skeiner Table model by Scott		1
	Scale by General (platform type) Mdl. Econo-weigh, 5000 lbs. capacity w/digital read out		1

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EM NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Warper	J. Muller for 30"x21" beams w/press roller, auto-doffing, static eliminator, oscillating device. sig-zag reed, 1991	N/A	1
Warper	Liba, Mdl. 23, 30" 0 x 21" press roller, auto-doffing, static eliminator, oscillating device, sig-zag reed, reconditioned 1989	3078 3070 3071	3
Warper	Reiner, 30" 0 x 21", press roller morse speed control, v-reed, static eliminator	548	1
Warper	Chase machine, 1989, w/press- roller for beams 16" 0 x 7 1/4"	9176	1
Warper	Reiner (rebuilt by McCoy Ellison) 30" 0 x 21", press-roller missing, v-reed, oscillating device, static eliminator	SW-10	1
Creel	Mayer, 300-end w/stop motion, extra heavy-duty, 3-post tensions with static eliminators on each level (row), by Static Inc.		1
Creel	Reiner, Mdl. 12, 240-end w/elect- ronic stop motion, heavy-duty, 3-post tension		2

EM NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Creel	Reiner, 215-end w/stop motion heavy-duty, 3-post tension		1
Creel	Millmade, 160-end w/stop motion (COMEX type creel) heavy-duty, 3-post tension		1
Winder	Schweiter, 12-head cone to cone, 8" traverse, single-end, oiling device	1002-65	1
Beams	Tricot beams, 21" 0 x 21", 18 1/2" & 19" traverse, heavy-duty, 72 lbs.		858
Beams	Tricot beams, 21" 0 x 21", 18 1/2" & 19" traverse, Lt., 35 lbs.		137
Beams	Tricot beams, 21" 0 x 21", medium weight, 18 1/2" & 19" traverse 50 lbs.		68
Beams	Tricot beams, 30" 0 x 21", (18 1/2" & 19" traverse) Lt., 100 lbs.		384
Beams	Tricot beams, 14" 0 x 21", (19" traverse), Lt.		136
Hoist	Yale 1/2 ton electric w/rail, budgit 1 ton manual w/rail,		3
Humidification	by Austin Co., Mdl. I		1

NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Miscellaneous	Spare part room contents		asst'd
Material Handling	Handtrucks		11
Storage Racks	Beam storage racks		

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NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Winder	OMM, 52-head "spooler", 4 end-up, w/2-pin tension, 1987, 4-cone and trap tensions	33520152	1
Winder	OMM, vertical 20-head "spooler"		1
Winder	Leesona, 12-head #50, 4 end-up 1 1/2 I/D x 5 1/2 L, gain gear drive	G-96829-34 G-96859-64	1
Winder	OMM, "spooler", 32 & 20-position, 1982/1	35200010 35320149	2
Warper	OMM covered rubber w/positive feed creel 90 & 98-end, 1966	0-1247 0-1246	2
Rubber Covering Machine	Arnold, 100 end, 17", with 2 splitters, w/lycra feed, with package take-up	3892 3790 3906 3907	4
Rubber Covering Machine	Arnold, 100 end, 17", w/2 splitters, w/package take-up	3869 3707 3708 3791 3879	5
Rubber Covering Machine	H. Arnold, 100 end, 17", w/lycra feed, with package take-up	3619 3882	2

NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Rubber Covering Machine	K. Arnold, 80 end, 17", w/2 splitters, w/lycra feed, with package take-up	3700 N/A 3391 N/A 3699 N/A 2040 N/A 1574 N/A	10
Rubber Covering Machine	H. Arnold, 80 end, 17", w/2 splitters, w/package take-up	2436	1
Rubber Covering Machine	H. Arnold, 80 end, 17", with lycra feed, w/package take-up	N/A N/A N/A N/A N/A	3
Rubber Covering Machine	H. Arnold, 40 pos., 17" w/lycra and package take-up	N/A	2
Rubber Covering Machine	OMM w/double covering, vertical type w/lycra feed & package take-up. 192 pos (single), 1990	03431005 03431006	2
Rubber Covering Machine	Spools, aluminum 3" 0 x 6" (5 1/2 traverse)		800
Rubber Covering Machines	Spools, aluminum 4 1/2" 0 x 6" (5 1/2 traverse)		12000
Racks	Portable spool-racks, 206 pins 220 pins	new type old type	38 34
Buggies	Large type		13
Buggies	Short type		96
Splitters	East-Hampton rubber splitter		1

NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Hoist	Budgit 1/4 ton w/12 ft. rail		1
Hoist	Yale 1/2 ton w/20 ft. rail		1
Material Handling	Handtrucks		11

NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Needle Looms	Müller NF 42 6/27, 16 of 20 harness frames incorporated, all looms with lockstitch and 3-shift pick counters. Some looms equipped with slow-motion drive, double take-down rollers, new adjustable belt filling feed system, vacuum and blowers.	81.09.595-L 87.02.376-A 101.253-A 81.08.278-G 82.10.043-D 81.09.505-O 87.02.376-E 101.253 B 87.02.376-D 81.08.445-B 81.10.162-F 82.10.048-G 82.10.043-A 101.253-D 87.02.376-M 87.02.376-L 81.02.188-C 81.09.505-Y 81.09.505-K 007.020-A 81.09.505-G 82.08.449-K 81.50.002-A 81.04.036-M 81.02.188-A 82.08.449-O 81.09.505-I 81.09.505-Q 81.08.278-A 87.02.376-A	30

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NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Needle Looms	Muller NF 42 6/27-2, double deck 12 spaces, 16 of 20 harness frames incorporated, all looms with lockstitch and 3-shift pick counters. Some looms equipped with slow-motion drive, double take-down rollers, new adjustable belt filling feed system, vacuum and blowers.	101.250-A 81.09.595-P 81.09.505-S 83.07.981-B 101.252-B 87.02.376-K 81.09.505-C 82.10.043-E 81.10.162-A 81.10.162-H 81.09.505-T 81.10.162-M 81.09.505-U 87.02.376-F 82.08.449-D 81.08.278-B 81.10.162-K 82.10.043-C 81.08.278-F 81.10.162-E 87.02.376-I	21

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NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Needle Looms	Muller NF 42 6/27, 16 of 20 harness frames incorporated, all looms with lockstitch and 3-shift pick counters. Some looms equipped with slow-motion drive, double take-down rollers, new adjustable belt filling feed system, vacuum and blowers.	81.08.278-C	12
		81.09.505-M	
		81.02.188-B	
		81.50.002-B	
		81.09.269-Z	
		101.253-C	
		82.08.449-C	
		81.08.445-C	
		81.09.505-F	
		82.08.449-F	
		81.09.505-X	
		83.07.981-A	
Needle Looms	Muller NF 42 4/45 16 of 20 harness frames incorporated, all looms with lockstitch and 3-shift pick counters. Some looms equipped with slow-motion drive, double take-down rollers, new adjustable belt filling feed system, vacuum and blowers.	81.09.505-M	6
		101.251-A	
		81.10.162-P	
		87.02.376-B	
		81.05.543-D	
		81.09.505-E	
Needle Looms	Muller NF 42 2/84, all with slow motion drive double take-down rolls lock stitch, 3-shift pick counters, adjustable filling feed system	81.10.162-L	4
		81.08.277-P	
		81.09.505-V	
		81.08.278-H	

NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Needle Looms	Muller NFM 53 8/27, 16 of 20 harness frames incorporated, all looms with lockstitch and 3-shift pick counters. Some looms equipped with slow-motion drive, double take-down rollers, new adjustable belt filling feed system, vacuum and blowers.	82.02.415-F 82.02.415-D	2
Needle Looms	Muller NFM 53 8/27, 12 of 20 harness frames incorporated, lock stitch, positive bare rubber feeds, Mudata 2	88.03.276-C	1
Needle Looms	Muller NFM 42 8/27, 12 of 20 harness frames incorporated, lock stitch, positive bare rubber feeds, Mudata 2	90.01.967-A	1
Needle Looms	Muller NFM 53 6/45, 16 of 20 harness frames incorporated, all looms with lockstitch and 3-shift pick counters. Some looms equipped with slow-motion drive, double take-down rollers, new adjustable belt filling feed system, vacuum and blowers, Mutata 2	88.03.276-E 88.03.276-A 88.03.276-F 88.03.276-D 88.03.276-B	5
Needle Looms	Muller NFM 53 6/24, 12 of 20 harness frames incorporated, lock stitch, positive bare rubber feeds, Mudata 2	90.02.502-A	1
Needle Looms	Muller NFM 53 ELB 6/54, 28 books & 12 harness frames incorp., lock stitch 3-shift pick counter, slow-motion drive, blower & vacuum, adjustable belt filling feed system, dbl. take-down rollers	87.02.774-A 87.02.375-A	2

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DESCRIPTION BOOK SERIAL NO. QTY

Needle Looms

Muller NF 53 ELS 6/54, 12 hooks & 12
harness frames incorp., lock stitch,
3-shift pick counter, slow-motion
drive blower & vacuum, adjustable
belt filling feed system, double
take-down rollers

87.02.375-B 10
87.02.771-D
87.02.375-D
87.02.771-B
87.02.502-A
87.02.771-C
87.02.375-C
87.02.502-C
83.03.211-A
87.02.502-B

