

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

BROBECK, PHLEGER & HARRISON
550 South Hope Street
Los Angeles, California 90071-2604
Attention: Marcia R. Zylber, Esq.

Inst # 1994-18838

06/13/1994-18838
10:12 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
024 MCD 3066.00

(Space Above Line for Recorder's Use)

STATE OF ALABAMA)
COUNTY OF SHELBY)

**MORTGAGE, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

This Mortgage, Assignment of Rents, Security Agreement and Fixture Filing (this "Mortgage") dated as of May 24, 1994, is entered into by National-Standard Company, an Indiana corporation, as mortgagor ("Mortgagor"), whose address is 1618 Terminal Road, Niles, Michigan 49120, in favor of Foothill Capital Corporation, a California corporation, as mortgagee ("Mortgagee"), whose address is 11111 Santa Monica Boulevard, Suite 1500, Los Angeles, California 90025.

THIS MORTGAGE CONSTITUTES A FIXTURE FILING UNDER SECTION 7-9-313 OF THE UNIFORM COMMERCIAL CODE OF THE STATE OF ALABAMA AND APPLIES TO ALL GOODS AND PERSONAL PROPERTY WHICH, UNDER ALABAMA LAW, ARE OR ARE TO BECOME FIXTURES ON THE REAL PROPERTY LOCATED IN THE COUNTY OF SHELBY, STATE OF ALABAMA, AND MORE PARTICULARLY DESCRIBED ON EXHIBIT "A" WHICH IS ATTACHED HERETO AND INCORPORATED HEREIN BY THIS REFERENCE.

W I T N E S S E T H

Mortgagor is justly indebted to Mortgagee in the maximum principal sum of Forty-Five Million and No/100 Dollars (\$45,000,000.00), as evidenced, among other things, by the Notes (as hereinafter defined), executed by Mortgagor in favor of Mortgagee. Mortgagor has agreed to grant this Mortgage as partial security for said indebtedness; provided, however, that the parties acknowledge and agree that this Mortgage secures only Two Million and No/100 Dollars (\$2,000,000.00) of the total indebtedness described above. All capitalized terms not defined herein shall have the meanings assigned to them in the Loan and Security Agreement.

GRANT

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness recited herein, the receipt and adequacy of which are hereby

acknowledged, Mortgagor does hereby grant, bargain, sell and convey to Mortgagee, all of the following property (collectively, the "Mortgaged Property"):

All of Mortgagor's estate, right, title and interest in, to and under any and all of the real property located in the State of Alabama, County of Shelby, and more particularly described in Exhibit "A" attached hereto and made a part hereof (collectively, the "Land");

TOGETHER with all of Mortgagor's right, title and interest in and to all buildings, structures and improvements now or hereafter located or to be erected on the Land, including, without limitation, all plant equipment, apparatus, railroads, machinery and fixtures of every kind and nature whatsoever now or hereafter located on or forming part of said buildings, structures and improvements (collectively, the "Improvements");

TOGETHER with all easements, rights, privileges, tenements, hereditaments, appurtenances and interests now or in the future benefitting or otherwise relating to the Land or the Improvements or thereunto belonging or in any way appertaining thereto (including, without limitation, all minerals and quarries thereon or therein, all mining claims thereunto appertaining, all oil, gas and mineral rights and all royalties of every kind and nature) and all of the estate, right, title, interest, claim, demand, reversion or remainder whatsoever of Mortgagor therein or thereto, either at law or in equity, in possession or expectancy, now or hereafter acquired, including, without limitation, all and singular the ways, waters, water courses, water stock, water rights and powers, liberties, privileges, sewers, pipes, conduits, wires and other facilities furnishing utility or other services to the Land or the Improvements (the "Appurtenances"; the Appurtenances, together with the Land and the Improvements being hereinafter collectively referred to as the "Real Property");

TOGETHER with all of Mortgagor's right, title and interest in and to the land lying in the bed of any street, road, highway or avenue in front of, adjoining or within the Real Property;

TOGETHER with all goods, equipment, machinery, furniture, furnishings, fixtures, railroad equipment, rolling stock, pipes, pipelines, pumps, casings, appliances, inventory, building materials, chattels and articles of personal property (other than personal property which is or at any time has become hazardous or toxic waste or waste products or hazardous substances), including any interest therein now or at any time hereafter affixed to, attached to or used in any way in connection with or to be incorporated at any time into the Real Property or placed on any part thereof wheresoever located, whether or not attached to or incorporated in the Real Property, together with any and all replacements thereof, appertaining and adapted to the complete and compatible use, enjoyment, occupancy, operation or improvement of the Real Property (collectively, the "Chattels");

TOGETHER with any and all claims, demands, awards, settlements and other payments arising or resulting from or otherwise relating to (whether heretofore made or hereafter to be made) any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Real Property or the Chattels, the alteration of the grade of any street or any other injury to or

decrease of value of the Real Property (collectively, "Claims"), all of which said Claims are hereby assigned to Mortgagee, and Mortgagee, at its option, is hereby authorized, directed and empowered to collect, receive and apply the proceeds of the same and to give proper receipts and acquittances therefor, as hereinafter provided; and Mortgagor hereby covenants and agrees, upon request by Mortgagee, to make, execute and deliver, at Mortgagor's expense, any and all assignments and other instruments sufficient for the purpose of assigning the aforesaid Claims to Mortgagee free, clear and discharged of any and all encumbrances of any kind or nature whatsoever;

TOGETHER with each and every lease of every kind and nature whatsoever as may affect or otherwise relate to the Real Property, including without limitation ground leases, mineral leases, facilities leases, and oil and gas leases, if any, and any rental agreements, license agreements, service and maintenance agreements, purchase and sale agreements and purchase options relating to the Real Property or the Chattels or any part thereof now or hereafter entered into and all right, title and interest of Mortgagor thereunder, including, without limitation, cash or securities deposited thereunder to secure performance by the lessees, licensees or other obligors of their obligations thereunder (whether such cash or securities are to be held until the expiration of the terms of such leases, license or other agreements or applied to one or more of the installments of rent or other payments coming due immediately prior to the expiration of such terms), and unearned insurance premiums arising from or relating to the Mortgaged Property, all other rights and easements of Mortgagor now or hereafter existing pertaining to the use and enjoyment of the Real Property and all right, title and interest of Mortgagor in and to all declarations of covenants, conditions and restrictions as may affect or otherwise relate to the Real Property;

TOGETHER with any and all lease extensions, options to renew, rights of first refusal, rights of first offer and options to purchase any interest in or rights affecting the Real Property or the Chattels or any part thereof;

TOGETHER with all permits, plans, licenses, specifications, subdivision rights, security interests, accounts, chattel paper, deposit accounts, instruments, documents, money, contracts, contract rights, public utility deposits, prepaid sewer and water hook-up charges, or other rights or general intangibles, now or in the future arising in connection with, as may affect or otherwise relate to or derived from the Chattels or the Real Property, or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing thereof;

TOGETHER with all rents, issues, profits, proceeds, products, royalties, prepaid municipal and utility fees, bonds, revenues, income and other benefits to which Mortgagor may now or hereafter be entitled from, or which are derived from, the Real Property or the Chattels or the ownership, use, management, operation, leasing or occupancy of the Real Property or the Chattels, including those past due and unpaid;

TO HAVE AND TO HOLD the Mortgaged Property unto Mortgagee, its successors and assigns, forever.

