

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF MISSISSIPPI
ABERDEEN DIVISION**

In re:)	
)	Case No. 22-13422-SDM
)	Chapter 11
UNITED FURNITURE INDUSTRIES, INC., et)	Jointly Administered
al.)	
)	
Debtors.)	
)	

**WILLIAMS TRANSFER & STORAGE, INC.'S MOTION FOR ALLOWANCE OF
POST-PETITION RENT AS ADMINISTRATIVE EXPENSE UNDER 11 U.S.C. § 503**

COMES NOW, Williams Transfer & Storage, Inc. (“Williams Transfer”) and files this motion for allowance and payment of administrative expense (the “Motion”) pursuant to 11 U.S.C. §§ 503, 364(a), and 365(d)(3) and *Federal Rule of Bankruptcy Procedure* 4001. In support, Williams Transfer shows:

1. Williams Transfer is a company that provides, among other services, large-scale storage solutions. On or about June 1, 2022, Williams Transfer and the Debtor¹ entered into that certain Lease Agreement (the “Lease”) whereby United Furniture Industries, Inc. (the “Debtor”) agreed to lease a 102,500 square foot warehouse from Williams Transfer in Tupelo, Mississippi (the “Warehouse”). A copy of the Lease Agreement, together with the Lease Extension Agreement dated September 27, 2022, is attached hereto as **Exhibit A**.

2. Under the Lease, rent is due and payable on or before the first day of the month. Ex. A at ¶ 3.1.

3. On or about December 16, 2022, Williams Transfer notified the Debtor that it was in breach of the Lease Agreement for failure to pay rent due on December 1, 2022 and that it failed

¹ United Furniture Industries, Inc.

to pay the June, July, August, September, October, and November utility bills for the Warehouse. A copy of the December 16, 2022 notice is attached hereto as **Exhibit B**.

4. On December 30, 2022 (the “Petition Date”), an involuntary petition was filed against the Debtor in the Bankruptcy Court for the Northern District of Mississippi, commencing case no. 22-13422 (the “Bankruptcy Case”).

5. On January 25, 2023, the Court entered an order approving the U.S. Trustee’s appointment of Derek Henderson (the “Trustee”) as chapter 11 trustee. [Dkt. # 101]. By email dated January 24, 2023, Williams Transfer provided a copy of the Lease to the Trustee.

6. From the Petition Date through May 30, 2023, the Debtor, and then the Trustee, remained in possession of the Warehouse and used the Warehouse to store the Debtor’s personal property, including inventory, for the benefit of the estate.

7. The Lease expired by its own terms on March 31, 2023 (the “Termination Date”). *See* Lease Extension Agreement, Ex. A at ¶ 1.

8. Thereafter, beginning April 1, 2023 and pursuant to ¶ 14.2 of the Lease, the Trustee entered a new month-to-month holdover lease with Williams Transfer on the terms and conditions set forth in the Lease Agreement, but at a base rent equal to the Base Rent therein provided plus 25% of such amount. *See* Lease Extension Agreement, Ex. A at ¶ 14.2.

9. Pursuant to 11 U.S.C. § 365(d)(3), the Trustee “shall timely perform all the obligations of the debtor, . . . arising from and after the order for relief under any unexpired lease of nonresidential real property, until such lease is assumed or rejected, notwithstanding section 503(b)(1) of this title.” Between the Petition Date and Termination Date, under the terms of the Lease, stub rent² in the pro-rated amount of \$1,653.23 came due, and rent in the amount of \$25,625

² “Stub rent” has been described as “[t]he rent owed by a debtor to the landlord for the period from the petition date until the first day of the next following month.” *In re Imperial Bev. Grp., LLC*, 457 B.R. 490, 501 (Bankr. N.D. Tex.

came due on January 1, 2023, February 1, 2023, and March 1, 2023. Further, in total \$12,751.09 came due for utilities, taxes, and insurance on those dates.

10. On March 17, 2023, the Trustee paid \$53,226.74.

11. However, the Trustee still owes \$38,052.58 for rent, utilities, taxes, and insurance due between the Petition Date and Termination Date. The \$38,052.58 incurred during this time pursuant to the terms of the unexpired Lease were required to be paid under 11 U.S.C. § 365(d)(3) and is entitled to administrative priority under § 503. *See In re Imperial Bev. Group, LLC*, 457 B.R. at 503.