Needle Looms

Muller NFREQ-42, 4/55, 20 of 20
harness frames incorporated,
electronic pattern card reading
mechanism, belt filling feed system

86.01.350-B 3
86.01.350-A
85.01.336-A

Needle Looms

Muller NFJM-53 6/45, 32 hooks and
12 harness frames incorporated, lock
stitch, 3-shift pick counter, slow-
motion drive blower & vacuum,
adjustable belt filling feed system
double take-down rollers

88.03.273-D 7
88.03.274-C
88.03.273-B
88.03.273-C
88.03.274-A
88.03.274-D
88.03.273-A

Needle Looms

Muller NFJM-53 2/84, 32 hooks and
12 harness frames incorporated, lock
stitch, 3-shift pick counter, slow-
motion drive blower & vacuum,
adjustable belt filling feed system
double take-down rollers, Mudata 2

88.03.274-B 3
88.03.275-B
88.03.275-A

4 NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Needle Looms	Muller NF 53 6/45, 16 of 20 harness frames incorporated, all looms with lockstitch and 3-shift pick counters. Some looms equipped with slow-motion drive, double take-down rollers, new adjustable belt filling feed system, vacuum and blowers.	82.02.415-C 82.02.415-E 82.02.415-H	3
Needle Looms	OMM, MX 6/55, 16 harness, adjustable filling feed, double filling insert, fillatic production computer, double roll positive bare rubber feed, lock stitch	48090872 48160875 48090855 48090856 48090857	5
Gudgens	Beam-holders w/brake flange		585
Humidification	The Austin Co., System II		1
Hoist	Americon Monorail, 1 ton each w/Yale hoist, electric (new)		4
Material Handling	Barrel truck		1
Material Handling	Hand trucks		3
Material Handling	Pallet jack		1
Material Handling	Beam lift portable		1
Beam racks	Multi-beam set-up w/tension device & bearings		117

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NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Knitting Machines	Lamb, 4 needle, Mdl. 2NBA/Z-TB	N/A	49
Knitting Machine	COMES 408 Futura, chain extension, auto stop-motion, 30" bed, positive rubber feed system		24
	408 Futura, 1990, 5/8 bars, 15 ga.	13118	
	408 Futura, 1990, 5/8 bars, 20 ga.	N/A	
	408 Futura, 1990, 5/8 bars, 20 ga.	N/A	
	408 Futura, 1990, 5/8 bars, 20 ga.	N/A	
	408 Futura, 1990, 5/8 bars, 14 ga.	N/A	
	408 Futura, 1990, 5/8 bars, 14 ga.	N/A	
	408 Futura, 1990, 5/8 bars, 14 ga.	N/A	
	408 Futura, 1990, 5/8 bars, 14 ga.	N/A	
	408 Futura, 1990, 5/8 bars, 14 ga.	N/A	
	408 Futura, 1990, 5/8 bars, 14 ga.	N/A	
	408 Futura, 1990, 5/8 bars, 15 ga.	N/A	
	408 Futura, 1990, 5/8 bars, 15 ga.	13049	
	408 Futura, 1990, 5/8 bars, 14 ga.	13214	
	408 Futura, 1990, 5/8 bars, 14 ga.	13051	
	408 Futura, 1990, 3/8 bars, 14 ga.	13053	
	408 Futura, 1990, 8/8 bars, 15 ga.	13120	
	408 Futura, 1990, 5/8 bars, 14 ga.	13655	
	408 Futura, 1990, 8/8 bars, 15 ga.	13117	
	408 Futura, 1990, 8/8 bars, 15 ga.	13116	
	408 Futura, 1990, 5/8 bars, 14 ga.	13050	
	408 Futura, 1990, 8/8 bars, 15 ga.	13048	
	408 Futura, 1990, 8/8 bars, 15 ga.	13119	
	408 Futura, 1990, 5/8 bars, 14 ga.	13211	
	408 Futura, 1989, 8/8 bars, 20 ga.	12617	
	408 Futura, 1989, 8/8 bars, 20 ga.	12185	
	408 Futura, 1990, 5/8 bars, 20 ga.	13662	

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4 NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Knitting Machines	COMEX 608 Positive, 14 & 20 ga. 1986/7, 5 of 8 bars incorporated 480 end yarn creel, heavy-duty and 240 end positive feed rubber (latex) creels, double rubber feed system	11369 10952	2
Knitting Machines	MULLER RB, 14 gauge, 1983-87, 3 of 8 bars incorporated, 3-shift pick clocks, double bare, rubber feed system, 400- 480 end yarn creel, heavy-duty and 192-240 end positive feed rubber (latex) creels, double rubber feed system	86.01.336-A 84.00.547-A 86.01.336-K 81.10.113-A 84.00.548-A 87.01.255-C 83.08.457-A 83.08.812-B	8
Knitting Machines	MULLER RD, 14 gauge, 1987/88, 3 of 8 bars incorporated, mudata 2, double bare rubber feed system, 400-480 end yarn creel, heavy-duty and 192-240 end positive feed rubber (latex) creels, double rubber feed system	87.01.255-G 87.01.255-A 87.01.255-H 87.01.255-F 88.02.549-H 87.01.255-E 88.02.549-C 88.02.545-G	8

NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Knitting Machines	MULLER RC 6/800, 14 gauge, 1985/6	86.02.357-D	15
	3 of 6 bars incorporated, 400-480	86.02.357-H	
	end yarn creel, heavy-duty and	85.02.828-A	
	192-240 end positive feed rubber	85.02.828-F	
	(latex) creels, double rubber	85.02.828-G	
	feed system	86.02.828-L	
		86.01.335-C	
		86.01.335-B	
		85.02.828-I	
		85.02.828-C	
		86.02.357-C	
		86.02.357-A	
		86.01.335-H	
		86.01.335-I	
		86.01.335-H	
Pestooner	Mfg. by ECA, 48-position, w/Morse variable speed control	N/A	8
Pestooner	Mageba, 2-arm, 3" jute, Mdl. LM-2 1983 w/controls, traverse, start stop, table up/down, yd./meter counter	19345	1
	Mageba, 2-arm, 3" jute, Mdl. LM-2 1985	21670	1
Pestooner	Marshall Williams, 1982, 4-arm, 2" jute, w/Fincor controls, steam units	015	1
Inspection	LINDLY automatic inspection, Mdl. 1210 6-head, photo-electric with elastic feed	23 29 51 107	4

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EM NO.	EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
	Sewing Machines	Marrow, Mdl. 3 DW-2 w/table, portable foot pedal control	184718 126217 183622 153267 194269	5
	Sewing Machines	Marrow, Mdl. DW-C/DW-1/DW w/table, portable, foot pedal control	192119 195178 197148	3
	Material Handling	Forklift, Hyster, w/squeeze clamp propane, 2,000 lbs capacity	N/A	1
	Material Handling	Forklift, Baker FTD-030, electric 3,000 lbs. capacity	M1831-5132	1
	Material Handling	Forklift, Datson, L. Propane 3,200 lbs. capacity	CPF02A 25V	1
	Material Handling	Forklift, Hyster, 3,350 lbs. capacity, 272" fork height	C-138D02083J	1
	Material Handling	Battery charger by Exide	HR-68505	2
	Material Handling	Hand trucks		14
	Material Handling	Carts		5
	Material Handling	Pallet jacks, forklift, 5,000 lbs cap.		2
	Material Handling	Box staplers by Container Corp.		4

NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Scale	Hove Richardson, 500 lbs capacity in floor, mdl. 1271		1
Scale	by Pelouse, mdl. 1060, 60 lbs capacity		2
Scale	General Electric, 400 lbs capacity portable, digital readout, 515-F-DC	601110 601109	2
Storage Racks	by Uniform Load, uprights, 36"W x 18" H		60
Storage Racks	by Uniform Load, beams 2 1/4" x 5 1/4" x 96" L		33
Air Compressor	Portable, 1.5 HP	N/A	1
Air Compressor	Joy, 60 HP, 1988	216892	1
Put-Up	Tape dispensers, mdl. 555L	52559 62247	2
Put-Up	Blockers, 2 positions	194269 153267 183622	3
Put-Up	Spooler by RUF, 8 x 10 single-arm		1
Humidification	Complete system w/water filtering		1

NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Leaders	3 + 4 step 9 step		38 1

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EM NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Finishing Machine	MAGEBA, 8' width, 1984, 2-can 32" 0 x 150" L, steam, 85 PSI 327 ⁰ , Mdl. 123-21, with infrared pre-dry, w/60 gallon mixing tank & mixer, ECA Mfg. take-out system	19966	1
Finishing Machine	Millmade, 50" width, padder 1 steel & 1 rubber, 12" 0 rolls, infrared pre-dryer w/16 rows, 2 sets of dry cans 50 & 60 PSI, teflon coated, ECA Mfg. take-away system, 1 120 gal. kettle with mixer		1
Dyeline	MAGEBA pad steam, 625mm, 3-roll dye pad, 45m steamer, 2 washboxes w/jets enclosed, 4 washboxes open, each washbox w/2-roll nip. 3 x 2 dry cans 32" x 50", 84 PSI, w/nips at each drying section, take-away, finishing padder. 3 60-gal. kettles w/mixers.	33-1220-1-E (1985)	1
Dyeline	MAGEBA pad steam, 625mm, double dye padder, 90 yds. steamer, 6 wash- boxes, 1 closed w/jet spray & 5 open tanks, all with nips, 3 x 2 McCoy Ellison drying cylinders 31" 0 x 78" L, HP, 2 100-gal. kettles & 1 50-gal. kettle w/mixers	33-0222-1-6	1

NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Dyeline	NAGEBA, pad/steam, 200mm, 1971 w/60 yds. steamer, 3-roll dye padder, 3 wash boxes with 2-roll nips, 2- cylinder drying 30"0 x 60" steam by Westpoint 72 PSI		1
Scale	-Pitney Bowes, Mdl. 3770 w/digital readout -Toledo, portable, 225 lbs. capacity Mdl. 31-1821-OJ -Startorius electronic, w/digital readout & print out -Fairbanks Morse floor, 500 lbs. cap. -Dial-O-House, Mdl. 310 gr. -Toledo, Mdl. 8430 w/digital readout, capacity 6 x -11 lbs.	700 712	1 1 1 1 2 1
Air Compressor	Gardner Denver, Mdl. electra saver 50 HP, 1988 & 1990	M-31339 M-22282	2
Laboratory	-McBeth color meter, model 1500 -McBeth color eye -Epson printer -McBeth spectra light (day, HOR, CWF, (UV), w/everex PC-comp. & color monitor -Wash fastner tester, ANIBA, polymat Mdl. PM-100, w/electronic control 1989 -Hotplate by Corning, Mdl. Stirren -Fabric stiffness tester, Mdl. DPP-50	MC 1500 MC 1500 B KX-P1080I 88088/20	1 1 1 1 1 1 1
Material Handling	Pallet jacks & hand trucks		asst'd

ITEM NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY.
0.	Pull Down		1
1.	Mixing Tank		1
	MAGEBA		
	w/mixer		

NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Printers	Bates, TP-13, MTPR, 16" belt #5151001, w/s ribbon guides, take-away & let-off	133 135	2
Printer	H.T.P. machine (no tag) 72" belt		1
Material Handling	Hand truck		5
Spooler	by Talladega Mach. Co., 2-position 15" 0 x 16" 10		1
Steam Cleaner	by Electro-Steam Generator Co. Mdl. LB-20	30484	1
Humidifier			4
Eye Wash	by Haws		1
Hot Plate	by Capitol, Mdl. Rangette, 2-position		1
Silicone Machine	by Sodemtex, Mdl. Induction V-3 4-spaces, with accumulator (air- drying), roll-up device, silicone pumps by Rexson	12680490 12670490	2
Silicone Machine	by Talladega Machine Company		1
Silicone Machine	by Talladega Machine Company sample machine		1

CM NO.	EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
	Spoolers	Mageba MRU-1EG2, 1985, 2-spindle w/pre-feed	22.176/249 22.176/250	2
	Spoolers	Mageba, EMR-C, 1990, 2-spindle w/pre-feed	28.581/317 28.581/318	2
	Spoolers	ECA Mfg.		1
	Spoolers	Chase Mach. Co., Mdl. 4 PLCW, 4-spindle w/Browning speed control (1989)	9286-01-989	1
	Sewing Machines	Singer Union Special		23 7
	Inspection	ECA Mfg. inspection table		7
	Inspection	Lindly automatic tape inspection model 1210, photo electric	35 37 89 91 156 157 188	4 3
	Festooner	Mageba, 2-arm, Mdl. LM-2, 1986/2	22.882-1 22.882-8	2
	Festooner	ECA Mfg., single-arm		1
	Festooner	H. Affupper BLA-8, 1988	869-324 869-328	2

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NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Festooner	Marshall Williams MWF-4, 2" jute 1989/1990	NFO-089 NFO-008	2
Prefeed	Sodemetex (for dyeline), Mdl. Donneur 12-B, 12 positions 1990	12770990	1
Cutters	Ace, hot-knife, 10", C-230-WBWR Ace, cold-knife, 4", SC-720-WP	13691 12 689	2
Packing	Signode film-wrapping machine ELP-8705		1
Scales	Toledo, portable, 500 lbs. capacity #2182 Stathmos #105	25103 027878-4	2
Scales	General Electric, Mdl. PSLC-2 100 lbs. capacity, kg/lbs	810129 010242 010241 002002 008060	5
Scales	Avenger, series 3000 w/printer		1
Scales	General Electronics, Mdl. Porta-tronics 104059 800, 1000 lbs capacity, portable		1
Scales	Ohaus, Mdl. Dial-O-Grain, 3100 gr.		1
Compressor	Ingersol Rand, Mdl. 7T-T307-172TM 30 HP (located in the cut-off area)	30T323689	1

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NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
	Material Handling	Pallet jacks, hydraulic, handtrucks etc.	assorted