PROVIDED, HOWEVER, that if Mortgagor shall pay the indebtedness evidenced by the Notes and secured by this Mortgage and the Loan Documents described in the Loan and Security Agreement (as hereinafter defined), including without limitation any future payments, advances, or expenditures made by Mortgagee under the provisions of any of such loan and security instruments, and shall reimburse Mortgagee, its successors and assigns, for any amounts it may have expended pursuant to any authorizations contained in any of the loan or security instruments, including, without limitation, sums spent in payment of taxes, assessments, insurance, other liens, and repairs, and interest thereon, and shall pay any other sums required to be paid by it under any of the provisions of any of the loan and security instruments, and shall do and perform all other acts and things in any of such instruments agreed to be done, then, and only then, shall this conveyance be null and void (except for provisions hereof which expressly survive); otherwise it shall remain in full force and effect.

SECURED OBLIGATIONS

Mortgagor has bargained and sold, and does hereby grant, bargain, sell, alienate and convey the Mortgaged Property to Mortgagee for the purpose of securing: (1) the payment and performance of each and every obligation and agreement of Mortgagor to Mortgagee under that certain Loan and Security Agreement entered into as of May 24, 1994, by and between Mortgagor and Mortgagee (the "Loan and Security Agreement"), including (a) the revolving advances to Mortgagor in an amount not to exceed the lesser of the Borrowing Base or an amount equal to Mortgagor's and Guarantor's aggregate cash collections with respect to Accounts for the immediately preceding ninety (90) day period, not to exceed the Maximum Revolving Credit Amount; (b) the commercial or standby letters of credit for the account of Mortgagor or standby letters of credit or guarantees of payment with respect to commercial or standby letters of credit issued by another Person for the account of Mortgagor in an aggregate face amount not to exceed the lesser of: (i) the Borrowing Base less the amount of advances outstanding pursuant to Section 2.1 of the Loan and Security Agreement, and (ii) Four Million Dollars (\$4,000,000); (c) the Equipment Term Loan in the original principal amount of Ten Million Dollars (\$10,000,000), to be evidenced by and repayable in accordance with the terms and conditions of the Equipment Term Note; (d) the Real Property Term Loan to Mortgagor in the original principal amount of Five Million Dollars (\$5,000,000), to be evidenced by and repayable in accordance with the terms and conditions of the Real Property Term Note; and (e) the series of term loans to Mortgagor in an aggregate amount at any one time outstanding of up to Five Million Dollars (\$5,000,000), to be evidenced by and repayable in accordance with the terms and conditions of the New Equipment Term Note (the Equipment Term Note, the New Equipment Term Note and the Real Property Term Note shall hereafter be referred to collectively as the "Notes"); (2) the payment and performance by Mortgagor of all covenants, warranties, and other obligations of Mortgagor under this Mortgage; (3) payment and performance of all future advances and other obligations that the then record owner of all or part of the Mortgaged Property may agree to pay or perform or both pay and perform, as the case may be (whether as principal, surety or guarantor) for the benefit of Mortgagee, when the obligation is evidenced by a writing reciting that it is secured by this Mortgage; (4) all interest and charges on all obligations secured hereby, including, without limitation, prepayment charges, late charges, court costs, attorneys' fees, and loan fees; and (5) all modifications, amendments,

restatements, extensions, supplements, replacements and renewals of one or more of the obligations secured hereby, including, without limitation, (a) modifications of the required principal payment dates or interest payment dates, as the case may be, deferring or accelerating payment dates wholly or partly, and (b) modifications, extensions or renewals at a different rate of interest, whether or not in the case of a note, the modification, extension or renewal is evidenced by a new or additional promissory note or other instrument.

The obligations described above which are secured by this Mortgage are collectively referred to herein as "Secured Obligations." All persons who may have or acquire an interest in the Mortgaged Property shall be deemed to have notice of the terms of the Secured Obligations.

ARTICLE 1.

Mortgagor further warrants, covenants and agrees with Mortgagee as follows:

Section 1.1. Mortgagor has good and marketable title to an indefeasible fee estate in the Real Property subject to no lien, charge, or encumbrance other than the exceptions to title set forth in Exhibit "B" attached hereto and incorporated herein by reference (the "Permitted Exceptions"); that it owns the Chattels free and clear of liens, charges and encumbrances; that this Mortgage is and will remain a valid and enforceable first priority lien on and security interest in the Mortgaged Property, subject only to the Permitted Exceptions; and that neither the entry into nor the performance of and compliance with this Mortgage or the Loan and Security Agreement has resulted or will result in any violation of, or be in conflict with, or result in the creation of any deed of trust, lien, encumbrance or charge (other than those created by the execution and delivery of this Mortgage and the Loan and Security Agreement) upon any of the properties or assets of Mortgagor, or constitute a default under any deed of trust, indenture, contract, agreement, instrument, franchise, permit, judgment, decree, order, statute, rule or regulation applicable to Mortgagor which may be expected to adversely affect Mortgagor's ability to perform hereunder or which adversely affects Mortgagee's lien on and security interest in the Mortgaged Property. Mortgagor has full power and lawful authority to convey the Mortgaged Property in the manner and form herein prescribed and will preserve such title, and will forever preserve, warrant and defend the same unto Mortgagee, and will forever preserve, warrant and defend the validity and priority of the lien hereof against the claims of all persons and parties whomsoever. To the best of Mortgagor's knowledge, Mortgagor and the Mortgaged Property are not in violation of any statute, ordinance, regulation, order or other law or enactment of any federal, state or local government, agency or court.

Section 1.2. (a) Mortgagor will, at its sole cost and expense, and without expense to Mortgagee, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, deeds of trust, mortgages, assignments, notices of assignments, transfers and assurances as Mortgagee shall from time to time reasonably require, for the purpose of better assuring, conveying, assigning, transferring, pledging, mortgaging, warranting and confirming unto Mortgagee the real property interests and rights of Mortgagor, and unto Mortgagee the security interest as to the personal property, hereby conveyed or assigned or intended now or hereafter so to be, or which Mortgagor may be or may hereafter become bound

to convey or assign to Mortgagee, or for carrying out the intention or facilitating the performance of the terms of this Mortgage, or for filing, registering or recording this Mortgage and, on demand, will execute and deliver, and hereby authorizes Mortgagee to execute in the name of Mortgagor, to the extent it may lawfully do so, one or more financing statements, chattel mortgages or comparable security instruments, to evidence more effectively the lien and security interest hereof upon the Chattels.

(b) Mortgagor will pay all filing, registration or recording fees, all federal, state, county and municipal stamp taxes and other fees, taxes, duties, imposts, assessments and all other charges incident to, arising out of or in connection with the preparation, execution, delivery and enforcement of the Loan and Security Agreement, the Notes, this Mortgage, any deed of trust supplemental hereto, any security instrument with respect to the Chattels or any instrument of further assurance.

Section 1.3. Mortgagor will punctually pay the Secured Obligations at the time and place and in the manner specified in the Loan and Security Agreement, all in any coin or currency of the United States of America which at the time of such payment shall be legal tender for the payment of public and private debts.

Section 1.4. Mortgagor, if a corporation or partnership, will, so long as it is owner of the Mortgaged Property, and so long as it is indebted to Mortgagee, do all things necessary to preserve and keep in full force and effect its existence and all material licenses, franchises, permits, rights and privileges as a business or stock corporation or partnership, as the case may be, under the laws of the state of its incorporation or formation, and will comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental authority or court applicable to Mortgagor or to the Mortgaged Property or any part thereof which may reasonably be expected to materially adversely affect Mortgagor's ability to perform its obligations hereunder.

