

Indiana

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

between

MJ PROPERTIES, L.L.C. ("**Mortgagor**")

- and -

NOMURA ASSET CAPITAL CORPORATION ("**Mortgagee**")

Dated: As of February 2, 1996
in the amount of
\$22,646,211.00

Relating to Premises located in
County of Lake, State of Indiana

96008147

STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD
MAR 6 1996
CLEVELAND
REORDER

96FEB-6 MID-34

STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

After recording return to:

ROSENMAN & COLIN LLP
575 Madison Avenue
New York, New York 10022
Attention: Stephen R. Senie, Esq.

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

**MORTGAGE, ASSIGNMENT OF LEASES, SECURITY AGREEMENT
AND FIXTURE FILING** (this "Mortgage"), dated as of February 2,
1996, between MJ PROPERTIES, L.L.C., a Missouri limited liability
company, having its principal office at 3737 South Elisabeth,
Suite 103, Independence, Missouri 64057 (Mortgagor) and NOMURA
ASSET CAPITAL CORPORATION, a Delaware corporation, having its
principal office at Two World Financial Center, Building B, 21st
Floor, New York, New York 10281-1198 ("Mortgagee").

W I T N E S S E T H:

WHEREAS:

A. Mortgagor is the owner of fee simple title to that certain parcel of real property (the "Land") located in the State of Indiana (the "State"), as more particularly described in Exhibit A annexed hereto, together with the buildings and other improvements located thereon comprising a motel and motel operations (the buildings and other improvements now or hereafter located on such parcel of Land being hereinafter referred to as the "Improvements"; the Land, together with such Improvements, being hereinafter collectively referred to as the "Premises");

B. Pursuant to that certain Loan Agreement (the "Loan Agreement"), dated as of February 2, 1996 among Mortgagor, MJB Motels, L.L.C. and ALI Properties, Inc. (collectively, the "Issuers") and Mortgagee, Mortgagee is making a loan (the "Loan") in the original principal amount of \$22,646,211.00, and the Issuers and American Lodging, Inc. have issued their Secured Promissory Note (the "Note") in the principal amount of \$22,646,211.00, and secured by, *inter alia*, this Mortgage and certain other mortgages, deeds of trust and security deeds (collectively, the "Other Mortgages") on other real property owned by the Issuers and American Lodging, Inc., which Other Mortgages are more particularly described in Exhibit B annexed hereto;

C. To induce Mortgagee to make the Loan and to secure payment of the Note, together with interest thereon, Mortgagor has agreed to the execution and delivery of this Mortgage.

GRANTING CLAUSES

NOW, THEREFORE, in consideration of the mutual premises herein contained and other good and valuable consideration, the receipt and legal sufficiency whereof are hereby acknowledged, and as an inducement to Mortgagee to enter into the Loan, and to secure the payment of an indebtedness in the principal sum of

TWENTY-TWO MILLION SIX HUNDRED FORTY-SIX TWO HUNDRED ELEVEN DOLLARS AND NO CENTS (\$22,646,211.00), or so much thereof as may have been advanced to Mortgagor together with all interest thereon, any Yield Maintenance Premium (as such term is defined in the Loan Agreement), and all other sums which may or shall become due hereunder or under the Note or any of the other documents evidencing, securing or executed in connection with the Loan (such other documents, including, without limitation, the Loan Agreement, the Other Mortgages and that certain Assignment of Leases, Rents and Profits of even date herewith given by Mortgagor to Mortgagee with respect to the Premises (as such assignment may be amended from time to time, the "Assignment") and similar Assignments of Leases, Rents and Profits given in connection with the Other Mortgages, together with the Note and this Mortgage (as any of the same may, from time to time, be modified, amended or supplemented) being hereinafter collectively referred to as the "Transaction Documents"), and including the costs and expenses of enforcing any provision of the Note, this Mortgage or any of the other Transaction Documents (all such sums being hereinafter collectively referred to as the "Debt"), and in order to charge with such performance and with such payments the Premises and other property hereinafter described and the rents, revenues, issues, income and profits thereof, Mortgagor has created a security interest in and DOES HEREBY MORTGAGE AND WARRANT TO MORTGAGEE, ITS SUCCESSORS AND ASSIGNS, all right, title and interest of Mortgagor now owned, or hereafter acquired, in and to the Premises,

TOGETHER WITH all right, title and interest of Mortgagor, if any, now owned, or hereafter acquired, in and to the following property, rights and interests (the Premises, together with such property, rights and interests, being hereinafter collectively referred to as the "Mortgaged Property"):

(a) all easements, rights-of-way, strips and gores of land, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, and all estates, rights, title, interests, privileges, liberties, tenements, hereditaments, and appurtenances of any nature whatsoever, in any way belonging, relating or pertaining to the Premises (including, without limitation, gas, oil and mineral rights, air rights, development rights and any other rights, however denominated, to construct floor area on the Land), and all right, title and interest of Mortgagor in, including any right to use and occupy, any land adjacent to the Land, and any land lying in the bed of any street, road or avenue, open or proposed, in front of or adjoining the Land, and any and all sidewalks, drives, curbs, passageways, streets, spaces and alleys adjacent to or used in connection with the Premises;

(b) all machinery, apparatus, equipment, fittings, fixtures and other property of every kind and nature

whatsoever owned by Mortgagor, or in which Mortgagor has or shall have an interest (to the extent same can be mortgaged or an interest therein can be granted if not owned by Mortgagor), now or hereafter located upon the Premises or any portion thereof, or appurtenances thereto, and used in connection with the present or future operation and occupancy of the Premises or any portion thereof, and all building equipment, materials and supplies of any nature whatsoever owned by Mortgagor, or in which Mortgagor has or shall have an interest (to the extent same can be mortgaged or an interest therein can be granted if not owned by Mortgagor), now or hereafter located in or upon the Premises or any portion thereof, and any building equipment, materials and supplies obtained for use in connection with the Premises or any portion thereof, and all additions, replacements, modifications and alterations of any of the foregoing, including, but without limiting the generality of the foregoing, all heating, lighting, incinerating, waste removal and power equipment, engines, pipes, tanks, motors, conduits, switchboards, radio, television, security and alarm systems, plumbing, lifting, cleaning, fire prevention, fire extinguishing, refrigerating, ventilating, and communications apparatus, air cooling and air conditioning apparatus, escalators, elevators, ducts and compressors (collectively, the "Equipment"). All Equipment is part and parcel of the real estate and appropriated to the use of the real estate and, whether or not affixed or annexed to the Premises, shall for the purpose of this Mortgage be deemed conclusively to be real estate and mortgaged hereby;

(c) all right, title and interest of Mortgagor in and to all other furniture, furnishings, decorations, fixtures and equipment owned by Mortgagor and now or hereafter installed in, affixed to, placed upon or used in connection with the Premises or the business conducted by Mortgagor thereon, including, without limitation, communication systems, computer systems, hardware and software applicable to the Premises), furniture, carpeting, art work, lighting fixtures, millwork, draperies, kitchen, restaurant, bar and lounge equipment, laundry equipment, cash registers, safes, safety deposit boxes, office furniture, athletic and pool equipment, gift shop equipment, employees' lockers, coat racks, linens, blankets, pillows and uniforms (to the extent each of the foregoing shall exist), all present and future "accounts", "equipment" and "general intangibles" (as such terms are defined in the Uniform Commercial Code as enacted and in effect in the State (the "Code") relating to the motel and motel operations at the Premises, excluding, however, all property subject to leases between the owner/installer of such equipment, as lessor, and Mortgagor, as lessee, as permitted pursuant to the provisions of the Loan Agreement (collectively, the "Personal Property");

(d) all awards or payments, and any interest paid or payable with respect thereto, which may be made with respect to all or any portion of the Premises, whether from the exercise of right of condemnation, eminent domain or similar proceedings (including any transfer made in lieu of the exercise of said right), or from any taking for public use, or for any other injury to or decrease in the value of all or any portion of the Premises (including, without limitation, any awards resulting from a change of grade of streets and awards for severance damages), all of the foregoing to be held, applied and paid in accordance with the provisions of this Mortgage (collectively, the "Condemnation Proceeds");

(e) all proceeds of, and any unearned premiums on, the Policies (as hereinafter defined) and any other insurance policies covering all or any portion of the Premises, the Equipment, the Personal Property and/or the Rents (as hereinafter defined), including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to all or any portion of the Premises, the Equipment and/or the Personal Property, and any interest actually paid with respect thereto, all of the foregoing to be held, applied and paid in accordance with the provisions of this Mortgage (collectively, the "Insurance Proceeds");

(f) all refunds or rebates of Impositions (as hereinafter defined), and interest paid or payable with respect thereto (collectively, the "Refunds");

(g) all leases and other agreements affecting the use or occupancy of all or any portion of the Premises now in effect or hereafter entered into (including, without limitation, subleases, licenses, concessions, tenancies and other occupancy agreements covering or encumbering all or any portion of the Premises), together with any guarantees, supplements, amendments, modifications, extensions and renewals of the same, and all additional remainders, reversions, and other rights and estates appurtenant thereto (collectively, the "Leases") and absolutely and presently all rents, revenues which Mortgagor generates from the collection of room rates in the course of its motel operations, additional rents, percentage rents, revenues, issues, profits, cash collateral, royalties, income, bonuses, rights and benefits due and other benefits now or in the future payable under the Leases, and all security deposits, advance rentals and payments of similar nature (subject to the rights of lessees or depositors thereof) held by Mortgagor in connection with the Leases and all proceeds from any and all concessions and license agreements (including, without limitation, receivables, revenues, rentals and receipts from guest rooms, meeting rooms, other

public facilities, food and beverage facilities, vending machines, telephone systems, guest laundry and other items of revenue, receipts, or income identified in the Uniform Systems of Accounts for Hotels, 8th Revised Edition, International Association of Hospitality Accountants and Hotel Association of New York) and all other fees, charges, accounts, payments, income, issues, profits and benefits of any nature arising from the possession, use, occupancy or enjoyment of the Mortgaged Property as defined under Section 552(b) of the Federal Bankruptcy Code, as amended (collectively, the "Rents"), together with the right, but not the obligation, following an Event of Default (as hereinafter defined) by Mortgagor under this Mortgage or any of the other Transaction Documents, to exercise options, to give consents and to collect, receive and receipt for the Rents and apply the Rents to the payment of the Debt and to demand, sue for and recover the Rents when due and payable;

(h) all of the right, title and interest of Mortgagor in and to all contract rights relating to the Mortgaged Property, including, without limitation, and to the extent permitted by applicable law, all permits, licenses, certificates, consents, approvals, authorizations and other documents obtained or to be obtained in connection with the demolition, construction, use, operation or maintenance of the Premises or any portion thereof (collectively, "Permits"), all reciprocal easement, restrictive covenants and similar agreements (collectively, "REAs"), all appurtenances and utility rights pertaining to the Premises or any portion thereof, all zoning, land use, air rights and development agreements, all operating contracts, management agreements, service contracts, supply and maintenance contracts, equipment leases, warranties, guaranties and all other agreements affecting the Premises or any part thereof or used in connection with the management or operation thereof (to the extent assignable pursuant to the provisions of the applicable instrument or agreement creating or conferring such rights or benefits or pursuant to applicable law) together with all of the rights, reversions or equities now or hereafter appurtenant thereto (such Permits, REAs and other appurtenances, rights, contracts and agreements collectively, the "Agreements");

(i) all of the right, title and interest of Mortgagor in and to any other property, whether real or personal, tangible or intangible, owned or held in connection with the Premises or the business conducted by Mortgagor thereon, including, without limitation, appraisals, architectural and engineering plans, specifications and studies, soil, environmental and other reports relating to the Premises, license and contract rights, accounts receivable, warranties, guaranties, catalogues, tenant lists, correspondence with present and future purchasers, tenants

and suppliers, advertising materials relating to the Premises or the business conducted by Mortgagor thereon, telephone exchange numbers as identified in such materials, trade names, trademarks and logos relating to the Premises or the business conducted by Mortgagor thereon (subject to the rights of franchisors or licensors) and goodwill relating to the Premises or the business conducted by Mortgagor thereon;

(j) all rights of Mortgagor in and to that certain Management Agreement dated as of the date hereof between Mortgagor and MJ Management, Inc. (the "Management Agreement") and any other agreement, license or similar agreement affecting the management or operation of any part of the Premises;

(k) all rights of Mortgagor in any owner's or member's association or similar group having responsibility for managing or operating any part of the Premises;

(l) all claims against any person or entity with respect to any damage to or loss of the Mortgaged Property, including, without limitation, damage arising from any defect in or with respect to the design or construction of the Improvements or the Equipment and any damage resulting therefrom and all the right to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to commence any action or proceeding to protect the interest of Mortgagee in the Mortgaged Property;

(m) all deposits or other security or advance payments, including rental payments made by or on behalf of Mortgagor to others, with respect to utility services, cleaning, maintenance, repair and similar services, refuse removal and sewer service, parking and similar services and rights, and rental of Equipment relating to or otherwise used in the operation of the Mortgaged Property;

(n) all options in connection with the purchase, lease, encumbrance or other disposition of the Mortgaged Property or any interest therein; and

(o) any and all other, further or additional rights, title, estates and interests which Mortgagor may now own or hereafter acquire, in and to the Premises and/or the Mortgaged Property, and all renewals, substitutions and replacements of and all additions and appurtenances to the Premises and/or the Mortgaged Property constructed, assembled or placed by Mortgagor on the Premises, and all conversions of the security constituted thereby which, immediately upon such acquisition, construction, assembling, placement or conversion, as the case may be, and in each such case without any further mortgage, conveyance,

assignment or other act by Mortgagor, shall become subject to the lien of this Mortgage as fully and completely, and with the same effect, as though now owned by Mortgagor, Mortgagor expressly agreeing that if Mortgagor shall at any time acquire any other right, title, estate or interest in and to the Premises and/or the Mortgaged Property, the lien of this Mortgage shall automatically attach to and encumber such other right, title, estate or interest as a lien thereon.