12. Pursuant to 11 U.S.C. § 1108 the Trustee is authorized to operate the Debtor's business. Pursuant to 11 U.S.C. § 364(a), the Trustee "may obtain unsecured credit and incur unsecured debt in the ordinary course of business allowable under section 503(b)(1) of this title as an administrative expense." From April 1, 2023 through May 30, 2023, the Trustee exercised his business judgment and decided to remain in possession of the Warehouse as a holdover tenant. Amounts due from a holdover tenant under an expired lease are entitled to administrative priority under 11 U.S.C. § 503(b)(1)(A). *See In re Imperial Bev. Group, LLC*, 457 B.R. at 503. Under § 503(b)(1)(A), the Court shall allow an administrative expense to the extent of "the actual, necessary costs and expenses of preserving the estate" 11 U.S.C. § 503(b)(1)(A). There is a presumption that the contract rate of rent is the amount of benefit received by the estate. *See In re*

2011) (internal quotation marks omitted) (quoting 1 *Collier Guide to Chapter 11: Key Topics and Selected Industries* ¶ 20.06[6][a] (2010)). Though it is unclear whether the Fifth Circuit would employ the "proration" or the "billing" approach to administrative expense claims for stub rent, Williams Transfer is entitled to an administrative expense claim for stub rent under either approach for December 30, 2022 and December 31, 2022 in the amount of \$1,653.23—two (2) days' of Base Rent—because the Estate benefitted an equal amount by its continued use and storage of the Debtor's property within the Warehouse. *See generally id.* at 501–03 (providing an overview of the different approaches used to address administrative expense claims for stub rent, and ultimately applying the "billing" approach); *c.f. In re Simbaki, Ltd.*, No. 13-36878, 2015 Bankr. LEXIS 1142, at *10–19 (Bankr. S.D. Tex. Apr. 6, 2015) (opting for and applying the "billing" approach to post-petition, pre-conversion administrative expense claim for stub rent).

Imperial Bev. Group, LLC, 457 B.R. at 502. Indeed, this is the amount the Trustee promised to pay.

13. The Trustee finally vacated the Warehouse on May 30, 2023 (the “Vacate Date”)

14. Between April 1, 2023 and May 30, 2023, \$64,062.50 in rent came due. Additionally, a total of \$8,613.24 became due for utilities, taxes, and insurance for this time period. On April 6, 2023 and April 28, 2023, the Trustee paid \$31,536.84 and \$31,536.84, respectively. The amounts did not cover the \$9,602.06 which is still owing.

15. The Trustee still owes \$9,602.06 for rent, utilities, taxes, and insurance due between the Termination Date and the Vacate Date.

RELIEF REQUESTED

WHEREFORE, PREMISES CONSIDERED, Williams Transfer & Storage, Inc. requests that the Court enter an order (1) allowing Williams Transfer an administrative expense pursuant to 11 U.S.C. § 503 in the amount of \$38,052.58, and (2) allowing Williams Transfer an administrative expense pursuant to 11 U.S.C. § 503(b)(1)(A) in the amount of \$9,602.06, and (3) granting such other relief as is necessary under the circumstances.

This the 14th day of June, 2023.

Respectfully submitted,

PHELPS DUNBAR LLP

BY: /s/ Danielle Mashburn-Myrick
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Attorneys for Williams Transfer & Storage, Inc.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this date a complete and correct copy of the foregoing filing was provided to all parties receiving notices and filings herein pursuant to the Court's ECF noticing system. The undersigned further certifies that on this date, a complete and correct copy of the foregoing filing was sent via email to the following parties and counsel:

Derek A. Henderson
Chapter 11 Trustee and Counsel for the Chapter 11 Trustee
1765-1 Lelia Drive, Suite 103
Jackson, Mississippi 39216
derek@derekhendersonlaw.com

Douglas C. Noble, Esq.
Counsel for the Chapter 11 Trustee Derek A. Henderson
McCraney Montagnet, Quin, and Noble PLLC
602 Steed Road, Suite 200
Ridgeland, Mississippi 39157
dnoble@mmqnlaw.com

Sammye S. Tharp, Esq.
Trial Attorney
The Office of the United States Trustee, Region 5
501 East Court Street, Suite 6-430
Jackson, Mississippi 39201
Sammye.S.Tharp@usdoj.gov

This the 14th day of June, 2023.