Section 1.5. All right, title and interest of Mortgagor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Mortgaged Property, hereafter acquired by, or released to, or constructed, assembled or placed by Mortgagor on the Real Property and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further grant, conveyance, assignment or other act by Mortgagor, shall become subject to the lien and security interest of this Mortgage as fully and completely, and with the same effect, as though now owned by Mortgagor, and specifically described in the granting clause hereof, but at any and all times Mortgagor will execute and deliver to Mortgagee any and all such further assurances, deeds of trust, mortgages, conveyances or assignments thereof with respect thereto as Mortgagee may require for the purpose of expressly and specifically subjecting the same to the lien and security interest of this Mortgage and the security interests granted hereunder.

Section 1.6. (a) Except as provided in Subsection 1.6(c), Mortgagor, from time to time when the same shall become due, will pay and discharge, or cause to be paid and discharged, all taxes and governmental charges of every kind and nature that may at any time

be assessed or levied against or with respect to the Secured Obligations, and any other amounts payable pursuant to this Mortgage or any part of the Secured Obligations (including, without limiting the generality of the foregoing, real and personal property taxes and income, franchise, withholding, profits and gross receipts taxes), all general and special assessments, levies, permits, inspection and license fees, all water and sewer rents and charges, and all other public or governmental charges whether of a like or different nature, imposed upon or assessed or levied against Mortgagor or the Mortgaged Property or any part thereof or interest therein or upon the revenues, rents, issues, income and profits of the Mortgaged Property or arising in respect of the occupancy, use or possession thereof. Mortgagor will, upon the request of Mortgagee, deliver to Mortgagee receipts evidencing the payment, before any penalties accrue thereon, of all such taxes, assessments, levies, fees, rents and other public charges imposed upon or assessed against it, this Mortgage, or the Mortgaged Property or the revenues, rents, issues, income or profits thereof.

(b) Mortgagor will pay from time to time when the same shall become due, all lawful claims and demands of mechanics, materialmen, laborers, and others which, if unpaid, might result in, or permit the creation of, a lien on the Mortgaged Property or any part thereof, or on the revenues, rents, issues, income and profits arising therefrom and in general will do or cause to be done everything necessary so that the lien and security interest hereof shall be fully preserved, at the cost of Mortgagor, without expense to Mortgagee, provided, however, that if applicable law empowers Mortgagor to discharge of record any mechanic's, materialman's or other lien against the Mortgaged Property by the posting of a bond or other security, Mortgagor shall not have to make such payment if Mortgagor posts such bond or other security on the earlier of (i) ten (10) days after the filing or recording of same or (ii) within the time prescribed by law, so as not to place the Mortgaged Property in jeopardy of a lien or forfeiture.

(c) Notwithstanding the foregoing, Mortgagor shall not be required to pay or discharge any obligation imposed upon Mortgagor pursuant to subsection (a) hereof so long as Mortgagor shall in good faith and at its own expense contest the same or the validity thereof by appropriate legal proceedings which shall operate to prevent the collection thereof or other realization thereon or the sale, forfeiture or loss of the Mortgaged Property or any part thereof to satisfy the same; provided that (i) during such contest Mortgagor shall, at the option of Mortgagee, provide security in forms and amounts satisfactory to Mortgagee assuring the discharge of Mortgagor's obligation hereunder and of any additional charge, penalty or expense arising from or incurred as a result of such contest, (ii) any such contest shall not subject Mortgagee to any civil or criminal liability whatsoever, and (iii) Mortgagor diligently and rapidly prosecutes such contest to completion. However, if at any time payment of any obligation imposed upon Mortgagor by subsection (a) hereof shall become necessary to prevent foreclosure on the Mortgaged Property or any portion thereof because of non-payment, or if Mortgagee shall incur any civil or criminal liability as a result of such non-payment, Mortgagee may, without any liability to Mortgagor whatsoever, apply such security to the payment of the same, or otherwise apply the same in the event of Mortgagor's failure to fulfill its obligations under Sections 1.13 through 1.15, inclusive, hereof (and those provisions of the Loan and Security Agreement incorporated by reference as set forth in said sections) in sufficient time to prevent the delivery of such tax deed or the incurrance of such civil or criminal liability, as the case may be.

Section 1.7. (a) Mortgagor will obtain and maintain with financially sound and reputable insurers, insurance with respect to the Mortgaged Property against loss or damage of the kinds and in such amounts as are required by Mortgagee. Such insurance shall (i) with respect to any hazard insurance, name as the loss payee thereunder Mortgagor and Mortgagee, as their interest may appear, and shall be in form and substance satisfactory to Mortgagee and shall contain a 438 BFU mortgagee endorsement (long form-standard mortgagee endorsement non-contributory form) or an equivalent endorsement reasonably satisfactory to Mortgagee, and (ii) with respect to liability insurance, name Mortgagee as an additional insured thereunder. Every policy of insurance referred to in this Section shall be in form and substance satisfactory to Mortgagee and shall contain an agreement by the insurer that it will not cancel such policy except after thirty (30) days' prior written notice to Mortgagee. Upon request, original policies or certificates evidencing such insurance shall be delivered to Mortgagee. If any such insurance policy is not so delivered to Mortgagee or in the event any such insurance policy is cancelled, whether or not Mortgagee has the policy in its possession, and no reinstatement or replacement policy is received prior to termination of insurance, Mortgagee, without notice to or demand upon Mortgagor, may (but shall not be obligated to) obtain such insurance with such company as Mortgagee may deem satisfactory, and pay the premium therefor, and the amount of any premium so paid shall be charged to and promptly paid by Mortgagor or, at the option of the Mortgagee, may be added to the Secured Obligations.

(b) Mortgagor shall give Mortgagee prompt notice of any loss covered by such insurance, and Mortgagee shall have the right to join Mortgagor in adjusting any loss. Upon the occurrence of an Event of Default or an event which with notice or passage of time or both would constitute an Event of Default, Mortgagee shall have the exclusive right to adjust all losses payable under any such insurance policies without any liability to Mortgagor whatsoever in respect of such adjustments. Any proceeds received as payment for any loss under any such insurance in excess of any applicable deductible limits shall be paid over to Mortgagee. Any such proceeds shall be applied by Mortgagee, in its discretion but subject to applicable law governing the use of such proceeds, to Mortgagee's expenses, if any, and then to the Secured Obligations in any order, or, in Mortgagee's discretion, to be released by Mortgagee to Mortgagor for the restoration of the Mortgaged Property in accordance with customary requirements of construction lenders for the disbursement of funds under construction loans and such other procedures and requirements as Mortgagee may reasonably specify. Upon the occurrence of an Event of Default or an event which with notice or passage of time or both would constitute an Event of Default, all prepaid premiums shall be the sole and absolute property of Mortgagee to be applied by Mortgagee to the payment of the Secured Obligations, in such order as Mortgagee shall elect.

(c) Mortgagor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Section 1.7, unless Mortgagee is included thereon as a named insured with loss payable to Mortgagee under a standard mortgagee endorsement of the character above described. Mortgagor shall immediately notify Mortgagee whenever any such separate insurance is taken out, specifying the insurer thereunder and full particulars as to the policies evidencing the same.