AND, as additional security, Mortgagor hereby grants to Mortgagee a security interest in (a) the Equipment, (b) the Personal Property, (c) the Condemnation Proceeds, (d) the Insurance Proceeds, (e) the Refunds, (f) the Leases, (g) the Rents, (h) the Agreements, (i) any franchise agreement now or hereafter applicable to the Premises, and (j) all proceeds of the foregoing (collectively, the "Security Interest Property"), and this Mortgage shall be effective as a security agreement pursuant to the Code.

HABENDUM

TO HAVE AND TO HOLD the Mortgaged Property, the rights and privileges hereby conveyed or assigned, or intended so to be, unto Mortgagee, its successors and assigns, and with the possession and right of possession thereof, for the uses and purposes herein set forth.

PROVIDED ALWAYS, and these presents are upon the express condition, that if Mortgagor and the other Issuers shall well and truly pay to Mortgagee the Debt at the time and in the manner provided in the Note, this Mortgage and the other Transaction Documents and shall well and truly abide by and comply with each and every covenant and condition set forth herein, in the Note and in the other Transaction Documents, then these presents and the estate hereby granted shall cease, determine and be void.

PROVIDED FURTHER, that provided no Event of Default has occurred and is continuing, if Mortgagor shall exercise its right pursuant to and in accordance with the Loan Agreement, Mortgagor shall be entitled to obtain the release by Mortgagee of this Mortgage and the Mortgaged Property and, upon the giving of such release, this Mortgage and these presents and the estate hereby granted shall cease, determine and be void.

This Mortgage is one of a number of mortgages (all of which mortgages, including this Mortgage, are referred to in Exhibit B) given pursuant to the Loan Agreement. Each and every term and provision of all of the Transaction Documents, including the rights, remedies, obligations, covenants, conditions, agreements, indemnities, representations and warranties of all parties thereto are hereby incorporated by reference herein as though set forth in full and shall be considered a part of this Mortgage.

Terms used in this Mortgage which are not defined herein or which are not defined by reference to the Loan Agreement shall have the meanings assigned to them in the Loan Agreement.

**REPRESENTATIONS, WARRANTIES,
COVENANTS, AGREEMENTS AND CONDITIONS**

THIS MORTGAGE FURTHER WITNESSETH the following representations, warranties, covenants, agreements and conditions:

1. Payment of Debt.

(a) Mortgagor shall punctually pay the Debt at the time and in the manner provided for its payment in the Note, this Mortgage, and in all other Transaction Documents given to evidence and/or as security for the Loan, as applicable. The maturity date of the Note (the "Maturity Date") is the earlier to occur of:

(i) January 31, 2016; and

(ii) such earlier date to which the maturity of the Debt may be accelerated upon an Event of Default or otherwise in accordance with the provisions of this Mortgage, the Other Mortgages and the other Transaction Documents,

(b) All payments of principal and interest accrued thereon shall be made without demand therefor, or presentation or surrender of the Note, to the extent permitted by applicable law.

2. Warranty of Title.

(a) Mortgagor specially warrants that it has and owns the Mortgaged Property free and clear of all liens, claims, charges, restrictions, encumbrances, security interests and other matters, subject only to (i) the lien of this Mortgage and of the other Transaction Documents, (ii) the matters set forth as exceptions to the policy of title insurance relating to the Mortgaged Property issued by First American Title Insurance Company in connection with the Loan; and (iii) such other matters as to which the Mortgagee shall have consented to in writing (collectively, the "Permitted Encumbrances"). Mortgagor represents and warrants that no interest in all or any part of the development rights appurtenant to the Premises have been granted, transferred or assigned by Mortgagor.

(b) Mortgagor, at its sole cost and expense, covenants and agrees to defend its title to the Mortgaged Property and the priority of this Mortgage against all claims and demands subject to the Permitted Encumbrances and will maintain and preserve such

priority as long as the Loan Agreement remains in effect or the Debt (or any portion thereof) remains outstanding.

3. **Further Mortgages and Liens.** This Mortgage is and will be maintained by Mortgagor as a valid and enforceable mortgage lien on and security interest in the Mortgaged Property subject only to the Permitted Encumbrances. Mortgagor shall not, directly or indirectly, create or suffer, or permit to be created or suffered, against the Mortgaged Property or any part thereof, including, without limitation, the Rents or the Leases, and Mortgagor will promptly discharge or bond over, any mortgage, lien (including the liens of mechanics and materialmen), pledge, conditional sale or other title retention agreement, easement or other covenant, attachment, security interest, encumbrance or charge which may affect the Mortgaged Property or any part thereof or interest therein, except (i) the Permitted Encumbrances, and (ii) matters being contested in good faith and by appropriate proceedings in the manner permitted by Paragraph 16 of this Mortgage. If any mortgage, other lien or encumbrance not permitted hereunder is filed, Mortgagor will cause the same to be discharged within thirty (30) days after recordation thereof and will exhibit to Mortgagee, upon request, evidence of discharge or other disposition satisfactory to Mortgagee.

4. **Representations and Warranties.** To induce Mortgagee to accept the Note and this Mortgage, and to make the Loan evidenced by the Note and secured by this Mortgage, Mortgagor represents and warrants to Mortgagee that:

(a) The covenants in this Mortgage and in the other Transaction Documents have been observed and performed in all material respects to the extent applicable on and as of the date hereof. The representations and warranties in this Mortgage and in the other Transaction Documents are true and correct in all material respects on and as of the date hereof. All such covenants, representations and warranties are hereby incorporated by reference.

(b) The granting of this Mortgage, the consummation of the transactions herein contemplated and the execution and delivery of, and the performance and observance of Mortgagor's obligations under, this Mortgage, the other Transaction Documents and other instruments herein mentioned to which Mortgagor is a party and which have been executed and delivered in connection with the transactions contemplated in the Transaction Documents have been duly authorized by all necessary action on the part of Mortgagor and, to the best of knowledge of Mortgagor, no other consent, license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any Governmental Authority (as hereinafter defined) (collectively, "Approvals") is required which has not been obtained by Mortgagor in connection with the execution, delivery or performance by Mortgagor of this Mortgage, the other

Transaction Documents and other instruments herein mentioned to which Mortgagor is a party. For the purposes hereof, "Governmental Authority" shall mean any court, agency, authority, board (including, without limitation, environmental protection, planning and zoning), bureau, commission, department, office or instrumentality of any nature whatsoever of any governmental or quasi-governmental unit of the United States or the State or the county or city where the Premises are located or any political subdivision of any of the foregoing, whether now or hereafter in existence, or any officer or official thereof, having jurisdiction over Mortgagor or the Mortgaged Property or any portion thereof.

(c) This Mortgage and each of the other Transaction Documents have been duly authorized, executed and delivered on behalf of Mortgagor, and this Mortgage constitutes, and each of the other Transaction Documents and other instruments mentioned herein to which Mortgagor is a party constitute, a legal, valid and binding obligation of Mortgagor, enforceable against Mortgagor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the enforcement of creditors' rights generally or by principles of equity or public policy (whether asserted in equity or in proceedings at law).

(d) This Mortgage constitutes a valid mortgage lien on, and, to the extent permitted by applicable law, security interest in, the Mortgaged Property, subject to the Permitted Encumbrances. There are no defenses, counterclaims or offsets to Mortgagor's obligation to pay the Debt pursuant to this Mortgage, the Note or any of the other Transaction Documents, including, without limitation, the obligation to pay the Debt. To the best knowledge of Mortgagor, there are no defenses, counterclaims or offsets to any of Mortgagor's other obligations pursuant to this Mortgage, the Note or any of the other Transaction Documents.

(e) Annexed hereto as Exhibit C is a schedule of all Leases existing as of the date hereof. Except as set forth on Exhibit C, none of the Leases have been modified, amended or canceled and none of the Leases have been assigned, pledged or encumbered by Mortgagor, except pursuant to the Assignment, this Mortgage and the Permitted Encumbrances.

(f) Except as set forth on the "Disclosure Schedule" (as defined in the Loan Agreement) applicable to the Premises and approved by Mortgagee in writing, to the best knowledge of Mortgagor, (i) no tenant under any of the Leases is entitled to any rent concession, (ii) Mortgagor has not accepted any prepayment of any rent, additional rent or other sums due under any of the Leases, except a payment of rent or additional rent one (1) month in advance or a prepayment in the nature of security for the performance of obligations of the tenant under any of the Leases and (iii) no tenant has any defense, set-off or

counterclaim against Mortgagor or to the payment of any rent, additional rent or other sums payable pursuant to its Lease or to the performance of any obligations of the tenant thereunder. No tenant under any of the Leases has any right or option relating to the sale or other disposition of any of the Mortgaged Property.

(g) The copies of the Leases previously delivered by Mortgagor to Mortgagee are true, correct and complete copies of those documents, and contain the entire agreement between the parties thereto with respect to the subject matter thereof.

(h) Mortgagor has obtained (i) where required by applicable law, a valid, permanent Certificate of Occupancy for the Improvements which permits the uses to which the Premises are put and the uses permitted under each Lease, and in such instances where relevant, such Certificate of Occupancy is in full force and effect, and (ii) all Permits of all Governmental Authorities required with respect to the use, operation, ownership and maintenance of the Mortgaged Property, and all of the same are in full force and effect and the Improvements comply therewith.

(i) Mortgagor has all easements, appurtenances or other rights and interests, including those for use, maintenance, and access (by pedestrians, automobiles and trucks) necessary or appropriate for the full and proper operation, repair, maintenance, occupancy and use of every portion of the Mortgaged Property as a first-class budget motel and in compliance with the Loan Agreement and any franchise agreement now or hereafter applicable to the Premises. To the best knowledge of Mortgagor, all utility services necessary for the operation and occupancy of the Mortgaged Property for such purposes are available at the Mortgaged Property and will continue to be operational and adequate.

(j) Mortgagor's possession of the Premises has been peaceable and undisturbed and Mortgagor's title thereto has never been disputed or questioned and, except for the Permitted Encumbrances, Mortgagor does not know of any facts by reason of which any adverse claim to any part of the Mortgaged Property or to any undivided interest therein might be made.

(k) Except as set forth on the Disclosure Schedule applicable to the Premises and approved in writing by Mortgagee, no condemnation or eminent domain proceedings or other exercise of the right of eminent domain or conveyance in lieu of condemnation (hereinafter collectively called "Eminent Domain Proceedings") have been commenced with respect to the Mortgaged Property or any portion thereof and, to the best knowledge of Mortgagor, no Eminent Domain Proceedings are pending, nor is Mortgagor aware of any threatened Eminent Domain Proceedings.

(l) All Equipment, Personal Property and all other fixtures and articles of personalty attached to the Premises, or usable in connection with the operation and maintenance thereof, have been fully paid for and are the property of Mortgagor and are not subject to any conditional bills of sale, chattel mortgages or any other title retention agreement of a similar nature or to any other liens or encumbrances other than those created by the Transaction Documents or otherwise specifically permitted hereunder, except for: (i) such matters as are set forth on the Disclosure Schedule applicable to the Premises and approved in writing by Mortgagee; (ii) such matters which, pursuant to the Loan Agreement, are de minimis and not required to be disclosed; (iii) Equipment or Personal Property subject to written leases between the owner/installer of such Equipment and/or Personal Property, as lessor, and Mortgagor, as lessee, to the extent permitted in the Loan Agreement; and (iv) Equipment or Personal Property that is owned by tenants at the Premises.