Eq. NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Needle Loom	Muller, NFJM 53, 2/84, double fill feed & take-down w/rubber feed, 96 hooks, new fill feed system	88.03.376-A	1
Needle Looms	Muller NF-42, 4/45, 16 harness beltfeed, lockstitch, double take-down rollers	101.252-H 81.06.686-T 81.06.278-E	3
Needle Looms	Muller NF-42, 1 6/27 & 2 x 2/84 16 harness beltfeed, lock stitch, double take-down rollers, slow motion (1)	82.08.449-A 81.50.002-D	3
Needle Loom	Muller NF-53, 2/84 ELS, 28 hooks & 12 harness incorp. double filling insert	87.02.504-B	1
Knitting Machine	COMEZ, Mdl. 407-MICRON, 8 bar capacity 20 gauge w/60 E position rubber feed	10904	1
Knitting Machines	COMEZ, Mdl. 408, Futura, 8-bars, long extension chain, 14 gauge, 1990, double feed system	13052	1
	COMEZ, Mdl. 620-fantasy-BL, 8 bars, w/computer program, 15 ga. double-feed system	11217	1
Knitting Machines	Lamb, 4-needle, Mdl. 2NBA/2-TB	A-1250 A-1342	2

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EM NO.	EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Knitting Machines				
		Muller, Mdl. RB, 8 bars incorporated	84.00.548-O	4
		14" knitting bed, w/positive bare	84.00.547-D	
		rubber feed, beam & yarn creel	84.00.549-B	
			84.00.549-D	
	Card Cutter	Stauble card punch machine, manual,	21794	1
		28 hooks, w/table		
	Miscellaneous	Moist w/rail by Hollywood ACE,		1
		1 ton, manual		
		Muller ELS patterning controller		
		Muller muload		
	Racks	Warp beam racks		7
	Creels	240-end knitting creels		8
	Spooler	RUF single spindle		1
	Quality Control	Scope Swift w/3 lenses		2
		Scope Swift w/2 lenses		
	Scales	Dial-O-Gram, Mdl. 310 gr.		3
	Scales	Mdl. 1060, 60 lbs. capacity		1
	Material Handling	Hand truck		1

Eq NO. EQUIPMENT

DESCRIPTION

SERIAL NO.

QTY

Testing Equipment

16-1613AC7 1

Precision scientific oven,
Mdl. 605-A, 0-500°, air
vol. controlDianolight, 1978, daylight &
Tungsten, & UV

64475-03-12 1

Scott brake tester DH-2, 0-100 lbs
w/graphics

27934 1

Zwick elongation universal tester
model 1425-01, w/printer for Zwick
& computer MT 804, w/control chart
recorder 1107.129/6 w/ulmer
transformer TSA-0.8

98666 1

Ohaus electronic scale, 310 gm,
model E 400

2298 1

Scientech 3320

2063 1

Fischer John melting point
apparatus

1

Whirlpool washer w/automatic temp.
control

1

Whirlpool dryer, heavy-duty, 2-cycle
Mdl. LE 3000XP

1

Ohaus dial-o-gram 600, w/A-F color range
Mdl. 3081, capacity 610 gr.

1

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ITEM NO.	EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Testing Equipment continued.				
		Union Spec. sewing machine table mounted.		1
		Hotplate, portable electric, 2 position by Capitol, \$25 watt speed burner, Mdl. Rangette		1
		Scott tester 1P-2, w/auto return, w/graphic plate	C-222	1

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NO.	EQUIPMENT	DESCRIPTION	SERIAL #.	QTY
	Conversion Kits	New, for 6 spc. D.D. looms		12
	Splitters	for bare rubber		18
	Lycra Feed	incomplete condition		2
	Positive Rubber-Feed	for rubber & lycra packages, 48 pos. + 270 positions		2
	Winder	OMM, horizontal spooling, single-end 20 positions		1
	Beam Lift	Portable & manual new		1
	Machine Shop Equip.	Tools, drill press, grinder, arc welder, band saw, lathe by Dashin Champion, milling machine by Cincinnati, Mdl. Toolmaster		asst'd
	Knitters	by COMEX, Mdl. 805, 20 gauge	06778 07478	2
	Looms	Muller MBTR	904.073-A&B	2
	Loom	Muller MCR 2/130	711-603-C	1
	Loom	Muller MC 2/110	736-875-E	1
	Loom	Muller MCR 1/365 with filling accumulator and roll-up device	82-11-009-A	1

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APPRAISAL

1 NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Loom	Muller MF 42 6/27, with double filling insert and with double take-down system	81-10-162-C	1
Loom	Muller MFR 4/54 w/dbl. filling insert w/dbl. take-down system	86.00.895-A	1
Looms	ONM, Mdl. MX 4/80, w/16 harness dbl. fill-insert, w/ONM prod. computer		7

NO. EQUIPMENT

DESCRIPTION

SERIAL NO.