Section 1.8. In the event of the passage, after the date of this Mortgage, of any law of the State of Alabama changing in any way the laws now in force for the taxation of mortgages, or debts secured thereby, for state or local purposes, or the manner of operation of any such taxes so as to adversely affect the interest of Mortgagee under this Mortgage, then and in such event, Mortgagor shall bear and pay the full amount of such taxes, provided that if for any reason payment by Mortgagor of any such new or additional taxes would be unlawful or if the payment thereof would constitute usury or render any Secured Obligations wholly or partially usurious under any of the terms or provisions of the Loan and Security Agreement, the Notes or the other obligations secured by this Mortgage, or otherwise, Mortgagee may, at its option, upon thirty (30) days' written notice to Mortgagor, pay that amount or portion of such taxes as renders the Secured Obligations unlawful or usurious, in which event Mortgagor shall concurrently therewith pay the remaining lawful non-usurious portion or balance of said taxes.

Section 1.9. Mortgagee may declare the Secured Obligations immediately due and payable within thirty (30) days after such declaration except as expressly limited by law, if Mortgagor, without Mortgagee's prior written consent: (a) sells, conveys, contracts to sell, alienates or further encumbers all or any part of the Mortgaged Property; or (b) permits the title or any interest in the Mortgaged Property to be divested, whether voluntarily or involuntarily (other than through condemnation or exercise of the power of eminent domain). Any such encumbrance, sale, conveyance or transfer made without Mortgagee's prior written consent or except as permitted by this Section 1.9 shall be void and shall constitute an Event of Default hereunder.

Section 1.10. Mortgagee shall have access to and the right to inspect the Real Property and Chattels from time to time hereafter.

Section 1.11. Mortgagor shall, with due diligence, comply with all applicable restrictive covenants, zoning and subdivision ordinances and building codes, all health and Environmental Laws and regulations and all other applicable laws, rules, regulations, requirements, directions, orders and notices of violations issued by any governmental agency, body or officer (collectively, "Laws") relating to or affecting the Real Property or the business or activity being conducted thereon whether by Mortgagor or by any occupant thereof; provided that this Section 1.11 shall not prevent Mortgagor from, in good faith and reasonable diligence, contesting the validity or application of any such Laws by appropriate legal proceedings. Further, subject to the terms, conditions and limitations set forth in the Loan and Security Agreement with respect to Mortgagor's obligations regarding Environmental Laws and Hazardous Materials, Mortgagor shall indemnify and hold Mortgagee harmless from the failure by Mortgagor to comply with such Laws to the full extent provided for therein, and the terms of this indemnity shall survive foreclosure.

Section 1.12. Mortgagor hereby acknowledges that Mortgagor has made certain representations and warranties for the benefit of Mortgagee with respect to Hazardous Materials relating to the Real Property in the Loan and Security Agreement which representations and warranties are hereby incorporated by this reference.

Section 1.13. Mortgagor hereby acknowledges that, subject to the terms, conditions and limitations set forth in the Loan and Security Agreement with respect to Mortgagor's obligations regarding Environmental Laws and Hazardous Materials, Mortgagor is obligated to defend, indemnify and hold harmless Mortgagee, its employees, agents, officers and directors with respect to claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses (as more fully described in the Loan and Security Agreement), as a result of or arising from any suit, claim, investigation, action or proceeding, whether threatened or initiated, asserting any legal or equitable remedy under any Environmental Law. Mortgagor's indemnity of Mortgagee set forth in the Loan and Security Agreement is hereby incorporated by this reference.

Section 1.14. Mortgagor shall perform its obligations under Section 5.13(a)(ii) of the Loan and Security Agreement with respect to all investigations, studies, sampling and testing (including environmental audits or assessments).

Section 1.15. Neither foreclosure nor delivery of a deed in lieu of foreclosure shall operate as a discharge of Mortgagor's obligations to Mortgagee to remove Hazardous Materials to the extent required pursuant to Section 5.13(c) of the Loan and Security Agreement. The indemnity provisions of the Loan and Security Agreement hereof shall not be discharged or affected in any way by foreclosure or by Mortgagee's acceptance of a deed in lieu thereof, and the same shall continue for a period equal to ten (10) years from the earlier to occur of (a) the payment and performance of the Secured Obligations in full, or (b) entry of an order confirming a foreclosure sale to the Real Property or the delivery and acceptance of a deed in lieu of such foreclosure.

Section 1.16. Subject to the terms and conditions of the Loan and Security Agreement, the obligations of Mortgagor and the rights of Mortgagee under Section 1.12 through Section 1.15, inclusive, are in addition to and not in substitution of the obligations of Mortgagor and rights of Mortgagee under all applicable federal, state and local laws, regulations and ordinances relating to health and safety, and protection of the environment. Subject to the provisions of Section 1.15 above, the obligations of Mortgagor and the rights of Mortgagee under Sections 1.12 and 1.15 and such laws and regulations, notwithstanding anything contained herein or in any other document or agreement which may be construed to the contrary (i) shall not be subject to any antideficiency laws or protections, and (ii) shall survive (a) a judicial sale or deed or other transaction in lieu of such sale hereunder, (b) the repayment of the Secured Obligations and (c) the termination of the Loan and Security Agreement. In the event Mortgagor does not timely perform any of the above obligations, Mortgagee may perform said obligations at the expense of Mortgagor and such expense shall be added to the amount secured by the lien of this Mortgage.

Section 1.17. If Mortgagor shall fail to perform any of the covenants contained herein, Mortgagee may, but shall not be required to, make advances to perform the same, or cause the same to be performed, on Mortgagor's behalf, and all sums so advanced shall bear interest, from and after the date advanced until repaid, at the rate set forth in the Loan and Security Agreement, shall be a lien upon the Mortgaged Property and shall, at Mortgagee's option, be added to the Secured Obligations. Mortgagor will repay on demand all sums so

advanced on its behalf with interest at the rate set forth in the Loan and Security Agreement. This Section 1.17 shall not be construed as preventing any default by Mortgagor in the observance of any covenant contained in this Mortgage from constituting an Event of Default hereunder. Except in cases of emergency in which case no prior notice need be given, Mortgagee agrees to give Mortgagor ten (10) business days prior notice of any action or payment under this Section.

Section 1.18. Mortgagor will not commit any material waste at or with respect to the Mortgaged Property nor will Mortgagor do or fail to do anything which will in any way materially increase the risk of fire or other hazard to the Real Property, Improvements or Chattels or to any part thereof except in the ordinary course of business. Mortgagor will, at all times, maintain the Improvements and Chattels in good order and condition, and will promptly make, from time to time, all appropriate repairs, renewals, replacements, additions and improvements in connection therewith. Without the prior written consent of Mortgagee, Improvements shall not be removed, demolished or materially altered, nor shall any Chattels be removed except in the ordinary course of business; provided, however, that if there shall not have occurred an Event of Default, Mortgagor may make appropriate replacements of Chattels, free of superior title, liens or claims, provided such replacements are immediately made and are of a value at least equal to the value of the Chattels removed.

Section 1.19. Mortgagor will immediately notify Mortgagee of the institution of any proceeding for the condemnation or taking by eminent domain of the Mortgaged Property, or any portion thereof. Mortgagee may participate in any such proceeding and Mortgagor from time to time will deliver to Mortgagee all instruments requested by it to permit such participation. In the event of such condemnation proceedings, or a conveyance in lieu of such taking (unless there has occurred an Event of Default in which case all proceeds are assigned to Mortgagee), the award or compensation payable shall, after deducting all expenses of Mortgagor and Mortgagee in connection with such proceedings, be paid and distributed as set forth below. Mortgagee shall be under no obligation to question the amount of any such award or compensation and may accept the same in the amount in which the same shall be paid, but shall have no right to bind Mortgagor or to make settlement of its claim, except to the extent of the interest of Mortgagee. In any such condemnation proceedings Mortgagee may be represented by counsel selected by Mortgagee. The proceeds of any award or compensation so received after reimbursement of any expenses incurred by Mortgagor or Mortgagee in connection with such proceedings, shall be paid over to Mortgagee to be applied by Mortgagee, in its discretion but subject to applicable law governing the use of such proceeds, to the Secured Obligations in any order, or, in Mortgagee's discretion, to be released by Mortgagee to Mortgagor upon any conditions chosen by Mortgagee.