/s/ Danielle Mashburn-Myrick
Danielle Mashburn-Myrick

Exhibit A

LEASE AGREEMENT

For and in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, this Lease Agreement ("**Agreement**" or "**Lease**") is made and entered into as of June 1, 2022 (the "**Effective Date**") by and between Landlord and Tenant (individually, a "**Party**" or collectively, the "**Parties**"), who hereby contract and agree as follows:

ARTICLE 1 DEFINITIONS AND BASIC PROVISIONS

1.1 Definition and Basic Provisions. Unless the language or context clearly indicates that a different meaning is intended, the following words and terms shall have the meaning set forth opposite thereof:

- (a) **Landlord:** Williams Transfer & Storage, Inc.
- (b) **Landlord's address:** 621 E. Presidents Ave.; Tupelo, MS 38801
- (c) **Tenant:** United Furniture Industries, Inc.
- (d) **Tenant's address:** 5380 Hwy 145 S; Tupelo, MS 38801
- (e) **Property:** 102,500 warehouse sq. ft. located on that certain property being situated in Lee County, Mississippi at 2112 South Green St; Suite 100 and 200; Tupelo, MS 38801.
- (f) **Commencement Date:** The date Landlord has delivered to Tenant possession of the Property, which the Parties agree shall be on June 6, 2022
- (g) **Term:** Six months (commencing on the Commencement Date).
- (h) **Base Rent:** \$25,625 per month
- (i) **Permitted Use:** warehouseing, storing, and distributing its products and for uses incidental thereto including, without limitation, storage of containers, materials, supplies, and the parking, loading/unloading of the vehicles and trailers therein

ARTICLE 2 LEASE OF PROPERTY; QUIET ENJOYMENT

2.1 Lease of Property. Subject to the terms and provisions of the Agreement, Landlord hereby leases the Property to Tenant, and Tenant hereby leases the Property from Landlord.

2.2 Quiet Enjoyment. Landlord represents, warrants and agrees that if Tenant shall materially perform all of the covenants and agreements herein required to be performed by Tenant, Tenant shall, at all times during the Term, have an enjoy exclusive, peaceful and quiet possession and use of the Property.

2.3 Landlord Covenants. The Community Development Foundation ("CDF") owns the Property and leases it to Landlord pursuant to a lease between CDF and Landlord (the "Master Lease"). At all times during the term of this Lease, Landlord covenants that it will fulfill all of its obligations under the Master Lease.

ARTICLE 3 BASE RENT

3.1 Payment. Tenant shall pay Base Rent to Landlord in monthly installments in amounts calculated in accordance with Section 1.1. The first such monthly installment shall be due and payable within five business days of the Commencement Date, and subsequent installments shall be due and payable on or before the first day of each succeeding calendar month during the Term. If the Commencement Date shall fall on any day other than the first day of a calendar month, the first monthly installment of Base Rent shall be pro-rated based on the number of days remaining in such month.

3.2 Delinquent Payments. With the exception of the initial payment of Base Rent, it is understood that any payment of Base Rent is due and payable on or before the first day of the month (in accordance with the preceding section). In the event any payment of Base Rent is not received within 10 days of the date on which it is due, Tenant shall, for each late Base Rent payment, pay a late fee in the amount of \$100.00 for each month that the Base Rent has not been paid in full.

ARTICLE 4 USE AND CARE OF PREMISES

4.1 Permitted Use. Unless Tenant obtains Landlord's prior written authorization to the contrary, the Property shall be used only for the Permitted Use specified above.

4.2 No Increase in Insurance. Tenant shall not, without Landlord's prior written consent, use the Property in a manner which would increase the insurance costs or invalidate any insurance policy carried on the Property. The Parties acknowledge that, notwithstanding anything to the contrary contained herein, Tenant's use of the Property in a normal manner consistent with the Permitted Use shall not violate any provision of this section or this Agreement, and such use shall not be deemed to increase the insurance costs carried on the Property.