QTY

Tools & Equipment

12" lathe, 36" bed by Republic

1

Floor drill press, 1" by Jet

1

4,000 lb. mobile crane

1

2" rigid pipe threader w/all accessories

1

Hydraulic presses by Southern

2

Metal band saws

2

Oxygen/acetylene torches

2

AC/DC welding machines,

2

DC ARC-Welder by Miller, Mdl. Millermatic 200

1

Bench grinders

3

Table saw by Craftsman, Mdl. Contractor

1

Table drill presses

2

Table vises

4

55-gallon wet/dry vacuums

2

1/2" drills

4

7 1/2" skill saws

2

EM NO. EQUIPMENT

Tools & Equipment
continued.

DESCRIPTION

SERIAL NO.

QTY

Jig saw		1
Mida saw (table model)		1
Router		1
Parts cleaner		1
Reciprocal saw		1
Impact drills		2
Hand tools: saws, wrenches, cutters, etc.		asst'd
In-floor scale by Howe		1
Clo for Mageba finishing machine (new)		5
12' fiberglass ladder		1
10' wooden ladder		1
8' fiberglass ladder		1
6' fiberglass ladder		1
Honeywell combustion analyzer		1
3-phase watt meter		1

M NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Computers	Terminals, 5291-2, IBM 5360		24
	Printers, 4214, IBM 5360		9
	Remote controllers, 5295, IBM 5360		3
	IBM PC-2, computer, monitor, keyboard		3
	IBM PC-AT, w/monitor & keyboard		3
	Panasonic Business Partner 286, w/monitor & printer		3
	Kaypro PC w/keyboard & monitor		1
	AST computer w/monitor & keyboard		1
	Epson printers		3
	NEC printer		2
	Mitsubishi monitor		2
	Legitronic printer		2
	Printronic printers		2
Copiers	Xerox 2830, 1040		4
FAX Machines	Pitney Bowes, Mdl. 800		2

EQUIPMENT

DESCRIPTION

SERIAL NO.

QTY

Typewriters

IBM Selectric II
IBM Selectric III

4
4

Miscellaneous

Executive desks

Secretarial desks

1,2,4, & 5-drawer file cabinets
& bookshelves

Chairs

Conference table w/chairs

Shredder

Metal cabinets

Postage machine w/auto-feed

House scales & postage scale

Telephone System Complete, w/paging system

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NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Tools & Equipment			
	Lathe, milling machine, etc.		asst'd
Scale			
	Toledo, 75 lbs. capacity		
Inspection Machine			
	Web-inspector by LINDLY, Mdl. 1210E		

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CM NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Miscellaneous	Mageba drying oven CM-15018 1979, 24" W.	31-0606-1-6	1
	Datson forklift, 5,000 lb. cap. 1976, Mdl. 502-515	174	1
	Pallet jack - 4,500 lbs. Interhorn	K40565	1
	Pallet jack - 5,500 lbs. Monarch	DM 0022	1
	Comex knitter P.B. 800	04240	1
	Positive feed covered rubber unit, 98 ends (actual 60 x 2 incomplete) 6 1/4" roller length, 4-5 diameter		1
	Mercedes truck w/cab		1
	Dodge Ram pick-up, 1987,		1
	Computer components: 3 IBM monitors #5251 w/keyboard 1 IBM #5211 printer 1 IBM #5340 computer #44577		asst'd
	Dock plate - aluminum		1
	Steam can 30" diameter x 60" F, 56 PSI, 1960		1
	Lathe by Reed Prentice Corp.	19968	1

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NO.	EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
	Printers	Heat transfer printer by Gessner Mdl. 60 (located at Guy Equip., Sylacauga)	RPS-417	1

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EM NO. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Knitter	Fittex, Mdl. S-080, 14 gauge	0511	1
Knitters	Comes, Mdl. 805, 15 gauge	6492 6563	2
Blocker	TEMA fully automated Mdl. AVME 100/600, 1988	141	1
Dyeline	by Mageba, old, w/2 roll dye padder 4" diameter rolls x 8" face and compensator (comp. not being used), double pass through, radiant heat pre- drier, 220 volt, controls - 0-100 degrees, heaters on/off, preheat, rotation on/off, with 4 steam drying cylinders (2 x 2 units) 31" diameter x 25" face, 3 ATU (45 PSI); 2 cylinder 1965, 2 cylinder 1969.		1
Dyeline	by Mageba, built 1969 with -2 roll dye padder, 8" width single pass -4 steam drying cylinders by Greenville Steel, 1981 -50 PSI, 30" diameter x 30" face, bad teflon -2 roll take-away	3-101-185	1