Section 1.20. The assignment of rents, income and other benefits (collectively, "rents") contained in the granting clause of this Mortgage shall be fully operative without any further action on the part of Mortgagor or Mortgagee and specifically Mortgagee shall be entitled, at its option, to all rents from the Mortgaged Property whether or not Mortgagee takes possession of the Mortgaged Property. Mortgagor hereby further grants to Mortgagee the right (i) to enter upon and take possession of the Mortgaged Property for the purpose of collecting the rents, (ii) to dispossess by the usual summary proceedings any tenant defaulting in the payment

thereof to Mortgagee, (iii) to let the Mortgaged Property or any part thereof, and (iv) to apply the rents, after payment of all necessary charges and expenses, on account of the Secured Obligations. Such assignment and grant shall continue in effect until the Secured Obligations are paid, the execution of this Mortgage constituting and evidencing the irrevocable consent of Mortgagor to the entry upon and taking possession of the Mortgaged Property by Mortgagee pursuant to such grant, whether or not sale or foreclosure has been instituted. Neither the exercise of any rights under this Section by Mortgagee nor the application of the rents to the Secured Obligations, shall cure or waive any Event of Default or notice of default hereunder or invalidate any act done pursuant hereto, but shall be cumulative of all other rights and remedies.

The foregoing provisions hereof shall constitute an absolute and present assignment of the rents from the Mortgaged Property, subject, however, to the conditional license given to Mortgagor to collect and use the rents until the occurrence of an Event of Default at which time such conditional license shall automatically terminate; and the existence or exercise of such right of Mortgagor shall not operate to subordinate this assignment, in whole or in part, to any subsequent assignment by Mortgagor permitted under the provisions of this Mortgage, and any such subsequent assignment by Mortgagor shall be subject and subordinate to the rights of Mortgagee hereunder.

Section 1.21. (a) Mortgagor will not (i) execute an assignment of the rents or any part thereof from the Mortgaged Property, or (ii) except where the lessee is in default thereunder, terminate or consent to the cancellation or surrender of any material lease of the Mortgaged Property or of any part thereof, now existing or hereafter to be made, or (iii) modify any such lease or sublease or give consent to any assignment or subletting without Mortgagee's prior written consent, or (iv) accept prepayments of any installments of rent or additional rent to become due under such leases, except prepayments in the nature of security for the performance of the lessee's obligations thereunder, or (v) in any other manner materially adversely impair the value of the Mortgaged Property or the security of Mortgagee for the payment of the Secured Obligations.

(b) Mortgagor will at all times promptly and faithfully perform, or cause to be performed, all of the covenants, conditions and agreements contained in all material leases of the Mortgaged Property now or hereafter existing, on the part of the lessor thereunder to be kept and performed. If any such lease provides for the giving by the lessee of certificates with respect to the status of such leases, Mortgagor shall exercise its right to request such certificates within five (5) days of any demand therefor by Mortgagee.

(c) Mortgagor shall furnish to Mortgagee, within fifteen (15) days after a request by Mortgagee to do so, a written statement containing the names of all lessees for the Mortgaged Property, the terms of their respective leases, the spaces occupied, the rentals paid and any security therefor.

(d) Mortgagor shall, from time to time upon request of Mortgagee, specifically assign to Mortgagee, by an instrument in writing in such form as may be approved by Mortgagee, all right, title and interest of Mortgagor in and to any and all leases now or hereafter on or affecting the Mortgaged Property, together with all security therefor and all monies

payable thereunder, subject only to the conditional license hereinabove given to Mortgagor to collect the rentals under any such lease. Mortgagor shall also execute and deliver to Mortgagee any notification, financing statement or other document reasonably required by Mortgagee to perfect the foregoing assignment as to any such lease.

(e) If Mortgagor shall be permitted to, and shall grant, any lien or deed of trust on the Mortgaged Property junior to this Mortgage, such junior lien or deed of trust shall expressly provide that it is junior and subordinate to all existing and future leases of the Mortgaged Property or any part of the improvements now or later located thereon and shall be subject to all such renewals and extensions, modifications, releases, increases, changes or exchanges thereof, without the consent of such junior lienholder or deed of trust holder, and without any obligation of any person to give notice of any kind with respect thereto.

Section 1.22. Nothing herein shall affect or impair the rights of Mortgagee to terminate any lease of the Mortgaged Property in connection with the exercise of its remedies hereunder.

ARTICLE 2.

EVENTS OF DEFAULT AND REMEDIES

Section 2.1. The occurrence of any one or more of the following events shall constitute an event of default ("Event of Default") hereunder:

- (a) Occurrence of an Event of Default under the Loan and Security Agreement;
- (b) Failure of Mortgagor to perform any of the Secured Obligations (other than such failure that would constitute an Event of Default under the Loan and Security Agreement) that continues for five (5) days after written notice thereof is delivered by Mortgagee to Mortgagor;
- (c) Assignment by Mortgagor of the whole or any rents of the Mortgaged Property to any person without the prior written consent of Mortgagee; or
- (d) Failure to comply in a material respect with any other covenant or condition contained in this Mortgage.

Section 2.2. Upon the occurrence of an Event of Default, Mortgagee shall have all of the following rights and remedies, all of which shall be cumulative and may be exercised concurrently and in addition to any other right, power or remedy provided hereunder or under applicable law:

- (a) To declare any or all of the Secured Obligations to be due and payable immediately.

(b) To apply to any court of competent jurisdiction for, and obtain appointment of, a receiver for the Mortgaged Property as a matter of strict right and without regard to (i) the adequacy of the security for the repayment of the Secured Obligations, (ii) the existence of a declaration that the Secured Obligations are immediately due and payable, or (iii) the filing of a notice of default; and Mortgagor consents to such appointment. The receiver shall have the power to collect the rents and income from the Mortgaged Property during the pendency of the foreclosure sale and, in the case of a sale and a deficiency, during the full statutory period of redemption (if any), whether or not Mortgagor exercises its right of redemption. The receiver shall have all other powers for the protection, possession, management and operation of the Mortgaged Property which an absolute owner would have, but the net rents in the hands of the receiver shall be applied to all the indebtedness secured hereby in such order as the Mortgagee shall determine and/or to such expenses of the receivership or foreclosure suit as the court of competent jurisdiction shall direct.

(c) Mortgagee, in person, by agent or by court-appointed receiver, may enter, take possession of, manage and operate all or any part of the Mortgaged Property, and may also do any and all other things in connection with those actions that Mortgagee may in its reasonable discretion consider necessary and appropriate to protect the security of this Mortgage. At any time when an Event of Default has occurred and is then continuing, Mortgagor hereby appoints Mortgagee as its attorney-in-fact to perform such acts and execute such documents as Mortgagee in its reasonable discretion may consider to be appropriate in connection with taking these measures, including endorsement of Mortgagor's name on any instruments. Mortgagee shall not be considered to have accepted any property other than cash or immediately available funds in satisfaction of any obligation of Mortgagor to Mortgagee, unless Mortgagee has given express written notice of its election of that remedy in accordance with Alabama Uniform Commercial Code Section 7-9-505, as it may be amended or recodified from time to time.