4.3 Conduct of Business. Tenant shall, at its own cost and expense, obtain all necessary licenses and/or permits required to conduct its business at the Property, and shall comply with all applicable governmental law, ordinances, requirements, orders, rules and regulations (collectively, "**Regulations**") of governmental authorities having jurisdiction over the Property or the conduct of Tenant's business. Tenant may contest in good faith, by appropriate proceedings conducted promptly at Tenant's own expense and in Tenant's name (and/or, whenever necessary, in Landlord's name), the validity or enforcement of any such Regulation; provided that (i) such contest or any resulting deferred payment does not subject Landlord to a fine or criminal liability; (ii) Tenant diligently prosecutes such contest to a final determination by the governing authority; and (iii) Tenant furnishes Landlord with any security that Landlord may reasonably request in connection with such contest.

ARTICLE 5 MAINTENANCE AND REPAIRS

5.1 Maintenance and Repairs by Tenant. Tenant shall promptly make or cause to be made all repairs and replacements necessary to maintain the Property in good condition, order and repair as the condition of the Property on the Commencement Date, subject to reasonable wear and tear. Provided, however, Tenant shall not be responsible for driveways, parking lots, sidewalks, signage, grounds and landscaping any structural and exterior portions of the Leased Premises, including but not limited to the roof, load bearing walls, foundation, and subfloors, all of which shall be maintained by Landlord.

ARTICLE 6 LANDLORD'S RIGHT OF ACCESS

6.0 Right of Access. Landlord shall have the right to enter upon the property, as reasonably necessary, at any time which is Convenient to Tenant for the purpose of inspecting the same or making repairs to the same; provided, however, that Landlord shall use its best efforts not to interfere in any way with the Tenant's business.

ARTICLE 7 UTILITIES

7.1 Utility Charges. Tenant shall timely pay all charges for electricity, water, gas, telephone service, sewage service and other utilities furnished to the Property, if any, during the Term. Landlord will forward to Tenant all such utility bills for the Term of the lease.

ARTICLE 8 DAMAGES BY CASUALTY

8.1 Casualty. If, during the Term of this Agreement, the Property is destroyed or damaged in whole or in part by fire or other cause, Landlord or Tenant may terminate this Lease in which event the Rent shall be abated during the unexpired portion of this Lease effective with the date of such damage.

8.2 Insurance Proceeds. If Landlord receives any fire or other casualty insurance proceeds with respect to any damage to the Property under Landlord's insurance policy(ies) (excluding any proceeds related to Tenant's property or improvements and/or any proceeds paid under Tenant's insurance policy(ies), all of which shall be the property of Tenant), then Landlord will make available to Tenant the net proceeds or any such fire or other casualty insurance paid to Landlord (after deduction of any actual costs reasonably incurred in connection with the collection thereof, including reasonable attorneys' fees) to defray the costs of the restoration, if Tenant elects to restore the Property.

ARTICLE 9 EMINENT DOMAIN

9.1 Condemnation of Substantial Portion. If a Substantial Portion of the Property should be taken for any public or quasi-public use under any governmental law, ordinance or regulation or by right of eminent domain or by private purchase in lieu thereof, this Lease shall terminate and the Base Rent and other charges shall be abated during the unexpired portion of this Lease, effective on the date of physical possession by the condemning authority.

9.2 Condemnation of Less Than Substantial Portion. If less than a Substantial Portion of the Property should be taken as aforesaid, this Lease shall not terminate; provided, however, the Base Rent shall be equitably reduced based on the amount of area taken and the effect thereof, effective on the date of physical possession by the condemning authority. Following such partial taking, Landlord, at its sole cost and expense, shall promptly make all necessary repairs or alterations to the remaining portion of the Property to restore it to its pre-condemnation condition and functionality to the fullest extent possible.

9.3 Substantial Portion. For purposes of Sections 9.1 and 9.2 above, a "*Substantial Portion*" shall be deemed to have been taken if the taking of such portion has the effect of preventing Tenant from operating its business in substantially the same manner with substantially the same results as it did prior to such taking, in Tenant's reasonable determination, and Tenant does not believe such effect can be remedied to Tenant's satisfaction by repairs and alterations within 90 days of the applicable taking.