(m) Mortgagor is not a "national" of a "designated foreign country" (or a person defined as a "designated foreign country") as such quoted terms are defined in the Foreign or Cuban Assets Control Regulations of the United States Treasury Department, 31 CFR, Subtitle B, Chapter V, as amended, or any regulation or ruling issued thereunder.

(n) No "success", brokerage or other fee, commission or compensation is or will become due and payable by Mortgagor (or to the best knowledge of Mortgagor, by Mortgagee as a result of any acts or omissions of Mortgagor) in connection with the transactions contemplated by the Transaction Documents other than to Property Specialists, Inc. and Financial Advisory Services LLC. Mortgagor hereby represents and warrants that it has paid or will pay any and all amounts payable to Property Specialists, Inc. and Financial Advisory Services LLC, and hereby indemnifies Mortgagee from and against any and all claims for brokerage fees or commissions and agrees to pay all expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by Mortgagee in connection with the defense of any action or proceeding brought by Property Specialists, Inc., Financial Advisory Services LLC, or any other person to collect any such fees, commissions or compensation, other than brokers engaged by Mortgagee.

(o) No representation or information contained herein or in any other Transaction Document, nor any written statement or other instrument furnished, or to be furnished, to Mortgagee or any other person entitled thereto under the terms of the Transaction Documents by or on behalf of Mortgagor taken as a whole contains, or will contain, any untrue statement of a material fact, or omits, or will omit, to state a material fact necessary to make the statements contained herein or therein not materially misleading.

5. Covenants of Mortgagor as to Performance and Other Matters.

(a) Mortgagor shall duly perform and observe all of the agreements, covenants, conditions and obligations imposed by the provisions of this Mortgage, the Note, the other Transaction Documents or imposed upon or assumed by Mortgagor by virtue of the provisions of the Permitted Encumbrances or any deed, conveyance, agreement, statute or ordinance pursuant to which Mortgagor or any predecessor in title of the Mortgaged Property acquired the Mortgaged Property or any right or privileges appurtenant thereto or for the benefit thereof.

(b) Mortgagor shall, so long as Mortgagor is the owner of the Mortgaged Property, do all things necessary to preserve and keep in full force and effect the existence, rights and privileges of Mortgagor under the laws of the state of its incorporation and the State in which the Premises are located.

(c) Mortgagor shall not, without the prior written consent of Mortgagee which consent shall not be unreasonably withheld or delayed, institute, join in, execute or consent to any change in any covenant, condition, restriction, easement, declaration, zoning ordinance, or other public or private restriction limiting, defining or otherwise controlling construction on or use(s) of all or any part of the Mortgaged Property.

(d) Mortgagor shall not, without the prior written consent of Mortgagee which consent shall not be unreasonably withheld or delayed, enter into, amend or modify any agreements relating to the management of the Mortgaged Property or the operation of the motel or motel operations thereon.

(e) Mortgagor shall not, without the prior written consent of Mortgagee, enter into, amend or modify any agreements relating to the Mortgaged Property or the operation of the motel or motel operations thereon with any "Affiliate" (as defined in the Loan Agreement) of Mortgagee. All such agreements shall be fully and expressly subject and subordinate in all respects to the Debt, this Mortgage, and the Transaction Documents and to any and all extensions, renewals, additions, modifications, increases, consolidations, spreaders, amendments, replacements, restatements and substitutions hereof and thereof.

(f) Mortgagor shall obtain all Approvals required in connection with the execution, delivery or performance by Mortgagor of this Mortgage, the other Transaction Documents and other instruments herein mentioned to which Mortgagor is a party.

(g) Mortgagor shall cause all Permits and Certificates of Occupancy required with respect to the use, operation, ownership and maintenance of the Mortgaged Property to remain in full force and effect at all times during the term hereof, and Mortgagor

shall not permit or suffer to permit a violation of any such Permit or Certificate of Occupancy, or enter into any Lease which causes or permits the violation thereof.

6. Due on Sale or Encumbrance.

(a) Mortgagor acknowledges that the continuous ownership, operation and management of the Mortgaged Property by Mortgagor is of a material nature to this transaction and the making of the Loan evidenced and secured by this Mortgage and the other Transaction Documents. Mortgagor hereby covenants and agrees that Mortgagor shall not, without the written consent of Mortgagee, directly or indirectly (i) dissolve, or terminate or amend the terms of its existence, or (ii) except as otherwise provided in the Loan Agreement, permit any interest in the Mortgaged Property to be sold, conveyed, assigned, mortgaged, encumbered (except by the Permitted Encumbrances), hypothecated or otherwise transferred, alienated or disposed of, including, without limitation, any lease of the Premises as a whole or substantially as a whole.

(b) If Mortgagee shall not consent in writing to a sale, conveyance, assignment, mortgaging, encumbering or other transfer, alienation or disposition prohibited by subparagraph 6. (a) hereof, and Mortgagor nevertheless proceeds with such sale, conveyance, assignment, mortgaging, encumbering or other transfer, alienation or disposition, then Mortgagee may, at its option, and without limiting any other right or remedy available to Mortgagee hereunder (but subject to Mortgagor's right pursuant to and in accordance with the Loan Agreement to obtain the release by Mortgagee of the Mortgaged Property), at law or in equity, in Mortgagee's sole and absolute discretion and without regard to the adequacy of its security, declare the Note, in whole or in part, immediately due and payable.

(c) The giving of written consent by Mortgagee to the transfer, alienation or disposition of all or any part of the Mortgaged Property or any interest therein in any one or more instances shall not limit or be deemed a waiver of the requirement for such consent in any other or subsequent instances. Except as otherwise hereinafter expressly provided to the contrary, if any mortgage, encumbrance or other lien shall be placed on the Mortgaged Property or any portion thereof (other than this Mortgage) without the prior written consent of Mortgagee, such prohibited lien shall be deemed to be null and void ab initio.

7. Hazardous Substances.

(a) As used herein:

(i) "Environment" shall mean soil, surface waters, ground waters, land, stream, sediments, surface or subsurface strata and ambient air.

(ii) "Environmental Laws" shall mean all Federal, state and local environmental, health or safety laws, regulations, ordinances, orders, actions, policies and rules of common law (whether now existing or hereafter enacted or promulgated), of all Governmental Authorities and all applicable judicial and administrative and regulatory decrees, judgments and orders, including common law rulings and determinations, relating to injury to, or the protection of, real or personal property or human health or the Environment, including, without limitation, all requirements pertaining to reporting, licensing, permitting, investigation, remediation and removal of emissions, discharges, releases or threatened releases of Hazardous Substances, chemical substances, gases, vapors, energy, radiation, petroleum or petroleum products, pollutants, contaminants or hazardous or toxic substances, materials or wastes whether solid, liquid or gaseous in nature, into the Environment, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances, pollutants, contaminants or hazardous or toxic substances, materials or wastes, whether solid, liquid or gaseous in nature, strata and ambient air.

(iii) "Environmental Report" shall mean the Environmental Reports (as defined in the Loan Agreement) applicable to the Premises or any update thereof or supplement thereto, approved in writing by Mortgagee.

(iv) "Hazardous Substances" shall mean any chemical, material, gas, vapor, energy, radiation or substance (i) the presence of which requires or may hereafter require notification, investigation or remediation under any applicable Environmental Law; (ii) which is or becomes defined as a "hazardous waste", "hazardous material" or "hazardous substance" or "controlled industrial waste" or "pollutant" or "contaminant" under any present or future Environmental Law, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. section 9601 et seq.) and any other applicable local statutes and the regulations promulgated thereunder; (iii) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous and is or becomes regulated by any Governmental Authority; (iv) the presence of which on the Mortgaged Property cause or threaten to cause a nuisance pursuant to applicable statutory or common law upon the Mortgaged Property or to adjacent properties or poses or threatens to pose a hazard to the Mortgaged Property or to the health or safety of persons or property on or about the Mortgaged Property; (v) without limitation, which contains gasoline, diesel fuel or other petroleum hydrocarbons or volatile organic compounds; (vi)

without limitation, which contains PCBs or asbestos or urea formaldehyde foam insulation; or (vii) without limitation, which contains or emits radioactive particles, waves or material, including radon gas in amounts the presence of which poses or threatens to pose a hazard to the Mortgaged Property or to the health or safety of persons or property on or about the Mortgaged Property.

(v) "best knowledge of Mortgagor" shall mean, with respect to any provision dealing with Environmental Laws or Hazardous Substances, knowledge of the information contained in the Environmental Report and knowledge obtained by Mortgagor or any officer or director of Mortgagor or a regional supervisor of Mortgagor (if any) primarily charged with responsibility for such matters.

(b) Mortgagor hereby represents and warrants as of the date hereof as follows:

(i) To the best knowledge of Mortgagor, except as set forth in the Environmental Report: (A) neither Mortgagor nor any prior owner, occupant or user of the Mortgaged Property nor any other person (each, a "Prior User") has engaged in or permitted any operations or activities upon, or any use or occupancy of the Mortgaged Property, or any portion thereof, for the purpose of or in any way involving the handling, manufacture, treatment, storage, use, generation, release, discharge, refining, dumping or disposal of any Hazardous Substances (whether legal or illegal, accidental or intentional) on, under, in or about the Mortgaged Property, except to the extent commonly used in the day-to-day operation of the Mortgaged Property and in such case substantially in compliance with all Environmental Laws; (B) neither Mortgagor nor any Prior User has transported any Hazardous Substances to, from or across the Mortgaged Property, except to the extent commonly used in the day-to-day operation of the Mortgaged Property and in such case substantially in compliance with all Environmental Laws; (C) no Hazardous Substances have migrated from other properties upon, about or beneath the Mortgaged Property; and (D) there are no Hazardous Substances presently constructed, deposited, stored, or otherwise located on, under, in or about the Mortgaged Property, except to the extent commonly used in the day-to-day operation of the Mortgaged Property and in such case substantially in compliance with all Environmental Laws.

(ii) To the best knowledge of Mortgagor, except as set forth in the Environmental Report, the Mortgaged Property and their existing and prior uses and activities thereon, including but not limited to the use, maintenance and operation of the Mortgaged Property, and all activities and conduct of business related thereto, substantially comply and have at all times substantially complied with all Environmental Laws, and no activity on or condition of the Mortgaged Property constitutes,

or has constituted, a material nuisance or a material tortious condition with respect to any third party.

(iii) Mortgagor has obtained any or all permits, licenses and authorizations which may be required under all Environmental Laws, including laws relating to emissions, discharges, releases or threatened releases of Hazardous Substance into the Environment or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances. To the best knowledge of Mortgagor, Mortgagor and the Mortgaged Property are substantially in compliance with all terms and conditions of any required permits, licenses and authorizations and are also substantially in compliance with all other Environmental Laws.

(iv) Except as set forth in the Environmental Report, neither Mortgagor nor, to the best knowledge of Mortgagor, any prior user, has received notice or other communication from a Governmental Authority concerning any alleged violation of or liability under any Environmental Laws. Except as set forth in the Environmental Report, there exists no writ, injunction, decree, order or judgment outstanding, nor any lawsuit, claim, proceeding, citation, directive, summons or investigation, pending or threatened, relating to the ownership, use, maintenance or operation of the Mortgaged Property by any person or entity, or from any alleged violation of Environmental Laws, or from any suspected presence of Hazardous Substance thereon, nor to the best knowledge of Mortgagor, does there exist any basis for such lawsuit, claim, proceeding, citation, directive, summons or investigation being instituted or filed.

(v) To the best knowledge of Mortgagor, except to the extent set forth in the Environmental Report, there is not constructed, placed, deposited, stored, disposed of or located on the Mortgaged Property any PCB nor transformer, capacitor, ballast, or other equipment which contains dielectric fluid containing PCBs, or any asbestos or asbestos-containing materials or any insulating material containing urea formaldehyde or any radon gas in amounts the presence of which poses or threatens to pose a hazard to the Mortgaged Property or to the health or safety of persons or property on or about the Mortgaged Property. To the best knowledge of Mortgagor, except to the extent set forth in the Environmental Report or as may have been removed in accordance with Environmental Laws, no underground improvements, including, but not limited to, treatment or storage tanks, or water, gas or oil wells, have ever been located on the Mortgaged Property.