(d) To proceed to collect the rent, income and profits from the Mortgaged Property, either with or without the appointment of a receiver. Any rents, income and profits collected by Mortgagee prior to foreclosure of this Mortgage, less the reasonable cost of maintaining and operating the Mortgaged Property and the reasonable cost of collecting the same, including but not limited to real estate commissions or attorneys' fees and expenses incurred, shall be credited to such portions of all the indebtedness hereby secured and in such order as Mortgagee shall determine.

(e) Without releasing any Secured Obligation, to cure any breach or default of any Secured Obligation, and enter the Mortgaged Property or do any and all other things which Mortgagee may in its discretion consider necessary and appropriate to protect the security of this Mortgage. If Mortgagee elects to make a payment or perform on Mortgagor's behalf any covenant contained herein that Mortgagor failed to perform, any sum so advanced shall bear interest from and after the date advanced until repaid, at the interest rate set forth in the Loan and Security Agreement and at Mortgagee's option shall be added to the Secured Obligations.

(f) To bring an action in any court of competent jurisdiction to foreclose this instrument and to sell, in its entirety or in separate lots or parcels, the Mortgaged Property or to obtain specific enforcement of any of the covenants or agreements of this Mortgage and

Mortgagor agrees that such covenants shall be specifically enforceable by injunction or any other appropriate equitable remedy and that for purposes of any suit brought under this subparagraph, Mortgagor waives the defense of laches and any applicable statute of limitations.

(g) To enter upon and take possession of the Mortgaged Property and after, or without, taking such possession of the same, sell the Mortgaged Property at public outcry, in front of the courthouse door of the county in which the Mortgaged Property is located, to the highest bidder for cash, either in person or by auctioneer, after first giving notice of the time, place and terms of such sale by publication once a week for three (3) successive weeks in a newspaper published in said county, and, upon the payment of the purchase money, the Mortgagee or any person conducting said sale on behalf of Mortgagee shall be authorized and empowered to execute to the purchaser at said sale a deed to the Mortgaged Property so purchased in the name and on behalf of the Mortgagor, and the certificate of the holder of the mortgage indebtedness appointing said auctioneer to make such sale, shall be prima facie evidence of auctioneer's authority in the Mortgaged Property. The Mortgagee, or the then holder of the indebtedness hereby secured, may bid at any such sale and become the purchaser of the Mortgaged Property if the highest bidder therefor.

(h) To resort to and realize upon the security hereunder and any other security now or later held by Mortgagee concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken non-judicial proceedings, or both, and to apply the proceeds received upon the Secured Obligations all in such order and manner as Mortgagee determines in its sole discretion.

Section 2.3. In the event of a sale of the Mortgaged Property, or any part thereof, and the execution of a deed or deeds therefor under this Mortgage or any other applicable Loan Document, the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof and of the fact that said sale was regularly and validly made in accordance with all requirements of the laws of the State of Alabama and of this Mortgage; and any such deed or deeds, with such recitals therein, shall be effectual and conclusive against Mortgagor and all other persons; and the receipt for the purchase money recited or contained in any deed executed to the purchaser as aforesaid shall be sufficient to discharge such purchaser from all obligations to see to the proper application of the purchase money according to the terms of this Mortgage or any other applicable Loan Document.

Section 2.4. No remedy herein conferred upon or reserved to Mortgagee 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 hereafter existing at law or in equity or by statute. No delay or omission of Mortgagee to exercise any right or power occurring upon the Event of Default shall impair any such right or power or shall be construed to be a waiver thereof or an acquiescence therein; and every power and remedy given by this Mortgage to Mortgagee may be exercised from time to time and as often as may be deemed expedient by Mortgagee. Nothing in the Loan and Security Agreement, this Mortgage or in the Notes shall affect the obligation of the Mortgagor to pay the Secured Obligations in the manner and at the time and place therein provided for payment.

Section 2.5. To the extent permitted by law, Mortgagor will not at any time insist upon, or plead, or in any manner whatever claim to take any benefit or advantage of, any stay or extension or moratorium law, any exemption from execution or sale of the Mortgaged Property or any part thereof, wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Mortgage; nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the marshalling of the Mortgaged Property, or any part thereof, prior or subsequent to any sale or sales thereof which may be made pursuant to any provision herein, or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor, after any such final sale or sales, claim or exercise any right under any statute or otherwise to redeem the property so sold or any part thereof; and Mortgagor hereby expressly waives all benefit or advantage of any such law or laws, and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to Mortgagee, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. Mortgagor hereby waives the right to require any sale to be made in parcels, or the right to select parcels to be so sold. Mortgagor hereby further waives any rights it may have under applicable law relating to the prohibition of the obtaining of a deficiency judgment by Mortgagee against Mortgagor.

Section 2.6. Without affecting the personal liability of any corporation or other legal person, including Mortgagor (other than any person released pursuant hereto), for the payment of the indebtedness secured hereby, and without affecting the lien of this Mortgage for the full amount of the Secured Obligations remaining unpaid upon any property not reconveyed pursuant hereto, Mortgagee is authorized and empowered as follows: Mortgagee may, at any time and from time to time, either before or after the maturity of the Secured Obligations and without notice: (a) release any person liable for the payment of any of the Secured Obligations, (b) make any agreement extending the time or otherwise altering the terms of payment of any of the Secured Obligations, (c) accept additional security therefor of any kind, (d) release any property, real or personal, securing the Secured Obligations. Mortgagee may, without liability therefor and without notice, at any time and from time to time so long as the lien or charge hereof shall subsist, but only upon the written request of Mortgagee and presentation of this Mortgage and the Notes for endorsement: (a) consent to the making of any map or plat of the Land, (b) join in granting any easement thereon or in creating any covenants restricting use or occupancy thereof, (c) reconvey, without warranty, any part of the Mortgaged Property, (d) join in any extension agreement or any agreement subordinating the lien or charge hereof.

Section 2.7. This Mortgage constitutes a Security Agreement under the laws of the State of Alabama so that Mortgagee is hereby granted by Mortgagor, shall have, and may endorse, a security interest in any or all of the Mortgaged Property which may or might now or hereafter be deemed to be personal property, fixtures or property other than real property (collectively, "Personal Property") and Mortgagor agrees to execute as debtor, such financing statement or statements as Mortgagee may now or hereafter reasonably request in order that such security interest or interests may be perfected pursuant to such laws. Notwithstanding the foregoing, Mortgagor and Mortgagee agree that any Personal Property which may be considered real property shall be conclusively presumed to be real property.

Section 2.8. Upon an Event of Default, Mortgagee shall have all of the rights and remedies of a secured party under the Alabama Uniform Commercial Code (the "Code"), as the same may be amended from time to time, and specifically the right to direct notice and collections of any obligation owing to Mortgagor by any lessee. In addition to its rights to foreclose this Mortgage, Mortgagee shall have the right to sell the Personal Property or any part thereof, or any further, or additional, or substituted Personal Property, at one or more times and from time to time, at public sale or sales or at private sale or sales, on such terms as to cash or credit, or partly for cash and partly on credit, as Mortgagee may deem proper. Mortgagee shall have the right to become the purchaser at any such public sale or sales, free and clear of any and all claims, rights or equity of redemption in Mortgagor, all of which are hereby expressly waived and released. Mortgagor shall not be credited with the amount of any part of such purchase price, unless, until and only to the extent that such payment is actually received in cash. Notice of public sale, if given, shall be sufficiently given, for all purposes, if published as required by law. The net proceeds of any sale of the Personal Property which may remain after the deduction of all costs, fees and expenses incurred in connection therewith, including, but not limited to, all advertising expenses, broker's or brokerage commissions, documentary stamps, recording fees, foreclosure costs, stamp taxes and counsel fees, shall be credited by Mortgagee against the Secured Obligations and indebtedness of Mortgagor to Mortgagee secured by this Mortgage. Any portion of the Personal Property which may remain unsold after the full payment, satisfaction and discharge of all of the Secured Obligations of Mortgagor to Mortgagee shall be returned to the respective parties which delivered the same to Mortgagee. If at any time Mortgagor or any other party shall become entitled to the return of any of the Personal Property hereunder, any transfer or assignment thereof by Mortgagee shall be, and shall recite that the same is, made wholly without representation or warranty whatsoever by, or recourse whatsoever against, Mortgagee.