9.4 Awards. All compensation awarded for any taking (or the proceeds of private sale in lieu thereof) of the Property shall be the property of Landlord; provided, however, Landlord shall have no interest in any award made for (i) Tenant's moving and relocation expenses, (ii) Tenant's business loss, or (iii) loss of improvements, fixtures and/or personal property of Tenant.

ARTICLE 10
ASSIGNMENT AND SUBLETTING

10.1 Assignment by Tenant. Tenant shall not assign this Lease or sublet the Property without the prior written consent of landlord, and in the event Landlord consents to such assignment or subletting, Tenant shall remain liable with such assignee or sub lessee for Tenant's obligations under this Lease; provided, however, that, notwithstanding anything to the contrary contained herein, Tenant may freely assign or sublet this Lease without consent to an subsidiary or affiliate of Tenant or to any person or entity that purchases all or substantially all of Tenant's assets within the market area of the Property and shall continue to use the Property for the Permitted Use, after which Tenant shall be released from any further liabilities or obligations hereunder.

10.2 Assignment by Landlord. Landlord may freely and without consent transfer or assign its interest in this Lease to any person or entity who acquires fee simple title to the Property.

ARTICLE 11
TAXES

11.1 Personal Property Taxes. During the Term of this Agreement, Tenant shall timely pay and discharge all personal property taxes imposed, assessed, or levied upon and of Tenant's personal property located on the Property. Tenant may contest, in good faith, by appropriate proceedings, at Tenant's expense, in the Landlord's and/or the Tenant's name, any such personal property taxes, assessments or similar items so long as the prosecution or the proceedings is diligently carried out and effectively stays or prevents any official or judicial sale of the Property. Upon Landlord's request, Tenant shall provide Landlord with copies of all receipts for personal property taxes and other assessments.

11.2 Real Property Taxes. Tenant shall have no obligation for real property taxes.

ARTICLE 12
INSURANCE

12.1 Insurance by Tenant. Tenant shall procure and maintain throughout the Term of this Agreement a policy or policies of comprehensive general liability insurance, at its sole cost and expense, insuring against all claims, demands, actions and/or occurrences arising out of Tenant's use or occupancy of the Property, the limits of such policy or policies to be in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate. During the Term of this Agreement, Tenant shall, at its cost and expense, keep its personal property located on the Property insured for full replacement value, less depreciation.

12.2 Policy Requirements; Waiver of Subrogation. All insurance policies required to be maintained hereunder shall be written by reputable insurance companies licensed to do business in the state in which the Property is situated which are rated "A" or better by A.M. Best Company or and equivalent rating by other reputable and generally accepted rating services. Each Party shall, upon request, provide the other Party with proof of the insurance required to be maintained hereunder by such first Party. In the event that, during the Term of this Agreement, Landlord or Tenant (as applicable, the "*Waiving Party*") sustains a loss or damage of its property (real or personal) located on, or constituting part of, the Property (a "*Property Loss*"), and such Waiving Party was required by the terms of this Agreement to maintain an insurance policy covering the Property Loss (a "*Required Policy*"), then the Waiving Party waives any and all claims it may have against the other Party as a result of the Property Loss (the "*Waived Claims*"). It is contemplated and agreed that the waiver described in this section will preclude the assignment of any Waived Claims to any insurance company of the Waiving Party (whether by subrogation or otherwise), and to the extent that the waiver described in this section is not permitted by any Required Policy, the Party required hereunder to maintain the Required Policy will have such

Required Policy endorsed, as necessary, to permit the waiver described herein and to prevent the invalidation or diminishment of coverage provided by such Required Policy as a result of such waiver.

**ARTICLE 13
DEFAULT; REMEDIES**

13.1 Events of Default. Subject to the notice and cure provisions set forth in Section 13.4 below, the following events shall be deemed to be events of default by Tenant under this Lease (each, an “*Event of Default*”):

- (a) Tenant shall fail to pay any Base Rent installment or other obligation hereunder involving the payment of money within fifteen (15) days of the date on which it is due.
- (b) Tenant shall materially fail to comply with any material term, provision or covenant of this Lease, other than as described in subsection (a) above.
- (c) Tenant shall file a petition under any section or chapter of the National Bankruptcy Act, as amended, or under any similar law or statute of the United States or any state therein.
- (d) Tenant shall be adjudged bankrupt in any proceeding filed against Tenant.
- (e) Tenant shall do, or permit to be done, anything that creates a lien upon the Property, including, without limitation, a vendor's, mechanic's, laborer's or materialman's statutory or similar lien.