(c) Mortgagor hereby covenants and agrees that Mortgagor shall not, unless Mortgagee shall otherwise consent in writing:

(i) Cause and, to the best of Mortgagor's ability to prevent such activity, permit or suffer any Hazardous Substance

to be brought upon, treated, kept, stored, disposed of, discharged, released, produced, manufactured, generated, refined or used upon, about or beneath the Mortgaged Property or any portion thereof by Mortgagor, its agents, employees, contractors, invitees, tenants, or any other person, except to the extent commonly used in the day-to-day operation of the Mortgaged Property, and with respect to all of the foregoing, only so long as in compliance with all Environmental Laws. The foregoing shall not apply to any Hazardous Substances that may have migrated or leached onto the Mortgaged Property from any other property.

(ii) Cause, permit or suffer the existence or the commission by Mortgagor, its agents, employees, or contractors of a violation of any Environmental Laws upon, about or beneath the Mortgaged Property or any portion thereof and Mortgagor shall use commercially reasonable efforts to prevent any such violation of any Environmental Laws by any invitees or any other person on the Mortgaged Property. Any removal or encapsulation of or other remedial action taken by or on behalf of Mortgagor in connection with any Hazardous Substance located on the Mortgaged Property (including, without limitation, subsequent disposal thereof) shall be performed in accordance with all applicable Environmental Laws and other Legal Requirements (as defined in Paragraph 15 hereof).

(iii) Subject to the provisions of Paragraph 16 hereof relating to permitted contests, create, or to the best of Mortgagor's ability to prevent such encumbrances, suffer to exist with respect to the Mortgaged Property, or permit any of its agents to create or suffer to exist, any lien, security interest or other charge or encumbrance of any kind, including, without limitation, any lien imposed pursuant to section 107(f) of the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. Section 9607(1)) or any similar state statute.

(d) Mortgagor hereby covenants and agrees that Mortgagor will at all times comply in all respects with the following requirements:

(i) Mortgagor shall, at its sole cost and expense, but without waiver or limitation of any rights or remedies Mortgagor may have against anyone other than Mortgagee, promptly take all actions required of Mortgagor or any Affiliate of Mortgagor by any Governmental Authority which arise from the presence upon, about or beneath the Mortgaged Property of a Hazardous Substance or a violation of Environmental Laws. Such action shall include, but not be limited to, the investigation of the environmental condition of the Mortgaged Property, the preparation of any feasibility studies, reports or remedial plans, and the performance of any clean-up, remediation, containment, operation, maintenance, monitoring or restoration work, whether on or off the Mortgaged Property. Mortgagor shall

take all actions necessary to restore the Mortgaged Property to a condition that is in full compliance with any standard of remediation required under applicable law or governmental policies then in effect, or fully promulgated, though not yet effective. Mortgagor shall proceed continuously and diligently with such investigatory and remedial actions, provided that in all cases such actions shall be in accordance with all applicable Environmental Laws. Any such actions shall be performed in a good, safe and workmanlike manner and shall, to the extent practicable, minimize any impact on the business conducted at the Mortgaged Property. Mortgagor shall pay all costs in connection with such investigatory and remedial activities, including, but not limited to, all power and utility costs, and any and all taxes or fees that may be applicable to such activities. Mortgagor shall promptly provide to Mortgagee copies of testing results and reports that are generated in connection with the above activities. Promptly upon completion of such investigation and remediation, Mortgagor shall permanently seal or cap all monitoring wells and test holes to industry standards in compliance with applicable Legal Requirements, remove all associated equipment, and restore the applicable Property, which shall include, without limitation, the repair of any surface damage, including paving, caused by such investigation or remediation hereunder. Nothing in this subsection shall preclude the performance of any action required by any Governmental Authority, as described above, by anyone other than Mortgagor or Mortgagee. In such event, Mortgagor shall take all appropriate measures to ensure that such action is performed in accordance with all applicable Environmental Laws, and is consistent with the terms of this Mortgage.

(ii) If Mortgagor shall become aware of or receive actual notice concerning any actual, alleged, suspected or threatened violation of or liability under any Environmental Laws, or that any representation of Mortgagor contained herein relating to Hazardous Substance is not or is no longer accurate in any material respect, including but not limited to actual notice or other written communication concerning any actual or threatened investigation, inquiry, lawsuit, claim, citation, directive, summons, proceeding, complaint, notice, order, writ or injunction, relating to same, and including without limitation any notice or other communication by Mortgagor, then Mortgagor shall deliver to Mortgagee, (x) within ten (10) days after receipt of such notice, a written description of said violation, liability, investigation or actual or threatened event or condition, together with copies of any documents evidencing same and (y) within thirty (30) days after receipt of such notice, a written description of the corrective action, if any, proposed by Mortgagor in response thereto. Receipt of such notices by Mortgagee shall not be deemed to create any obligation on the part of Mortgagee to defend or otherwise respond to any such notification.

(iii) Mortgagee shall have the right (but not the obligation) to enter upon the Mortgaged Property, from time to time, and in its sole and absolute discretion, to conduct inspections of the Mortgaged Property and the activities conducted thereon to determine compliance with all Environmental Laws, the presence of Hazardous Substances and the existence of any potential damages as a result of the condition of the Mortgaged Property. In furtherance thereof, Mortgagor hereby grants to Mortgagee, and its agents, employees, and qualified consultants and contractors, the right to enter upon the Mortgaged Property and to perform such tests on the Mortgaged Property (including invasive tests) as are reasonably necessary. Mortgagee shall conduct such inspections and tests at reasonable times, shall use its best efforts to minimize interference with the operation of the Mortgaged Property and agrees to restore the condition of the Mortgaged Property, but Mortgagee shall not be liable for any interference caused thereby unless due to the gross negligence or willful misconduct or omission of Mortgagee.

8. Insurance.

(a) At Mortgagor's expense, Mortgagor shall maintain continuously during the term of this Mortgage policies of insurance (collectively, the "Policies") in form and in amounts and issued by companies, associations or organizations satisfactory to Mortgagee, but in any event having a claims-paying ability rating of at least AA by Standard & Poor's Corporation, and licensed to do business in the State in which the Premises are located, covering such casualties, risks, perils, liabilities and other hazards reasonably required by Mortgagee as of the date of this Mortgage and such other insurance as Mortgagee shall from time to time reasonably require against such other insurable hazards which at the time are commonly insured against in respect of properties similar to the Mortgaged Property with due regard being given to the size, type, location, construction, use and occupancy of the Mortgaged Property. Without limiting the generality of the foregoing, Mortgagor shall provide the following types of insurance coverage:

(i) Insurance against loss or damage to the Improvements, the Equipment and the Personal Property, including, without limitation, risks covered by insurance of the types known as "fire, extended coverage, sprinkler leakage and vandalism and malicious mischief", in an amount sufficient to prevent the application of co-insurance contributions on loss. The Policies shall contain "replacement cost" endorsements and shall provide for deductibles not to exceed \$25,000;

(ii) If any portion of the Premises is located in an area designated as "flood prone" pursuant to the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973 (42 U.S.C. Sections 4001-4128) and any amendments or

supplements thereto or substitutions therefor, flood insurance to the extent required by Mortgagee;

(iii) To the extent not covered under subparagraphs 8.(a)(i) and 8.(a)(ii), difference in conditions coverage (including flood, if the Premises are located in a flood zone, and earthquake, to the extent available at commercially reasonable rates and to the extent such applicable coverage is customarily obtained for similar properties in the vicinity of the Premises) in an amount reasonably satisfactory to Mortgagee;

(iv) Rental value or business interruption insurance in an amount equal to eighteen (18) months' gross rents from the Premises, with no co-insurance (in this context, "rental value" shall include (x) gross rental income from tenant occupancy of the Premises, plus (y) the fair market rental value of all portions of the Premises occupied by Mortgagor);

(v) Broad Form Comprehensive General Liability Insurance in an amount of not less than \$10,000,000 (or such higher amount as Mortgagee shall from time to time reasonably require) combined single limit for bodily injury (including death resulting therefrom) and third-party property damage; such insurance shall include premises liability insurance, blanket contractual liability insurance and personal injury liability insurance; such requirement may be satisfied by layering of comprehensive general liability, umbrella and excess liability policies, but in no event shall the primary comprehensive general liability policy be written for an amount less than \$1,000,000 (or such higher amount as Mortgagee shall from time to time reasonably require) combined single limit for bodily injury (including death resulting therefrom) and third-party property damage;

(vi) Boiler and machinery breakdown direct and consequential damage insurance and third-party liability coverage (if applicable), with full comprehensive coverage on a repair and replacement cost basis, for all boilers and machinery which form a part of the Mortgaged Property which could disrupt the revenues of the Mortgaged Property if rendered nonoperational;

(vii) During the performance of any material construction or renovations, broad form Builder's Risk Insurance on an all risk, completed value basis; and

(viii) Worker's compensation and employer's liability insurance subject to the statutory limits of the State in respect of any work or other operations on, about or in connection with the Mortgaged Property or a self insurance program complying with the laws of the State.

(b) Mortgagor may effect coverage under Paragraph 8.(a) under a blanket insurance policy reasonably satisfactory to

Mortgagee, provided that: (i) any such policy of blanket insurance shall specify therein, or the insurer under such policy shall certify to Mortgagee, (A) the maximum amount of the total insurance afforded by the blanket policy to the Mortgaged Property and (B) any sublimits in such blanket policy applicable to the Mortgaged Property, which amounts shall not be less than the amount required pursuant to Paragraph 8.(a); (ii) any such policy of blanket insurance shall comply in all respects with the other provisions of Paragraph 8.(a); and (iii) the protection afforded under any policy of blanket insurance shall be no less than that which would have been afforded under a separate policy or policies relating only to the Mortgaged Property.

(c) (i) The insurance maintained under subparagraphs 8.(a)(i), 8.(a)(ii), 8.(a)(iii), 8.(a)(iv), 8.(a)(vi) and 8.(a)(vii) above shall (A) bear a standard noncontributory first mortgagee endorsement in favor of Mortgagee, (B) provide that all property losses insured against shall be adjusted by Mortgagor, subject to Mortgagee's rights, if any, contained in Paragraph 13 hereof to participate in the adjustment of such losses and to Mortgagee's right to consent, which consent shall not be unreasonably withheld or delayed, to the final settlement of any loss of more than 5% of the Release Price attributed to the Premises in the Loan Agreement (C) provide that, in the case of any loss of more than 5% of the Release Price attributed to the Premises in the Loan Agreement, the proceeds thereof shall be paid directly to Mortgagee for application as provided in Paragraph 13, and (D) provide that the insurers waive any and all subrogation rights against Mortgagee. In the event of an insurable casualty, Mortgagor hereby waives all claims against Mortgagee to the extent of any insurance proceeds payable on account of such casualty, excluding, however, any right to the use of any such proceeds.

(ii) The insurance maintained under subparagraphs 8.(a)(v) and 8.(a)(vi) above shall name Mortgagee as an additional insured.

(iii) All insurance maintained by Mortgagor hereunder shall provide that: (A) no cancellation, material change or reduction thereof shall be effective until at least thirty (30) days after receipt by Mortgagee of notice thereof; and (B) all losses shall be payable notwithstanding any act or negligence of Mortgagor or its agents or employees which might, absent such agreement, result in a forfeiture of all or part of such insurance payment.

(iv) If any of the risks insured by the Policies required by this Paragraph are reinsured, the Policies shall contain a so-called "cut-through" endorsement and an agreement by the reinsurer to provide Mortgagee with at least thirty (30) days' notice of a cancellation, material change or reduction.

(d) Mortgagor shall furnish to Mortgagee, without notice or demand by Mortgagee, not later than ten (10) days prior to the expiration date of each Policy required to be maintained by Mortgagor hereunder, an insurance certificate or certificates executed by the insurer or its authorized agent evidencing the insurance maintained under such Policy, and evidence satisfactory to Mortgagee of payment of the premium therefor. On written demand, but not more frequently than annually, Mortgagor shall provide Mortgagee with a copy of any Policy (and endorsements thereto) maintained by Mortgagor verified (if available at no material cost to Mortgagor) to be a true copy by the insurer or its authorized agent.

(e) Mortgagor shall not take out separate insurance concurrent in form or contributing in the event of loss with the insurance required under Paragraph 8.(a) unless: (i) the policies are submitted to Mortgagee for approval, which approval shall not be unreasonably withheld or delayed; (ii) the insurers thereunder and the terms thereof are approved by Mortgagee; and (iii) Mortgagee and is included therein as an additional named insured or loss payee to the same extent as provided in Paragraph 8.(c) with respect to insurance required to be maintained hereunder. Mortgagor shall notify Mortgagee at least fifteen (15) days before any such separate insurance is taken out and shall furnish Mortgagee with certified copies of the policy or policies or certificate or certificates of insurance executed by the insurer or its authorized agent with respect thereto.