ARTICLE 3.

MISCELLANEOUS

Section 3.1. In the event any one or more of the provisions contained in this Mortgage shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Mortgage, but this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 3.2. All notices, requests, demands, deliveries, certificates, transmittals and other communications required or permitted under this Mortgage (collectively, "Notices") shall be written and shall be sent by any one of the following means: (a) by personal delivery, whether by commercial messenger service or otherwise; (b) by Federal Express or other comparable courier or delivery service; (c) by telefax, telecopier or other comparable form of electronic image transmission; or (d) by certified or registered United States mail, first class postage prepaid, return receipt requested. In each case, the Notice shall be addressed as follows:

If to Mortgagor: National-Standard Company
1618 Terminal Road
Niles, Michigan 49120
Attention: William D. Grafer
David L. Lawrence

With a copy to: McDermott, Will & Emery
227 West Monroe Street
Chicago, Illinois 60606-5096
Attention: Frederick W. Axley, Esq.

If to Mortgagee: Foothill Capital Corporation
11111 Santa Monica Boulevard, Suite 1500
Los Angeles, California 90025
Attention: Business Finance Division Manager

With a copy to: Brobeck, Phleger & Harrison
550 South Hope Street, Suite 2100
Los Angeles, California 90071
Attention: John Francis Hilson, Esq.

Notices shall be deemed given and effective as follows: (a) if personally delivered, upon delivery either to the party to whom the Notice is addressed or to that party's address for Notices; (b) if sent by Federal Express or similar means, upon delivery to the location to which it is addressed; (c) if sent by telecopier or similar means, upon telephonic confirmation from the receiving location to the sender that the Notice has been received; and (d) if sent by mail, as of the date shown on the return receipt as the date of delivery or refusal, but in no event later than three (3) days after being deposited in the mail. Any party may change its address and add additional addresses by giving Notice in the manner prescribed in this Section.

Section 3.3. Whenever in this Mortgage the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person or persons entitled to receive such notice.

Section 3.4. All of the grants, covenants, terms, agreements, provisions and conditions herein contained shall run with the land and shall apply to, bind and inure to the benefit of, the successors and assigns of Mortgagor and Mortgagee.

Section 3.5. Notwithstanding the appointment of any receiver, liquidator or trustee of Mortgagor, or of any of its property, or of the Mortgaged Property, or any part thereof, upon the occurrence of an Event of Default, Mortgagee shall be entitled to retain possession and control of all property now or hereafter held under this Mortgage.

Section 3.6. Mortgagor hereby waives and relinquishes unto, and in favor of Mortgagee, all benefit under all laws, now in effect or hereafter passed, to relieve Mortgagor in any manner from the Secured Obligations or to reduce the amount of the Secured Obligations

to any greater extent than the amount actually paid for the Mortgaged Property, in any judicial proceedings upon the Secured Obligations or upon this Mortgage.

Section 3.7. Neither Mortgagor nor any other person now or hereafter obligated for payment for all or any part of the Secured Obligations secured hereby shall be relieved of such obligation by reason of the failure of Mortgagee to comply with any request of Mortgagor or of any other person so obligated to take action to foreclose on this Mortgage or otherwise enforce any provisions hereof or of the Loan and Security Agreement or the Notes or by reason of the release, regardless of consideration, of all or any part of the security held for the obligations secured hereby, or by reason of any agreement or stipulation between any subsequent owner of the Mortgaged Property and Mortgagee extending the time of payment or modifying the terms hereof without first having obtained the consent of Mortgagor or such other person; and in the latter event Mortgagor and all other such persons shall continue to be liable to make payment according to the terms of any such extension or modification agreement, unless expressly released and discharged in writing by Mortgagee.

Section 3.8. By accepting or approving anything required to be observed, performed or fulfilled or to be given to Mortgagee pursuant to this Mortgage, Mortgagee shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty or representation with respect thereto by Mortgagee.

Section 3.9. Mortgagor shall pay Mortgagee's fees, charges and expenses for any statement, information or services furnished by Mortgagee in connection with the Secured Obligations. Said services may include, but shall not be limited to, the processing by Mortgagee, of assumptions, substitutions, modifications, extensions, renewals, subordinations, rescissions, changes of owner, recordation of maps, plats or records of survey, grants of easements, and full and partial reconveyances, and the obtaining by Mortgagee of any policies of insurance pursuant to any of the provisions contained in this Mortgage.

Section 3.10. No offset or claim which Mortgagor now or may in the future have against Mortgagee shall relieve Mortgagor from paying installments or performing any other obligation herein or secured hereby.

Section 3.11. Time is of the essence of all Mortgagor's obligations hereunder. Any reference in this Mortgage or in the Loan Documents to this Mortgage or any of the Loan Documents shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, and supplements, thereto and thereof, as applicable.


Section 3.12. **THIS MORTGAGE SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ALABAMA.**

MORTGAGOR PLEASE NOTE: IN THE EVENT OF YOUR DEFAULT, ALABAMA PROCEDURE PERMITS MORTGAGEE TO SELL THE SUBJECT PROPERTY AT A SALE HELD WITHOUT SUPERVISION BY ANY COURT AFTER EXPIRATION OF A PERIOD PRESCRIBED BY LAW. UNLESS YOU PROVIDE AN ADDRESS FOR THE GIVING OF NOTICE, YOU MAY NOT BE ENTITLED TO OTHER NOTICE OF THE COMMENCEMENT OF SALE PROCEEDINGS. BY EXECUTION OF THIS MORTGAGE, YOU CONSENT TO SUCH PROCEDURE. IF YOU HAVE ANY QUESTIONS CONCERNING IT, YOU SHOULD CONSULT YOUR LEGAL ADVISOR. MORTGAGEE URGES YOU TO GIVE IT PROMPT NOTICE OF ANY CHANGE IN YOUR ADDRESS SO THAT YOU MAY RECEIVE PROMPTLY ANY NOTICE GIVEN PURSUANT TO THIS MORTGAGE.

IN WITNESS WHEREOF, Mortgagor has executed this Mortgage on the day and year set forth above.

"MORTGAGOR":

NATIONAL-STANDARD COMPANY,
an Indiana corporation

By: 
Name: David L. Lawrence
Title: Treasurer and Assistant Secretary

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) SS.

I, LINDA KAREN WILLIAMS, a Notary Public in and for said county in said state, hereby certify that David L. Lawrence, whose name as Treasurer and Assistant Secretary of National-Standard Company, an Indiana corporation, is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation. Given, under my hand this 24th day of May, A.D. 1994.