13.2 Remedies. Upon the occurrence of any Event of Default, Landlord shall have the option to pursue any one or more of the following alternative remedies:

- (a) Landlord may take any one or more of the actions permissible at law or in equity to ensure performance by Tenant of Tenant's covenants and obligations under this Lease.
- (b) Landlord may enter upon and take possession of the Property, and attempt to re-let the Property. If and when Landlord does re-let the Property, such amounts received by Landlord shall be applied toward any past due amounts owed by Tenant, and shall reduce such amounts accordingly; provided, however, that no such re-letting shall relieve Tenant of its obligations hereunder, including, without limitation, the obligation to pay Base Rent and other amounts to Landlord.
- (c) Landlord may terminate this Lease by written notice to Tenant, in which event Tenant shall immediately surrender the Property to Landlord, and if Tenant fails to do so, Landlord may enter upon and occupy said Property without being liable for trespass or any claim for damages related thereto.
- (d) Landlord may terminate this Lease by written notice to Tenant, in which event Tenant shall immediately surrender the Property to Landlord, and if Tenant fails to do so, Landlord may enter upon and occupy said Property without being liable for trespass or any claim for damages related thereto.

13.3 Forbearance. Forbearance by Landlord to enforce one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of such default.

13.4 Notice and Cure Period. Notwithstanding anything to the contrary contained herein, Tenant shall not be in default hereunder (and no Event of Default will be deemed to have occurred) unless

and until Landlord provides Tenant with written notice of the applicable breach or failure, and Tenant shall thereafter fail to cure such breach or failure within 30 days after receipt of such written notice (or fail to commence and diligently pursue such cure within said 30 day period in the event that the cure cannot reasonably be completed within such period).

ARTICLE 14 EXPIRATION OR TERMINATION; HOLDING OVER

14.1 Expiration or Termination of Lease. Immediately upon the expiration or termination of this Lease, Tenant shall peaceably vacate the Property and give possession thereof to Landlord. All additions and improvements (other than Tenant's trade fixtures, furniture, equipment and other personal property) shall be surrendered with the Property and become the property of Landlord at the termination or expiration of this Lease.

14.2 Holding Over. In the event Tenant remains in possession of the Property after the expiration or termination of this Lease, Tenant shall be deemed to be occupying said premises on a month-to-month basis on the terms and conditions set forth herein, but at a Base Rent equal to the Base Rent herein provided plus 25% of such amount.

ARTICLE 15 HAZARDOUS MATERIALS

15.1 Hazardous Materials. Landlord shall have no liability whatsoever by reason of any pollutant, contaminant, hazardous material or substance, toxic material or substance, medical material or substance, or environmentally-regulated material or substance (collectively, a "*Hazardous Material*") that Tenant disposed of, released at or place on, in, under or above the Property in violation of any applicable environmental-related law, ordinance, rule or regulation, and Tenant shall indemnify and defend Landlord from and against any claim, loss or liability or any sort arising therefrom. Likewise, Tenant shall have no liability whatsoever by reason of any Hazardous Material located at, on or in the Property prior to the Delivery Date or any Hazardous Material that Landlord (or its agents, contractors or other tenants) disposed of, released at or placed on, in, under or above the Property in violation of any applicable environmental-related law, ordinance, rule or regulation, and Landlord shall indemnify and defend Tenant from and against any claim, loss or liability or any sort arising therefrom.

ARTICLE 16 NOTICES

16.1 Notices. Wherever any notice or other correspondence is required or permitted hereunder, such notice or other correspondence shall be in writing. It shall be delivered by hand delivery, first class mail, certified mail and/or overnight delivery service addressed to the Parties hereto at the respective addresses set forth in Section 1.1 above or at such other addresses as they have theretofore specified by written notice in compliance herewith. Notwithstanding the foregoing, any notice or other correspondence than is actually received by the Party to whom it is addressed shall be deemed to be properly delivered, regardless of how or where it is delivered.