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EM NO. EQUIPMENT	DESCRIPTION	SERIAL NO	QTY
Dyeline Padder	by Birch Brothers, dry stack, by Morrison with: -3 roll dye padder 6" diameter x 40" face -2-rolls rubber, 1 roll stainless steel -1 jacketed dye-kettle, 50 gallon 125 PSI rated & LUKDE mixer -8 cylinder drying stack vertical, 23" diameter x 30" face, 60 PSI with v-belt cog drive		1
Boiler	by Hydro Steam Industries, Inc., Electric Mdl. STR 1652-7-4C, 1980 year built-NB 3128 Specifications: -max 72 KW output -245 lbs/hour -rated 87 amp. -480 volt, 3-phase, 60 Hz	58671	1
Boiler	by Williams & Davis, gas, built 1980 Specifications: -15 HP -630,000 BTU -preheat & feed water tank -120 volt, single phase motor control		1
Crochet Machines	COMEX, Mdl. PB 800, 14 gauge incomplete	03821 03823 02799	3

M N. EQUIPMENT	DESCRIPTION	SERIAL NO.	QTY
Crochet Machines	COMEX, Mdl. 805, 15 gauge	06548 06546 06064 06437 06547 06436	10
Crochet Machines	COMEX, Mdl. 810, 2 14-gauge 1 machine 15 gauge	07022 06452 07021 06453 06844 06841 06874	3
Crochet Machines	COMEX, Mdl 812, 1980, 15 gauge	06921 07865	2
Beams	Tricot, medium weight, 56 lbs, 21" diameter x 21", 19" traverse		25
Beams	Tricot, light weight, 35 lbs, 21" diameter x 21", 19" traverse		14

EXHIBIT C

Description of Improvements

Any and all building additions and structures constructed or to be constructed in accordance with the plans and specifications provided to the Bank by NFA, including the following:

Buildings

Receiving

Wiring

Finish & Putup

Wiring

Building Renovations

Finished Gds. Warehouse

Supervisors Offices

Restrooms

Restrooms

Building Improvements

Wiring - Switches

Wiring - 600 Amp Service

Wiring - Interior 400 Amp S

Wiring - 800 Amp Finish

Wiring - Covered Rubber

Wiring

Building Renovations

Warping Department

Offices

Finishing

Building Improvements

480 Volt System

Lighting

Knit Doors

Rack System

Paving

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EXHIBIT D

Requisition

To: AmSouth Bank N.A., as trustee under
the Indenture referred to below

No. _____

Re: \$4,800,000 Revenue Bonds (NFA Corp. Project), Series 1991-A, issued by The
Industrial Development Board of the City of Columbiana pursuant to a Trust Indenture
dated June 1, 1991 (the "Indenture")

Capitalized terms not otherwise defined herein shall have the meanings assigned in the
Indenture.

Request for Payment by NFA

NFA hereby requests payment from the Construction Fund of

\$ _____

to

Name of payee: _____

Address of payee: _____

Such payment will be made for the following purpose(s):

(Describe purpose in reasonable detail.)

NFA hereby certifies that: (i) such payment is for Project Costs within the meaning of
the Indenture, (ii) no Lease Default exists under the Lease Agreement, and (iii) to the best of
the knowledge of the undersigned, such payment will not cause or result in the violation of any
covenant contained in Section 7.03 of the Lease Agreement.

Dated: _____

NFA CORP.

By _____
Authorized NFA Representative

Approval by Bank

AmSouth Bank N.A. hereby approves the foregoing requisition.

Dated: _____

AMSOUTH BANK N.A.

By: _____
Its Duly Authorized Officer

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EXHIBIT E

Permitted Encumbrances

1. The Mortgage.
2. The Lien for ad valorem taxes (if any) on the Project so long as such taxes are not delinquent.
3. The exceptions set forth in Schedule B-2 of the mortgagee's title insurance policy issued or to be issued pursuant to that certain Commitment to issue Title Insurance No. V-5629 prepared by Lawyers Title Insurance Corporation, having an effective date of June 24, 1991, at 8:00 a.m., to the extent only that such exceptions refer expressly to instruments recorded against, or otherwise specifically affect, the Project and not to any general, standard or similar exceptions that may appear in said policy.

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STATE OF ALA. SHELBY CO.
I CERTIFY THIS
INSTRUMENT WAS FILED

91 JUL -3 AM 8:25

[Signature]
JUDGE OF PROBATE

1. Dead Tax	_____
2. Mfg. Tax	_____
3. Encroaching Eas	210.00
4. Interest on	3.00
5. No Tax Fee	_____
6. Curator Fee	1.00
Total	214.00