Linda Karen Williams
Notary Public

My Commission Expires: Oct. 9, 1994

[SEAL]



EXHIBIT "A"

(Legal Description)

Exhibit "A" to Mortgage, Assignment of Rents, Security Agreement and Fixture Filing dated as of May 24, 1994, by National-Standard Company, an Indiana corporation, as Mortgagor, in favor of Foothill Capital Corporation, a California corporation, as "Mortgagee".

The Land is more particularly described as follows:

Commence at the Southwest corner of Section 23, Township 21 South, Range 1 West, Shelby County, Alabama; thence proceed North 00 degrees 07 minutes 39 seconds West along the West boundary of said Section for a distance of 123.94 feet to the point of beginning; from this beginning point proceed South 89 degrees 50 minutes 44 seconds East for a distance of 350.40 feet; thence proceed South 00 degrees 23 minutes 31 seconds West for a distance of 81.90 feet; thence proceed South 89 degrees 28 minutes 43 seconds East for a distance of 336.30 feet; thence proceed North 00 degrees 24 minutes 17 seconds East for a distance of 833.20 feet; thence proceed South 89 degrees 37 minutes 19 seconds East for a distance of 75.98 feet; thence proceed North 00 degrees 25 minutes 57 seconds East for a distance of 372.52 feet; thence proceed South 88 degrees 26 minutes 13 seconds West for a distance of 774.63 feet; thence proceed South 88 degrees 47 minutes 14 seconds West for a distance of 638.09 feet; thence proceed South 00 degrees 06 minutes 26 seconds West for a distance of 2650.95 feet to a point on the Northerly right-of-way line of Alabama Highway No. 70; thence proceed North 88 degrees 39 minutes 51 seconds East along the Northerly right-of-way line of said highway for a distance of 135.0 feet to a point on the Westerly boundary of Industry Road; thence proceed Northeasterly along the Westerly boundary of said Industry Road for a distance of 330.22 feet, a chord bearing and distance of North 20 degrees 51 minutes 50 seconds East for 321.42 feet; thence proceed North 37 degrees 03 minutes 43 seconds West for a distance of 277.64 feet; thence proceed North 02 degrees 15 minutes 02 seconds West for a distance of 127.60 feet; thence proceed North 01 degrees 23 minutes 58 seconds East for a distance of 246.04 feet; thence proceed North 31 degrees 09 minutes 44 seconds East for a distance of 70.01 feet; thence proceed North 43 degrees 41 minutes 43 seconds East for a distance of 91.79 feet; thence proceed North 57 degrees 58 minutes 50 seconds East for a distance of 65.85 feet; thence proceed North 78 degrees 14 minutes 18 seconds East for a distance of 40.10 feet; thence proceed North 83 degrees 10 minutes 46 seconds East for a distance of 125.74 feet; thence proceed South 86 degrees 06 minutes 11 seconds East for a distance of 117.09 feet; thence proceed North 00 degrees 11 minutes 44 seconds East for a distance of 435.86 feet; thence proceed North 57 degrees 16 minutes 02 seconds East for a distance of 102.94 feet; thence proceed South 89 degrees 50 minutes 44 seconds East for a distance of 38.93 feet to the point of beginning. The above described land is located in the Southwest One-Fourth of the Southwest One-Fourth of Section 23, the Southeast One-Fourth of the Southeast One-Fourth of Section 22, and the East One-Half of the Northeast One-Fourth of Section 27, Township 21 South, Range 1 West, Shelby County, Alabama. According to survey of R. Edward Gilliland, RLS #15919, dated June 14, 1990.

Also, Commence at a corner accepted as the Southwest corner of the Northwest One-Fourth of the Southwest One-Fourth of Section 23, Township 21 South, Range 1 West, Shelby County, Alabama, as the point of beginning. From this beginning point proceed North 00 degrees 02 minutes 15 seconds West for a distance of 1304.78 feet to an iron corner in place, said corner accepted as the Northwest corner of said Quarter-Quarter; thence proceed South 88 degrees 40 minutes 38 seconds East along the North boundary of said Quarter-Quarter Section for a distance of 39.65 feet; thence proceed South 22 degrees 35 minutes 07 seconds East for a distance of 46.55 feet; thence proceed North 88 degrees 50 minutes 36 seconds East for a distance of 70.83 feet; thence proceed South 12 degrees 52 minutes 39 seconds East for a distance of 156.99 feet; thence proceed South 54 degrees 59 minutes 35 seconds West for a distance of 47.26 feet; thence proceed South 28 degrees 55 minutes 37 seconds East for a distance of 100.02 feet; thence proceed South 78 degrees 04 minutes 09 seconds East for a distance of 146.76 feet; thence proceed South 21 degrees 33 minutes 18 seconds East for a distance of 85.72 feet; thence proceed South 28 degrees 55 minutes 37 seconds East for a distance of 289.06 feet; thence proceed South 08 degrees 44 minutes 15 seconds East for a distance of 185.43 feet; thence proceed South 56 degrees 19 minutes 51 seconds East for a distance of 152.08 feet; thence proceed South 09 degrees 16 minutes 33 seconds East for a distance of 364.28 feet; thence proceed South 00 degrees 51 minutes 17 seconds East for a distance of 72.71 feet; thence proceed South 88 degrees 26 minutes 13 seconds West for a distance of 700.13 feet; thence proceed North 01 degrees 06 minutes 56 seconds West for a distance of 87.36 feet to the point of beginning. The above described land is located in the Northwest One-Fourth of the Southwest One-Fourth and the Southwest One-Fourth of the Southwest One-Fourth of Section 23, Township 21 South, Range 1 West, Shelby County, Alabama. According to survey of R. Edward Gilliland, RLS #15919, dated June 14, 1990.

The above-described property is located at 104 Industrial Parkway, Columbiana,
Alabama.

EXHIBIT "B"

(Permitted Exceptions)

Exhibit "B" to Mortgage, Assignment of Rents, Security Agreement and Fixture Filing dated as of May 24, 1994, by National-Standard Company, an Indiana corporation, as Mortgagor, in favor of Foothill Capital Corporation, a California corporation, as "Mortgagee".

The following items are Permitted Exceptions:

1. Transmission line permits to Alabama Power Company as recorded in Deed Book 131, Page 215; Deed Book 133, Page 482; Deed Book 141, Page 598; Deed Book 162, Page 325; and Deed Book 254, Page 658, in Probate Office.
2. Right of way to Shelby County as recorded in Deed Book 161, Page 88, and Deed Book 205, Page 79, in Probate Office.
3. Right of way to Alabama & Tennessee River Railroad Company as recorded in Deed Book L, Page 623, in Probate Office.
4. Easement to South Central Bell as recorded in Deed Book 321, Page 602, in Probate Office.
5. Rights, if any, of property owners adjoining on the North in and to that portion of the Land lying between the North property line and the yellow painted line located inside said line, as shown on survey of R. Edward Gilliland, RLS. #15919, dated June 14, 1990.
6. 1994 real property taxes assessed against the Land and subsequent years not yet due and payable.
7. UCC-1 Financing Statement No. 027797, in favor of Foothill Capital Corporation, and Waiver and Consent by Real Property Owners, dated April 10, 1991, recorded in Real Record 340, page 151, in Probate Office.
8. Encroachments, overlaps, overhangs, unrecorded easements, violated restrictive covenants, deficiency in quantity of ground, or any matters not of record, which would be disclosed by an accurate survey and inspection of the Land.

Inst # 1994-18838

06/13/1994-18838
Exhibit "B" 10:12 AM CERTIFIED
(Page 1 of 1) SHELBY COUNTY JUDGE OF PROBATE
024 MCD 3066.00