(f) When and if required by the applicable insurance company, Mortgagor shall furnish Mortgagee with an appraisal satisfactory to Mortgagee showing the full replacement value of the Improvements, the Equipment and the Personal Property.

(g) At the request of Mortgagee, Mortgagor shall assign the Policies to Mortgagee for the benefit of Mortgagee as collateral and further security for the payment of the Debt. In the event of a foreclosure of this Mortgage, the purchaser of the Mortgaged Property shall succeed to all the rights of Mortgagor to the extent permissible under the Policies and applicable law, including any right to unearned premiums, in and to all Policies assigned or delivered to Mortgagee pursuant to this Paragraph.

(h) If Mortgagor fails to maintain the insurance required to be maintained hereunder or fails to deliver evidence of insurance, Mortgagee may, but shall not be obligated to, obtain insurance and pay the premiums therefor on behalf of Mortgagor and Mortgagor shall reimburse Mortgagee, on written demand, for all sums advanced and expenses incurred in connection therewith. Such sums and expenses, together with interest thereon at the Default Rate (as defined in Paragraph 20), shall be deemed part of the Debt and secured by the lien of this Mortgage.

(i) Nothing contained in this Paragraph or elsewhere in this Mortgage shall relieve Mortgagor of its duty to maintain, repair, replace or restore the Improvements, the Equipment or the Personal Property or rebuild the Improvements, from time to time, following damage thereto or destruction thereof whether or not sufficient proceeds of insurance are available to defray the cost of such repairs or restoration, and following any condemnation of all or any portion of the Mortgaged Property, and nothing contained in this Paragraph or elsewhere in this Mortgage shall relieve Mortgagor of its duty to pay the Debt, which shall be absolute, regardless of the occurrence of damage to or destruction of or condemnation of all or any portion of the Mortgaged Property.

(j) In the event that prior to payment in full of the Debt, any claim under any Policy has not been paid and distributed in accordance with the terms of this Mortgage, and any such claim shall be paid after foreclosure of this Mortgage or other transfer of title to the Mortgaged Property shall have resulted in extinguishing the Debt for an amount less than the total of the unpaid principal balance together with accrued interest and the Yield Maintenance Premium, plus costs and disbursements at the time of the extinguishment of the Debt, and such insurance claim is thereafter paid, then and in that event that portion of the payment in satisfaction of the claim which is equal to the aforesaid deficiency shall belong to and be the property of Mortgagee and shall be paid to Mortgagee, and Mortgagor hereby assigns, transfers and sets over to Mortgagee all of Mortgagor's right, title and interest in and to said sums. The balance, if any, shall be promptly paid to Mortgagor. Notwithstanding the above, Mortgagor shall retain an interest in the Policies above described during any redemption period. The provisions of this Paragraph shall survive the termination of this Mortgage by foreclosure or otherwise as a consequence of the exercise of any rights and remedies of Mortgagee hereunder after an Event of Default.

9. Payment of Impositions and Utility Charges.

(a) Subject to the provisions of Paragraph 16 hereof, Mortgagor shall pay, before any interest or penalty for non-payment attaches thereto, all taxes, assessments, water rates, sewer rents, vault charges, permit fees, user fees and other governmental charges, and other charges of any kind or nature whatsoever, general or special, ordinary or extraordinary, now or hereafter levied, assessed or imposed upon or which constitute a lien upon or against the Mortgaged Property or any portion thereof, or upon the Rents derived from the Mortgaged Property or arising in respect of the occupancy, use or possession thereof (collectively, the "Impositions"). If Mortgagor shall fail to pay any Impositions before any interest or penalty for non-payment attaches thereto, Mortgagee shall have the right, but shall not be obligated, to pay such Impositions, and Mortgagor

shall repay to Mortgagee, on written demand, any amount so paid by Mortgagee, with interest thereon from the date of such payment by Mortgagee at the Default Rate to the date of repayment, and such amount, together with such interest, shall constitute a portion of the Debt secured by the lien of this Mortgage. In the case of any assessment payable in installments, each installment thereof shall be paid prior to or on the date on which such installment becomes due and payable without imposition of any fine, penalty, interest or cost. Mortgagor shall not be entitled to any credit on the Note, or any other sums which may become payable under the terms thereof or hereof, or otherwise, by reason of the payment of the Impositions.

(b) Mortgagor shall promptly deliver to Mortgagee, upon request, receipted bills, canceled checks or other evidence reasonably satisfactory to Mortgagee evidencing the payment of the Impositions. The certificate, advice or bill of the appropriate official designated by law to make or issue the same or to receive payment of such Imposition shall be prima facie evidence that such Imposition is due and unpaid at the time of the making or issuance of such certificate, advice or bill. If Mortgagor shall fail to provide Mortgagee with such evidence evidencing the payment of Impositions within thirty (30) days after written notice, Mortgagor shall pay Mortgagee, on written demand, all charges, payments, fees, costs or expenses reasonably incurred by Mortgagee in connection with obtaining evidence satisfactory to Mortgagee that payment of all Impositions is current and that there are no Impositions due and owing or which have become a lien on the Mortgaged Property or any portion thereof or any appurtenances thereto.

(c) Mortgagor shall timely pay all charges for electricity, power, gas, water and other utilities used in connection with the Mortgaged Property and, upon the written request of Mortgagee, Mortgagor shall promptly deliver to Mortgagee receipted bills, canceled checks or other evidence reasonably satisfactory to Mortgagee evidencing the payment of such charges.

10. Escrow Fund.

(a) Mortgagor shall, at the option of Mortgagee to be exercised by written notice at any time after the occurrence of any event which, with the expiration of any applicable notice and/or lapse of any applicable time period, would become an Event of Default, or when otherwise required by the Loan Agreement, pay to Mortgagee on the first day of each calendar month one-twelfth (1/12th) of an amount (hereinafter referred to as the "Escrow Fund") which would be sufficient to pay the Impositions and all premiums on the Policies payable, or estimated by Mortgagee to be payable, during the ensuing twelve (12) months. Such deposits shall not be, nor be deemed to be, trust funds and shall be held by Mortgagee in a separate account or subaccount (the "Tax and

Insurance Account") and invested in Permitted Investments (as hereinafter defined) (except as otherwise required by any Legal Requirement) which may be commingled with similar accounts or subaccounts held by Mortgagee in connection with the Loan Agreement or the Other Mortgages and which shall be free of any liens or claims on the part of creditors of Mortgagor. Mortgagee shall provide Mortgagor with a monthly accounting of the balance in the Tax and Insurance Account and any interest accrued thereon.

(b) Mortgagee will apply the Escrow Fund (and any earnings inuring thereon) to the payment of Impositions and premiums on the Policies which are required to be paid by Mortgagor pursuant to the provisions of this Mortgage. If the amount of the Escrow Fund shall exceed the amount of the Impositions and premiums on the Policies payable by Mortgagor pursuant to the provisions of this Mortgage, Mortgagee shall, in its sole discretion (i) return any excess to Mortgagor or (ii) credit such excess against future payments to be made to the Escrow Fund. In allocating such excess, Mortgagee may deal with the person shown on the records of Mortgagee to be the owner of the Mortgaged Property. If the Escrow Fund is not sufficient to pay the Impositions and premiums on the Policies as the same become due and payable, Mortgagor shall pay to Mortgagee an amount which Mortgagee shall estimate as sufficient to make up the deficiency.

(c) Until expended or applied as above provided, any amounts in the Escrow Fund shall constitute additional security for the Debt. If this Mortgage is sold or assigned, Mortgagee shall transfer to the assignee the amount then held by Mortgagee under this Paragraph, and upon such assignment and transfer Mortgagee shall not have any further obligation to Mortgagor with respect to such amount. If at any time Mortgagor tenders to Mortgagee full payment of the entire Debt, including any applicable premium or penalty, and Mortgagee has no further obligation under the Loan Agreement to make Advances, Mortgagee shall credit to the account of Mortgagor any balance remaining in the Escrow Fund accumulated by Mortgagee under this Paragraph. Upon the occurrence of an Event of Default, Mortgagee shall be authorized and empowered (but not required) to apply the balance remaining in the Escrow Fund in the manner set forth in Paragraph 23 hereof and shall give Mortgagor notice thereof.

11. Leases and Rents.

(a) Mortgagor hereby grants and assigns to Mortgagee the right to enter the Mortgaged Property for the purpose of enforcing its interest in the Leases and collecting the Rents, this Mortgage constituting a present, absolute assignment of the Leases and Rents. Notwithstanding the foregoing, but subject to the terms and conditions of this Paragraph, Mortgagee hereby grants to Mortgagor a revocable license to operate and manage the

Mortgaged Property and to collect the Rents. Mortgagor shall hold the Rents, or an amount sufficient to discharge all current sums due on the Debt, in trust for use in payment of the Debt. The license herein granted to Mortgagor to collect the Rents and enforce its interests in the Leases may be revoked by Mortgagee following an Event of Default by Mortgagor under this Mortgage or any of the other Transaction Documents, by giving written notice of such revocation to Mortgagor. Following such notice, Mortgagee may collect, retain and apply the Rents toward payment of the Debt in such priority and proportions as Mortgagee, in its sole discretion, shall deem proper, or to the operation, maintenance and repair of the Mortgaged Property. In addition to the rights which Mortgagee may have herein, Mortgagee, at its option, may require Mortgagor to pay, monthly in advance, to Mortgagee, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Premises as may be in the possession of Mortgagor other than such portions of the Premises used for the operation of the Premises. Upon default in any such payment, Mortgagor will vacate and surrender possession of the Premises to Mortgagee, or to such receiver and, in default thereof, Mortgagor may be evicted by summary proceedings or otherwise. Nothing contained in this Paragraph shall be construed as imposing on Mortgagee any of the obligations of the lessor under the Leases. The provisions of this Paragraph shall be in addition to, and not in lieu of, the provisions of the Assignment, and, if any conflict or inconsistency exists between the provisions of this Mortgage and the provisions of the Assignment with respect to the Leases or Rents, the provisions of the Assignment shall control, except to the extent that this Mortgage shall impose greater burdens upon Mortgagor, shall further restrict rights of Mortgagor or shall give Mortgagee greater rights. Mortgagee shall be entitled to all the rights and benefits of the applicable laws of the State. It shall never be necessary for Mortgagee to institute legal proceedings of any kind whatsoever to enforce the provisions of this Paragraph 11(a).

(b) Except as otherwise provided in the Loan Agreement, Mortgagor shall not, without the prior written consent of Mortgagee, enter into any Lease for all or a material portion of the Premises. All new Leases shall be with tenants unaffiliated with Mortgagor, shall be on arms-length terms and conditions and shall be at annual rents at least comparable to the market rents then being paid for comparable premises in the vicinity of the Premises.

(c) Any Lease entered into by Mortgagor from and after the date hereof and each renewal of an existing Lease (excluding, however, a renewal pursuant to an option contained in an existing Lease) shall provide: (i) that such Lease is and shall be subject and subordinate in all respects to this Mortgage and the lien created hereby, and to any renewals thereof, including any increase in the principal amount secured by this Mortgage, and

any increase in the interest rates set forth in the Note and to each and all of the rights of Mortgagee or any holder thereof; (ii) that such provision shall be self-operative; (iii) that, in confirmation of such subordination, each tenant under a Lease (each, a "Tenant" and, collectively, the "Tenants") shall promptly execute and deliver following Mortgagee's written request such commercially reasonable agreement of subordination that Mortgagee may request; and (iv) that the Tenant shall execute and deliver estoppel certificates (each, a "Tenant Estoppel Certificate") addressed to Mortgagee certifying as to the following information:

(A) an identification of the Lease and all modifications by date, parties, and space;

(B) the commencement date and expiration dates of the original term and any renewal periods of such Lease;

(C) the base rent and additional rent then payable under such Lease;

(D) that such Lease is in full force and effect;

(E) that, to the best knowledge of such Tenant, Mortgagor is not in default of any of the terms of such Lease (or, if in default, specifying the default);

(F) that, to the best knowledge of such Tenant, it has no rights of offset, defenses or counterclaims under the Lease (or, if it has any, specifying the same); and

(G) the last day to which base rent under the Lease has been paid.