ARTICLE 17 REPRESENTATIONS AND WARRANTIES

17.1 Landlord Representation and Warranties. Landlord represents and warrants to Tenant as follows:

- (a) Landlord has the right, power and authority to execute this Agreement, perform its obligations hereunder and consummate the transactions contemplated hereby.
- (b) This Agreement, when executed, will be binding upon Landlord and its successors and assigns in accordant with its terms.
- (c) The individual executing this Agreement on behalf of Landlord is duly authorized to do so in the listed capacity, and all necessary corporate/company actions have been taken to approve such execution.
- (d) This Agreement (and the transactions contemplated thereby) do not constitute a breach or default under any agreement or contract to which Landlord is a party or otherwise related to the Property.
- (e) Landlord has received no written notice or any eminent domain or condemnation proceeding currently pending against the Property, or any threat thereof.
- (f) The condition of the Property as of the Commencement Date will be suitable for the Permitted Use.
- (g) CDF owns the Property and consents to this Lease between Landlord and Tenant, and this Lease will not cause Landlord to be in breach of the Master Lease.

17.2 Tenant Representations and Warranties. Tenant represents and warrants to Landlord as follows:

- (a) Tenant has the right, power and authority to execute this Agreement, perform its obligations hereunder and consummate the transactions contemplated hereby.
- (b) This Agreement, when executed, will be binding upon Tenant and its successors and assigns in accordance with its terms.
- (c) The individual executing this Agreement on behalf of Tenant is duly authorized to do so in the listed capacity, and all necessary corporate/company actions have been taken to approve such execution.
- (d) This Agreement (and the transactions contemplated thereby) do not constitute a breach or default under any agreement or contract to which Tenant is a party.

ARTICLE 18 MISCELLANEOUS

18.1 Relationship of Parties. Nothing herein contained shall be deemed or construed by the Parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture between the Parties hereto, it being understood and agreed that neither the method of computing rent nor any other provision hereof shall be deemed to create any relationship between the Parties hereto other than the relationship of Landlord and Tenant.

18.2 Waiver. One or more waivers of any covenant or term of this Lease by either Party shall not be construed as a waiver of a subsequent breach of the same covenant or term. The consent or approval by either Party of any act by the other Party requiring such consent or approval shall not be deemed to waive or render unnecessary consent or approval of any subsequent similar act.

18.3 Force Majeure. Whenever a period of time is herein prescribed for action to be taken by Landlord or Tenant, Landlord or Tenant shall not be liable or responsible for, and there shall be excluded from the computation of any such period of time, delays due to strikes, riots, acts of God, shortages of Labor or materials, war, governmental laws, regulations or restrictions or any other causes which are beyond the reasonable control of Landlord or Tenant, as applicable.

18.4 Choice of Law. The laws of the State of Mississippi shall govern the interpretation, validity, performance and enforcement of this Lease.

18.5 Unenforceable Provisions. If any provision of this Lease should be held to be invalid or unenforceable, the validity and enforcement of the remaining provisions hereof shall not be affected thereby.

18.6 Headings. The captions and headings used herein are for convenience only and do not limit or modify the provisions thereunder.

18.7 Binding Nature. The terms, provisions and covenants contained in this Lease shall inure to the benefit of and be binding upon the Parties hereto and their respective heirs and successors, except as otherwise expressly provided herein.

18.8 Integration; Modification. This Lease contains the entire agreement between the Parties, and no agreement shall change, modify or terminate this Lease, in whole or in part, unless such agreement is in writing and duly signed by the Party against whom enforcement of such change, modification or termination is sought.

18.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute but one and the same Agreement.

18.10 Memorandum. Landlord and Tenant each agree that, upon the request of the other Party, it will execute and deliver a memorandum of this Lease in recordable form containing the basic provisions hereof.

[Remainder of page intentionally left blank. Signature page(s) to follow]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date first set for above.

LANDLORD:

Williams Transfer and Storage, Inc.

By: 

John Michael Williams
Manager

TENANT:

United Furniture Industries, Inc.

