3.12. Material Contracts: No Defaults. Except as set forth in Disclosure Schedule 3.12 or reflected in the Financial Statements, no Champion Company is a party to any: (i) indenture, mortgage, note or other agreement relating to the borrowing of money by a Champion Company other than payables arising in the ordinary course of business; (ii) guaranty by a Champion Company of an obligation of a third party for the borrowing of money; (iii) payment bond, performance bond or letter of credit under which a Champion Company is liable; (iv) agreement which involves an obligation of a Champion Company of more than $1 million in any twelve-month period; (v) joint venture or partnership agreement, or (vi) agreement which involves consideration of more than $1 million and which relates to the sale of assets outside the ordinary course of business within the last twelve months (collectively, the "**Material Contracts**"). There is not under any of the Material Contracts any existing breach or default by any Champion Company, or to Seller's Knowledge, any other party thereto, except such breaches or defaults which will not have a Material Adverse Effect.

3.13. Assets. Except with respect to real property which is addressed in Section 3.14, the Champion Companies (or with respect to the Canadian Division, Cooper Industries (Canada), Inc) have good title to, or hold by valid lease or license all of the assets, properties, contracts, rights and licenses used to operate the Business as presently conducted (in each case free and clear of all Encumbrances other than Permitted Encumbrances) except for: (i) the assets and contract rights of Seller and its Affiliates used to provide corporate administrative services to the Champion Companies including employee benefits administration, cash management, risk management and insurance, legal services, legal compliance programs, public relations, tax reporting, internal and external audit, traffic agreements and provision and maintenance of computer hardware and software, and (ii) cases in which the failure to own or to have a valid lease or license will not have a Material Adverse Effect. At Closing, Cooper Industries (Canada) Inc. will transfer to Buyer or its designated Affiliate good title to the "Transferred Assets" of the Canadian Division pursuant to the Canadian Asset Transfer Agreement, free and clear of all Encumbrances other than Permitted Encumbrances. Each of the leases and other agreements relating to personal property is in full force and effect and constitute a legal, valid and binding obligation of the respective parties thereto, and there is not under any of such