(d) Upon Mortgagor's written request, Mortgagee shall enter into a subordination, attornment and non-disturbance agreement, in form and substance satisfactory to Mortgagee, with the Tenant under any Material Lease (as hereinafter defined) approved in writing by Mortgagee. Such subordination, attornment and non-disturbance agreement shall provide, inter alia, that to the extent not so provided by applicable law, in the event of the enforcement by Mortgagee of the remedies provided for by law or by this Mortgage, Mortgagee or any successors or assigns of Mortgagee shall agree that if, as a result of any possessory or foreclosure action or a deed in lieu of foreclosure, Mortgagee or any such successor or assign shall succeed to the landlord's estate, such Lease shall not be terminated or affected by such foreclosure or any of such proceedings and the Tenant thereunder shall attorn to and recognize Mortgagee (or its successors or assigns) as its landlord upon the terms, covenants, conditions and agreements contained in such Lease to the same extent and in the same manner as if such Lease were a direct lease between Mortgagee (or its successors or assigns) and the Tenant

thereunder, except that Mortgagee (and its successors or assigns), whether or not they shall have succeeded to the interest of landlord under such Lease, shall not:

(i) have any obligation to perform or complete any work required to be done by landlord under such Lease or any work letter annexed thereto or delivered in connection therewith, to prepare the premises demised thereunder for such tenant's occupancy, or under any guaranty or indemnification with respect to such work;

(ii) be liable for any act, omission or default of any prior landlord under such Lease;

(iii) be required to repair, restore, rebuild or replace the premises demised thereunder or the Improvements or any part of either thereof in the event of damage or destruction or fire or other casualty or in the event of condemnation;

(iv) be required to make any capital improvements to the Premises, or to construct, erect, or complete any construction or renovation of all or any portion of the Improvements which landlord under such Lease may have agreed to make but has not commenced or completed;

(v) be subject to any offset, defense, counterclaim, credit, deduction or abatement which shall have accrued to the tenant against any prior landlord under such Lease at any time prior to the delivery of possession to Mortgagee;

(vi) be liable for the return of rental security deposits, if any, deposited with any prior landlord under such Lease in accordance with the Lease unless such sums are actually received by Mortgagee;

(vii) be bound by any payment of rents, additional rents or other sums which the tenant may have paid more than one (1) month in advance unless (A) such sums are actually received by Mortgagee or (B) such prepayment shall have been expressly approved by Mortgagee;

(viii) be bound to make any payment to the tenant required under the Lease or otherwise required to be made prior to the delivery of possession of the Premises to Mortgagee; or

(ix) be bound by any agreement amending, modifying or terminating the Lease made without Mortgagee's prior written consent.

(e) Mortgagor, promptly after obtaining actual knowledge thereof, shall notify Mortgagee of the termination of any

Material Lease, the receipt of any notice of default under any Lease, and of any notice, action or proceeding regarding any Lease which may, in Mortgagor's reasonable judgment, materially and adversely affect the Mortgaged Property.

(f) Mortgagor shall at all times perform and comply with, or cause to be performed and complied with, all of the terms, covenants and conditions of the Leases to be performed or complied with by Mortgagor thereunder.

(g) Upon written notice, but not more frequently than annually, Mortgagor shall deliver to Mortgagee, on request, a rent roll and schedule of the Leases then in existence, certified by Mortgagor to be true and complete, together with a counterpart original or a copy of every Lease and any amendments with respect to which a counterpart original or copy has not previously been furnished to Mortgagee, and containing such other information as Mortgagee may reasonably request. In addition, Mortgagor, upon Mortgagee's reasonable request, shall use reasonable efforts to obtain from each tenant at the Premises a Tenant Estoppel Certificate.

(h) All security or other deposits, if any, of tenants held by Mortgagor (collectively, "Security Deposits") shall be treated as trust funds of Mortgagor and shall be deposited in a tenant's security account maintained by Mortgagor at a commercial bank, savings bank or savings and loan association, identified to Mortgagee.

(i) The provisions in subparagraphs 11(b), (c) and (g) of this Paragraph hereof shall not apply to any nightly rentals of individual motel rooms or suites at the Premises in the ordinary course of the operation of Mortgagor's business.

(j) As used herein, "Material Lease" shall mean (a) any Lease having an average annual rent in excess of \$25,000.00, or (b) any Lease (other than a Lease having a term of thirty (30) days or less) having an expiration date later than the Maturity Date.

12. Maintenance of the Mortgaged Property; Changes.

(a) Mortgagor agrees to keep, operate and maintain the Mortgaged Property as a first-class budget motel and in compliance with the Loan Agreement and any franchise agreement now or hereafter applicable to the Premises. Without limitation, Mortgagor agrees:

(i) not to desert or abandon all or any portion of the Mortgaged Property; (ii) to keep, or cause to be kept, the Mortgaged Property, the sidewalks and the curbs adjoining the Mortgaged Property in good, safe and insurable condition and as required by Legal Requirements (whether or not a

violation has been noted or issued therefor); (iii) to maintain, or cause to be maintained or replaced, all Improvements, Equipment and Personal Property in substantially the same or better condition as they exist on the date hereof; (iv) not to commit or suffer waste; (v) not to make or permit to be made any structural or non-structural alterations in or additions to the Improvements (collectively, "Changes") or demolish the Improvements or any portion thereof, except with the prior written consent of Mortgagee, which consent shall not be unreasonably withheld or delayed, except (x) as may otherwise be in accordance with this Mortgage, or (y) as may be required by any Governmental Authority, subject to the provisions of Paragraph 13 hereof; (vi) to promptly repair, replace, restore or rebuild, or cause to be promptly repaired, replaced, restored or rebuilt, all Improvements now or hereafter constituting a part of the Mortgaged Property which may become damaged or destroyed, with materials and workmanship of as good quality as existed before such damage or destruction; (vii) to refrain from impairing or diminishing the value of the Mortgaged Property or the security value of the Mortgage; and (viii) not to remove any of the Equipment or Personal Property without the prior written consent of Mortgagee, except for substitution or replacement in the ordinary course of business of any component of Equipment or Personal Property with items of equivalent value and utility, provided, however, that Mortgagor shall not be required to replace any Personal Property or Equipment if the same shall be obsolete or if Mortgagor shall no longer have any use for any such Equipment or Personal Property.

Notwithstanding anything to the contrary contained in this subparagraph 12(a), nothing herein shall preclude Mortgagor's right to decide, in the exercise of its good business judgment, the manner, methodology and extent of Mortgagor's maintenance or repair of the Mortgaged Property, provided that the Mortgaged Property and Mortgagor shall at all times comply with all Legal Requirements, and that the Premises continuously (except during periods of restoration or repair) operates as a first-class budget motel and at all times in compliance with the Loan Agreement and the Franchise Agreement applicable to the Premises.

(b) Notwithstanding anything to the contrary contained in Paragraph 12(a), the prior consent of Mortgagee shall not be required with respect to those Changes (i) approved by Mortgagee pursuant to the Loan Agreement or (ii) that are non-structural and will not affect any building system and the best estimated cost of any such Changes constituting a single project does not exceed 5% of the Release Price attributed to the Premises in the Loan Agreement.

(c) All Changes shall be performed lien-free, in a good and workmanlike manner, and in compliance with all Legal Requirements. No material part of the Improvements shall be demolished in connection with any Changes and the motel operations at the Premises shall not be suspended as a consequence thereof. Promptly upon completion of any material structural Changes, as-built plans and evidence reasonably satisfactory to Mortgagee of lien-free construction shall be delivered to Mortgagee.

(d) Mortgagee, and its agents or designated representatives, shall, upon reasonable prior notice to Mortgagor, have the right of entry and free access to the Mortgaged Property to inspect any work authorized by Mortgagee and the work done, labor performed, materials furnished or Changes to the Mortgaged Property. Mortgagor shall make its officers, directors and such regional supervisors primarily charged with responsibility over such matters available for Mortgagee to discuss Mortgagor's affairs, finances and accounts relating to any work done, labor performed, materials furnished or Changes to the Mortgaged Property and will cooperate with, and request that its contractors and any subcontractors cooperate with, Mortgagee or any of its designated representatives to enable them to perform these functions, at all reasonable times and as often as Mortgagee may reasonably request.

13. Damage to and Destruction of the Mortgaged Property.

(a) In the event that the Mortgaged Property shall be damaged or destroyed, in whole or in part, by fire or other casualty, whether insured or uninsured, Mortgagor shall give prompt written notice thereof to Mortgagee, together with Mortgagor's best estimate of the cost of restoration (the "Restoration Cost"). Mortgagor shall timely file all proofs of claims so as not to prejudice any claim and, if the amount of any such claim or if the Restoration Cost exceeds 5% of the Release Price attributed to the Premises in the Loan Agreement or, irrespective of the Restoration Cost, an Event of Default has occurred, shall submit all proofs of claim and other submissions to Mortgagee for the written approval of Mortgagee prior to any such filing, which approval shall not be unreasonably withheld or delayed.

(b) Provided that Mortgagor is not then in default under any Transaction Document, Mortgagor shall have the right to settle any insurance claim with respect to any casualty where the Restoration Cost is 5% of the Release Price attributed to the Premises in the Loan Agreement or less, but shall give prompt written notice of any such claim and settlement to Mortgagee. In such event, Mortgagor shall apply the Insurance Proceeds relating to such casualty to restoration, replacement, rebuilding or repair (hereinafter collectively referred to as "restoration") of the damage.

(c) If the Restoration Cost shall exceed 5% of the Release Price attributed to the Premises in the Loan Agreement, and unless Mortgagor has obtained the release of the Premises and this Mortgage in accordance with the Loan Agreement, Mortgagee shall have the right to participate in the settlement of all insurance claims relating to such casualty, and all Insurance Proceeds relating to such casualty shall be paid directly to Mortgagee, and, after settlement of the claim and subject to Paragraph 13(d) hereof, such Insurance Proceeds shall be deposited in the Capital Expenditures Account and advanced to Mortgagor from time to time (subject to the conditions set forth below) in reimbursement for amounts expended by Mortgagor or direct payments to contractors in restoration of the Mortgaged Property. Upon completion of the entire restoration and provided no Event of Default shall have occurred and be continuing, Mortgagee shall pay the remaining amount of any Insurance Proceeds, if any, to Mortgagor; provided, however, that nothing herein contained shall prevent Mortgagee from applying at any time the whole or any part of the Insurance Proceeds to the curing of any default under any Transaction Document. In the event that any of the conditions set forth in this Paragraph 13 shall not have been met, Mortgagee (or Mortgagor, at the direction of Mortgagee) shall apply the Insurance Proceeds, or balance thereof, to payment of the Note, accrued and unpaid interest thereon, and the Yield Maintenance Premium, all in such order as Mortgagee shall designate, provided, however, that any such application shall in no event affect the payments to be made in respect of the Note. If there is any balance of any Insurance Proceeds remaining in the hands of Mortgagee after payment of the Debt in full, such balance shall be released to Mortgagor. Advances of Insurance Proceeds shall be made available to Mortgagor in accordance with the general procedures employed at the time by Mortgagee in connection with the disbursement of loan proceeds in general by Mortgagee (including, without limitation, an endorsement to the title insurance policy of Mortgagee as to the Premises insuring the continued first priority lien of this Mortgage and appropriate certifications from a licensed architect or engineer selected by Mortgagor subject to the reasonable approval of Mortgagee (each, an "Architect") that the requested payment is for work completed in accordance with plans and specifications approved by Mortgagee and that the balance of funds held on deposit after such payment will be sufficient to pay the cost of completing the restoration, and evidence satisfactory to Mortgagee that no liens have been filed for the labor and materials used in connection therewith and that the requested payment will be received in trust, to be applied first to the payment for such labor and materials in amounts which are equal to the percentage of completion attained at the time of such advance, less, in each case, all amounts previously advanced and a holdback of 10% (or such lesser amount as may be customary in the trade in such location) which will be advanced upon full completion of the restoration. All Insurance Proceeds and other sums deposited with Mortgagee pursuant to this Paragraph, until

expended or applied as provided in this Paragraph, shall constitute additional security for the Debt and shall be invested in "Permitted Investments" (as defined in the Loan Agreement) with income thereon inuring to the benefit of Mortgagor.