By: 

Name: Douglas A. Hanby

Title: CFO/COO

LEASE EXTENSION AGREEMENT

THIS LEASE EXTENSION AGREEMENT is made and entered into between the Williams Transfer & Storage, Inc., a Mississippi corporation (hereinafter referred to as "Landlord") and United Furniture Industries, Inc., an Ohio corporation, (hereinafter referred to as "Tenant"), with offices at 5380 Hwy 145 South, Tupelo, MS 38801.

WITNESSETH:

WHEREAS, Landlord and Tenant entered into a Lease Agreement, dated June 1, 2022, (collectively, the "Lease Agreement"); and

WHEREAS, Landlord and Tenant desire to extend the term of the Lease Agreement on the terms more particularly described herein.

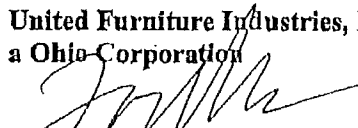
NOW THEREFORE, Landlord and Tenant hereby covenant and agree as follows:

1. Term of the Lease is hereby extended through March 31, 2023.
2. All other terms and conditions of the Lease Agreement will remain the same.

IN WITNESS WHEREOF, the parties have executed this Lease Extension Agreement as of the dates set forth beneath their respective signatures below.

TENANT:

**United Furniture Industries, Inc.
a Ohio Corporation**

By: 
Todd Evans

Title: Chief Executive Officer

Date:

9/27/22

LANDLORD:

**Williams Transfer & Storage, Inc.
a Mississippi Corporation**

By: 

Name: Mike Williams

Title: President

Date:

9-27-2022

Exhibit B



Phelps Dunbar LLP
105 E. Main Street
Suite 201
Tupelo, MS 38804
662 842 7907

December 16, 2022

40584-0004

VIA FEDEX

Andrew Coffman
andrew.coffman@phelps.com
Direct 662 690 8122

United Furniture Industries, Inc.
5380 Hwy 145 South
Tupelo, MS 38801

United Furniture Industries, Inc.
c/o CT Corporation System
645 Lakeland East Drive
Suite 101
Flowood, MS 39232

Wells Fargo
Attention: Relationship Manager for
United Furniture Industries, Inc.
100 Park Avenue
14th Floor
New York, NY 10017

VIA FEDEX and E-MAIL

United Furniture Industries, Inc.
c/o Focus Management Group
6585 N. Avondale Ave.
Chicago, IL
c.heisinger@focusmg.com

Re: ***NOTICE OF BREACH – UFI Lease with Williams Transfer & Storage, Inc.***

Dear Sirs,

This letter serves as notice that United Furniture Industries, Inc. ("UFI") is in breach of its June 1, 2022, Lease Agreement with Williams Transfer & Storage, Inc. ("Williams"), as amended.

Pursuant to Section 13.4 of the lease agreement, this is written notice of UFI's breach of the lease agreement. UFI has thirty (30) days to cure its breaches or Williams will exercise its contracted for remedies including taking possession of the property.

UFI is in breach of the lease agreement in two ways: (1) UFI has failed to pay the rent that was due on December 1, 2022; and (2) UFI has failed to pay the June, July, August, September, October, and November utility bills for the property.

December 16, 2022
Page 2

On December 1, 2022, \$25,625.00 in rent was due. The fifteen (15) day grace period for that

The lease agreement also requires UFI to pay the utility bills for the property. Currently, UFI owes Williams \$15,191.79 in past due utility bills.

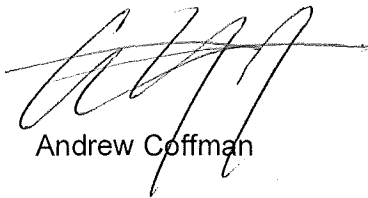
The total due Williams is \$40,816.79. That amount is due immediately. Failure to pay that amount in full within thirty (30) days, will result in Williams taking possession of the property and enforcing its other rights for UFI's default. Copies of the latest pertinent invoices sent to UFI are enclosed.

A copy of the Lease Agreement and its amendment are included for your reference.

I look forward to hearing from you.

ALL RIGHTS RESERVED

Sincerely,

A handwritten signature in black ink, appearing to read 'Andrew Coffman', with a long horizontal stroke extending to the right.

Andrew Coffman

Enclosures