(d) Notwithstanding the foregoing, if an Event of Default has occurred and is continuing or if, in Mortgagee's reasonable judgment based on professional consultation: (i) the restoration of the Improvements cannot be completed (A) so as to constitute an economically viable building or (B) at least six (6) months prior to the Maturity Date; (ii) the amount of business interruption insurance is insufficient to cover all fixed and operating expenses of the Premises, including such portion of debt service reasonably allocable to the Mortgaged Property, during restoration and until the operation of Mortgagor's business at the Premises is resumed; (iii) the amount of Insurance Proceeds equal or exceed the amount of the outstanding principal balance of the Loan, or (iv) restoration of the Mortgaged Property cannot be completed except at a cost which exceeds the amount of available Insurance Proceeds and Mortgagor shall not have deposited with Mortgagee, within ninety (90) days following Mortgagee's receipt of such Insurance Proceeds, an amount, in cash or cash equivalent, equal to the excess of the estimated cost of restoration as determined by an Architect over the amount of such Insurance Proceeds, Mortgagee shall have the option to apply Insurance Proceeds to the payment of the Note, interest accrued and unpaid thereon, and the Yield Maintenance Premium, all in such order as Mortgagee shall designate, provided, however, that any such application shall in no event affect the payments to be made in respect of the Note. Mortgagee shall be entitled to a reasonable fee for its supervision or inspection of any restoration and shall be reimbursed for its reasonable costs of same.

(e) Mortgagor shall, promptly after the occurrence of a casualty, commence and thereafter with reasonable diligence prosecute to completion any restoration of the Mortgaged Property or part thereof to as nearly as possible to its condition immediately prior to such casualty or to a better condition. All restoration shall be in a good and workmanlike manner with reasonable diligence, and in compliance with all Legal Requirements. Seasonality or weather permitting, if Mortgagor fails to commence restoration within thirty (30) days following Mortgagee's receipt of Insurance Proceeds or fails to prosecute the restoration to completion, Mortgagee may on notice to Mortgagor, but shall not be obligated to, perform the restoration, and may use any of the Insurance Proceeds and Mortgagor's funds deposited pursuant to subparagraph 13.(c) of this Paragraph in payment therefor. Mortgagor shall pay to Mortgagee, within thirty (30) days after written demand, the amount of any deficiency between funds available for the restoration and the cost thereof (including funds deposited by Mortgagor pursuant to subparagraph 13.(c) of this Paragraph)

together with interest thereon at the Default Rate from such thirtieth (30th) day through and including the date of payment to Mortgagee.

(f) It is intended that, anything contained herein to the contrary notwithstanding, no trust or fiduciary relationship shall be created by the receipt by Mortgagee of any Insurance Proceeds, but only a debtor-creditor relationship between Mortgagee, on the one hand, and Mortgagor, on the other, and only to the extent of the Insurance Proceeds.

(g) If any Insurance Proceeds are not paid until after the extinguishment of the Debt, whether by foreclosure or otherwise, and Mortgagee shall not have received the entire amount of the Debt outstanding at the time of such extinguishment, then such Insurance Proceeds, to the extent of the amount of the Debt not so received, shall be paid to Mortgagee and be the property of Mortgagee; and Mortgagor hereby assigns, transfers and sets over to Mortgagee all of Mortgagor's right, title and interest in and to such proceeds. The balance of such Insurance Proceeds, if any, shall be paid to and be the property of Mortgagor. The provisions of this Paragraph shall survive the termination of this Mortgage by foreclosure or otherwise as a consequence of the rights and remedies of Mortgagee hereunder after an Event of Default.

(h) Nothing herein contained shall be deemed to excuse Mortgagor from repairing or maintaining the Mortgaged Property as provided in this Mortgage or restoring all damage or destruction to the Mortgaged Property, regardless of the sufficiency or availability of Insurance Proceeds, and the application or release by Mortgagee of Insurance Proceeds shall not cure or waive any default or Event of Default or notice of default. Notwithstanding any casualty, Mortgagor shall continue to pay the Debt at the time and in the manner provided for its payment in this Mortgage and the Note and the Debt shall not be reduced until any Insurance Proceeds shall have been actually received by Mortgagee and applied to the discharge of the Debt.

(i) Mortgagee, to the extent that Mortgagee has not been reimbursed therefor by Mortgagor, shall be entitled as a first priority out of any Insurance Proceeds, to reimbursement for all actual costs, fees, reimbursements and expenses of Mortgagee incurred in the determination and collection of any such proceeds.

14. Eminent Domain. (a) In the event that the Mortgaged Property, or any part thereof, shall be taken pursuant to Eminent Domain Proceedings, Mortgagee shall have the right to participate in any such Eminent Domain Proceedings, at Mortgagor's sole cost and expense, including reasonable attorneys' fees and disbursements, and any Condemnation Proceeds that may be made or any proceeds thereof are hereby assigned to Mortgagee and shall

be received and deposited into the Capital Expenditure Account and held and distributed by Mortgagee in the manner herein set forth. Mortgagor will give Mortgagee prompt notice of the actual commencement of any Eminent Domain Proceedings affecting the Mortgaged Property or of any threatened condemnation of which Mortgagor becomes aware, including severance and consequential damage and change in grade of streets, and will deliver to Mortgagee copies of any and all papers served in connection with any Eminent Domain Proceedings. Mortgagee, is hereby authorized to commence, appear in, and prosecute in its own name or Mortgagor's name any action or proceeding relating to any Eminent Domain Proceedings, provided Mortgagor has not commenced any such action or proceeding. Mortgagor may not settle or compromise any claim in connection therewith in excess of 5% of the Release Price attributed to the Premises in the Loan Agreement without the prior written consent of Mortgagee in each instance, which consent shall not be unreasonably withheld or delayed, and Mortgagee shall have the right to settle or compromise any claim in connection therewith, without the consent of Mortgagor after the occurrence of an Event of Default. Mortgagor agrees to execute any and all further documents that may be reasonably required in order to facilitate the collection of any Condemnation Proceeds and the making of any such deposit and Mortgagor hereby appoints Mortgagee its attorney-in-fact for the purpose of executing any such documents, such power being coupled with an interest and irrevocable.

(b) If, at any time during the term of the Loan, there occurs a Total Taking (as hereinafter defined), Mortgagee and those authorized to exercise such right, shall collect any Condemnation Proceeds, and apply the same, after payment of Mortgagee's reasonable costs of collection thereof, including reasonable attorneys' fees and disbursements, to payment of the Note, accrued and unpaid interest thereon, and the Yield Maintenance Premium, all in such order as Mortgagee shall designate, provided, however, that any such application shall in no event affect the payments to be made in respect of the Note. Any portion of any Condemnation Proceeds remaining after the payment in full of the Debt shall be released by Mortgagee to Mortgagor. For the purposes of this Paragraph, a "Total Taking" shall mean any taking or any constructive taking of Mortgagor's title to the Premises in Eminent Domain Proceedings or by agreement by Mortgagor which shall, in the reasonable opinion of Mortgagee, render it impracticable to restore, within six (6) months prior to the Maturity Date, the portion of the Premises not subject to such taking to a complete architectural unit of substantially the same economic viability and for the same purposes and uses as exist on the date hereof.

(c) If at any time during the term of the Loan prior to a date which is six (6) months preceding the Maturity Date, there occurs a taking which is less than a Total Taking (a "Partial Taking"), then, provided that an Event of Default shall not have

occurred and be continuing, Mortgagor shall have the right to settle any such claim with respect to any Partial Taking where the Restoration Cost is 5% of the Release Price attributed to the Premises in the Loan Agreement or less, but shall give prompt written notice of any such claim and settlement to Mortgagee. If the Restoration Cost shall exceed 5% of the Release Price attributed to the Premises in the Loan Agreement and unless Mortgagor has obtained the release of the Premises and this Mortgage in accordance with the Loan Agreement, Mortgagee shall have the right to participate in the settlement of such claim and all Condemnation Proceeds relating to such Partial Taking shall be held by Mortgagee and, provided the Partial Taking includes a portion of the motel building or buildings located on the Land, shall be released to pay the costs of restoration of the Improvements (a "Condemnation Restoration") subject to and upon satisfaction of the conditions set forth in Paragraphs 13.(c) and (d) hereof and the balance, if any, shall be paid to Mortgagor. In the event that any of such conditions shall not have been met, or if the Condemnation Proceeds exceed the cost of the Condemnation Restoration, Mortgagee (or Mortgagor at the direction of Mortgagee) shall apply the Condemnation Proceeds, or balance thereof, to payment of the Note, accrued and unpaid interest thereon, and the Yield Maintenance Premium, all in such order as Mortgagee shall designate, provided, however, that any such application shall in no event affect the payments to be made in respect of the Note. If there is any balance of any Condemnation Proceeds remaining in the hands of Mortgagee after any payment of the Debt in full, such balance shall be released to Mortgagor. In the event that the costs of any permitted Condemnation Restoration, as estimated by Mortgagee at any time, shall exceed the net Condemnation Proceeds received by Mortgagee, Mortgagor shall deposit such deficiency with Mortgagee.

(d) In the event of any taking of all or any portion of the Mortgaged Property for temporary use or occupancy ("Temporary Taking"), any Condemnation Proceeds with respect to such Temporary Taking shall be distributed in accordance with the provisions of subparagraph 14.(c).

(e) Nothing contained in this Paragraph shall relieve Mortgagor of its duty to maintain, repair, replace or restore the Improvements or the Equipment or rebuild the Improvements, from time to time, following any Eminent Domain Proceedings with respect to a Partial Taking or Temporary Taking and nothing in this Paragraph shall relieve Mortgagor of its duty to pay the Debt, which shall be absolute, regardless of any such occurrence with respect to all or any portion of the Mortgaged Property. Notwithstanding any taking, whether a Total Taking, a Partial Taking or a Temporary Taking, Mortgagor shall continue to pay the Debt at the time and in the manner provided for its payment in this Mortgage and the Note and the Debt shall not be reduced until any award or payment therefor shall have been actually received by Mortgagee and applied to the discharge of the Debt.

(f) If a claim under any such Eminent Domain Proceedings arising during the term of this Mortgage is not paid until after the extinguishment of the Debt, whether by foreclosure or otherwise, and Mortgagee shall not have received the entire amount of the Debt outstanding at the time of such extinguishment, then the Condemnation Proceeds relating to any such Eminent Domain Proceeding, to the extent of the amount of the Debt not so received, shall be paid to Mortgagee and be the property of Mortgagee; and Mortgagor hereby assigns, transfers and sets over to Mortgagee all of Mortgagor's right, title and interest in and to such Condemnation Proceeds. The balance of such Condemnation Proceeds, if any, shall be paid to and be the property of Mortgagor. The provisions of this Paragraph shall survive the termination of this Mortgage by foreclosure or otherwise as a consequence of the rights and remedies of Mortgagee hereunder after an Event of Default.

(g) All Condemnation Proceeds and other sums deposited with Mortgagee pursuant to this Paragraph, until expended or applied as provided in this Paragraph, shall constitute additional security for the Debt and shall be invested in Permitted Investments with income thereon inuring to the benefit of Mortgagor.

15. Compliance With Agreements, Laws, etc. Subject to the provisions of Paragraph 16 hereof relating to permitted contests, Mortgagor agrees to perform and comply, and instruct the tenants under the Leases to comply, with all covenants, agreements and restrictions affecting Mortgagor, the Mortgaged Property or any portion thereof, the nonperformance of which would impair Mortgagor's ability to meet its obligations under any of the Transaction Documents or would impair the substantial realization by Mortgagee of the benefits and rights conferred hereunder or under any of the Transaction Documents, and with all Legal Requirements, whether the same be directed to the erection, repair, manner of use or structural alteration of the Improvements or otherwise and to procure and maintain all licenses or other authorizations required for the proper use, maintenance and operation of the Mortgaged Property. For the purposes hereof, "Legal Requirements" shall mean all of the following, whether or not a note or notice of violation has been entered, issued or received as a consequence of non-compliance therewith: (A) statutes, laws, rules, rulings, orders, regulations, ordinances, judgments, decrees and injunctions of any Governmental Authority (including, without limitation, Environmental Laws, Americans with Disabilities Act (P.L. 101-336, 42 U.S.C. § 12,101 et seq.), fire, health, handicapped access, sanitation, ecological, historic, landmark, zoning, wetlands and building laws and codes) in any way applicable to Mortgagor or the Mortgaged Property or any portion thereof, or to the ownership, use, development, improvement, occupancy, possession, operation or maintenance of the Improvements; (B) requirements of the local Board of Fire Underwriters or similar

body acting in and for the locality in which the Premises are situated; (C) requirements of each insurance policy covering or applicable to all or any portion of the Mortgaged Property or the ownership, use, development, improvement, occupancy, possession, operation or maintenance thereof and all requirements of the issuer of each such policy, including any requirement which may require repairs, modifications or alterations (structural or non-structural, interior or exterior, foreseen or unforeseen, ordinary or extraordinary, or otherwise) in or to the Mortgaged Property or any portion thereof and the sidewalks, curbs, streets and ways adjoining the Mortgaged Property and the use and manner of use thereof; (D) requirements of each Permit; and (E) all REAs and all covenants, agreements, regulations, restrictions and other encumbrances contained in any instrument either of record or known to Mortgagor at any time affecting Mortgagor or the Mortgaged Property or any portion thereof or the ownership, use, development, improvement, occupancy, possession, operation or maintenance thereof, in each case whether now or hereafter enacted or in force. Mortgagor agrees to enforce all REAs in accordance with their terms and to comply with all reasonable requests from Mortgagee with respect to such enforcement.

16. Contest of Impositions, Legal Requirements and Liens.

Notwithstanding anything to the contrary contained in this Mortgage, Mortgagor shall have the right to contest, at its own expense, by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity (or the applicability to Mortgagor or the Mortgaged Property or to the Note or this Mortgage) of any Impositions or encumbrances referred to herein (other than this Mortgage and the other Transaction Documents) or any Legal Requirements, provided that (a) Mortgagor gives Mortgagee timely notice of its intention to contest the same and keeps Mortgagee regularly advised as to the status of such proceedings, (b) the commencement of such proceedings shall suspend the collection or enforcement of the matter under contest, (c) there shall be no impairment of the lien of this Mortgage or undue interference with the normal conduct of business at the Mortgaged Property, (d) neither the Mortgaged Property, nor any Rents therefrom, nor any part thereof or interest therein, would be in any immediate danger of being sold, forfeited, attached, condemned, vacated or lost, (e) neither Mortgagor nor Mortgagee would be potentially subject to criminal liability or be in imminent danger of civil liability for failure to comply therewith pending the outcome of such proceedings, (f) in the case of an Imposition, Mortgagor shall have either (i) paid the amount in dispute prior to instituting such contest, in which event the notice requirement of clause (a) of this Paragraph shall be satisfied by giving notice prior to initiating such contest rather than prior to making payment, (ii) set aside on its books such reserves with respect thereto as may be required by sound accounting principles, or (iii) furnished such security in an amount equal to 125% of the disputed amount, in rated securities, cash or bond, to Mortgagee during the

pendency of such proceedings, and (g) if such contest be finally resolved against Mortgagor, Mortgagor shall promptly pay the amount required to be paid, together with all interest and penalties accrued thereon, and otherwise comply with the applicable requirement. Mortgagor shall indemnify and save Mortgagee harmless from and against any liability, loss, damage, cost or expense of any kind that may be imposed upon Mortgagee in connection with any such contest and any determination resulting therefrom. If an Event of Default under this Mortgage or any other Transaction Document shall occur during any such proceeding, Mortgagor shall pay or cause to be paid to Mortgagee all refunds resulting from such proceeding which shall be applied to the payment of the Debt in such order and priority as Mortgagee shall determine in its sole discretion. Upon the occurrence and continuance of an Event of Default, Mortgagor shall be deemed to have appointed Mortgagee as its attorney-in-fact to seek reductions in the assessed valuation of the Mortgaged Property for real property tax purposes or for other purposes and to prosecute any action or proceeding in connection therewith. This power of attorney is a power coupled with an interest and is irrevocable.

17. Cure of Defaults by Mortgagee. If Mortgagor shall: (a) default in the payment of any Impositions as herein required (subject to the provisions of Paragraph 16 relating to permitted contests); (b) fail to keep the Improvements, Equipment and Personal Property in good repair and such failure shall not be cured within any applicable grace period; (c) fail or refuse to insure the Mortgaged Property as herein required; (d) fail to pay and satisfy liens or encumbrances against the Mortgaged Property in accordance with the terms of this Mortgage (subject to the provisions of Paragraph 16 relating to permitted contests); (e) fail to pay any other sum or make any other deposit elsewhere in this Mortgage required to be paid or deposited and such failure shall not be cured within any applicable grace period; or (f) otherwise fail to make any payment or perform any act required to be made or performed hereunder, and such failure shall not be cured within any applicable grace period; then Mortgagee, following notice to Mortgagor (except in the case of any emergency, in which case no notice shall be required) and without waiving or releasing Mortgagor from any obligation or default hereunder, may (without having any obligation to do so): (i) pay such Impositions or redeem the Mortgaged Property from any tax sale or forfeiture or purchase any tax title obtained, or that shall be obtained, thereon without inquiring into the validity or invalidity of any such Impositions or tax deed; (ii) make repairs to the Mortgaged Property; (iii) procure such insurance and pay such insurance premium charges; (iv) pay or settle any and all suits or claims for such liens or satisfy any such encumbrances or any other claims that may be made against the Mortgaged Property or any part thereof; (v) pay any other sum or make any other deposit herein required to be paid or made by Mortgagor; or (vi) pay any such sum or perform any such act for the account and

at the expense of Mortgagor, and enter upon the Mortgaged Property for any such purpose and take all such action thereon as, in the reasonable opinion of Mortgagee, may be necessary or appropriate therefor. All monies paid for any of the purposes set forth in this Mortgage and all expenses paid or incurred in connection therewith, including reasonable attorneys' fees and disbursements and any other monies disbursed or advanced by Mortgagee to protect the lien of this Mortgage, shall be due and payable by Mortgagor to Mortgagee on demand, together with interest, from and including the date of disbursement or advance to and including the date of repayment by Mortgagor, at the Default Rate, and to the extent that such amounts and costs paid by Mortgagee shall constitute payment of (A) Impositions, (B) insurance premiums, (C) expenses incurred in connection with upholding the lien of this Mortgage, including, without limitation, the expenses of any litigation to prosecute or defend the rights and liens created by this Mortgage, or (D) any amounts, costs or charges to which Mortgagee becomes subrogated, upon payment, whether under recognized principles of law or equity or express statutory authority; then, and in each such event, such amounts, costs and charges and interest thereon shall be added to the Debt and be secured by this Mortgage and the Other Mortgages. For the purpose of carrying out the provisions and exercising the rights, powers and privileges granted by this Paragraph, Mortgagor hereby irrevocably constitutes and appoints Mortgagee, following an Event of Default, its true and lawful attorney-in-fact to execute, acknowledge and deliver any instruments and do and perform any acts such as are referred to in this Paragraph, in the name and on behalf of Mortgagor, with full power of substitution vested in Mortgagee to designate another entity or entities to exercise any power and perform any function which Mortgagee could perform pursuant to the foregoing grant. This power of attorney is a power coupled with an interest and is irrevocable.

18. Indemnity. Mortgagor hereby indemnifies Mortgagee and its directors, officers, agents and employees (collectively the "Indemnified Parties"), and saves each of them harmless from and against all liabilities (other than tax liability imposed on Mortgagee for any income earned by reason of the Note or any other Transaction Document) claims, demands, actions, proceedings, suits, causes of action, injuries, obligations, loss, damages (including, without limitation, Mortgagee's costs and expenses related thereto and any Yield Maintenance Premium), fines, penalties, judgments, costs, expenses (including, without limitation, reasonable architects', engineers', accountants', consultants' and attorneys' fees and disbursements) expenses of bonding liens, and other litigation expenses, incurred by, imposed upon or asserted against the Indemnified Parties (except as a result of the wilful, wrongful acts or omissions or gross negligence of the applicable Indemnified Party) in connection with or arising out of: (a) Mortgagee's interest in this Mortgage, the Assignment, the Note, any other Transaction

Document, or any other document or instrument hereafter executed and delivered to Mortgagee in connection with the Debt or any restructuring thereof (including, without limitation, all costs of re-surveying or re-appraising the Mortgaged Property or any part thereof); (b) any acts or omissions of Mortgagee in connection with the reasonable exercise by Mortgagee of any right, power or remedy available to Mortgagee under this Mortgage or any other Transaction Document, including, without limitation, any action or proceeding to protect the lien of this Mortgage or to foreclose this Mortgage; (c) any failure by Mortgagor to comply with any terms, conditions or other provisions set forth in this Mortgage or any other Transaction Document; (d) any use, non-use, possession, occupancy, alteration, repair, condition (patent or latent), operation, maintenance, or management of the Mortgaged Property or any portion thereof; (e) any accident, injury (including death), or damage to any person or property occurring in, on or about the Mortgaged Property or any part thereof, whether resulting from any act, omission or negligence of Mortgagor, its agents, employees, contractors, lessees, sublessees, licensees, invitees, or otherwise; (f) any misrepresentation by Mortgagor, or any other person or entity (other than Mortgagee) contained in this Mortgage or in any other Transaction Document; (g) any claim for any premium or other charge or any brokerage commission or other compensation by any person acting as such with respect to this Mortgage and claiming to have dealt with Mortgagor; (h) any capital improvements or other work or thing done in, on or about the Mortgaged Property or any part thereof; (i) any past, current and/or future offering for sale of equity interests in Mortgagor, including, without limitation, liabilities under any applicable securities or blue sky laws; or (j) any tax attributable to the ownership, assignment, security, execution, delivery, registration, filing, recording or enforcement of any of the Transaction Documents. All sums payable to any of the Indemnified Parties under this Paragraph shall be deemed a part of the Debt, shall be paid by Mortgagor to the applicable Indemnified Party on written demand and shall accrue interest at the Default Rate from and including the date of disbursement or advance by the applicable Indemnified Party to and including the date of repayment by Mortgagor. Mortgagor's obligations under this Paragraph shall, until the expiration of all applicable statutes and periods of limitation, if any, survive payment in full of the Note and any discharge, release or satisfaction of this Mortgage, any complete or partial foreclosure of this Mortgage and/or the delivery of one or more deeds in lieu of any such foreclosure.

19. Events of Default. (a) Each of the following events shall constitute an "Event of Default" hereunder:

(i) an "Event of Default" as such term is defined in the Loan Agreement;

(ii) failure of Mortgagor to pay on the due date any payment due under the Note;

(iii) failure of Mortgagor to make any other payment due hereunder or under any Transaction Document within ten (10) days after written notice therefor shall have been given;

(iv) failure by Mortgagor to perform or observe any other covenant, obligation, condition or provision hereunder or under any of the Other Mortgages and such failure continues unremedied for a period of thirty (30) days after written notice thereof to Mortgagor requiring the same to be remedied; provided, however, that if such failure is susceptible of cure but cannot be cured within such thirty (30) day period and provided Mortgagor has within such thirty (30) day period commenced and is diligently prosecuting such cure, such thirty (30) day period shall be extended to sixty (60) days; and

(v) any default beyond any applicable grace period under any mortgage encumbering any part of the Mortgaged Property, whether senior or junior in lien to this Mortgage and whether now or hereafter held by Mortgagee or any other party.

(b) Upon the occurrence of an Event of Default, Mortgagee may, at its option, declare the entire unpaid balance of the Debt to be forthwith due and payable, and thereupon such balance shall become so due and payable without presentment, protest or further demand or notice of any kind, all of which are hereby expressly waived, and Mortgagor will forthwith pay to Mortgagee the entire Debt, including principal of and interest accrued on the Note and, to the extent permitted by law, the Yield Maintenance Premium, and all other premiums and charges, if any, provided in the Note, this Mortgage and the other Transaction Documents; provided, however, that if at any time prior to the Maturity Date the balance of the Debt shall become so due and payable, and all arrears of interest and other charges of any kind due as part of the Debt (with interest so far as may be lawful on any overdue installments of interest at the Default Rate), and all defaults (other than the payment of principal hereunder which has been so declared due and payable) shall have been cured or the cure thereof secured to the sole satisfaction of Mortgagee or other provision deemed by Mortgagee to be adequate shall be made therefor, then and in such case Mortgagee, in its sole discretion, and by written notice delivered to Mortgagor, may waive such Event of Default and its consequences and rescind or annul such declaration, but no such waiver shall extend to or affect any subsequent default, or impair any right consequent thereon.

(c) To the extent that a default under this Mortgage, any of the Other Mortgages or any of the other Transaction Documents is not cured within the applicable notice and cure period, if any, specified herein or therein, the same shall not constitute

an Event of Default hereunder or thereunder, as the case may be, if such default is subsequently cured and such cure is accepted in writing by Mortgagee or if such default is subsequently waived in writing by Mortgagee and any rights or remedies available to Mortgagee hereunder or under any of the other Transaction Documents on account of any such Event of Default so cured and accepted or waived shall thereupon terminate (but such remedies shall continue to be available in connection with any subsequent or other Events of Default, whether of like or unlike nature).

20. Default Rate. Upon an Event of Default, Mortgagee shall be entitled to receive and Mortgagor shall pay interest on the entire unpaid principal sum (including, without limitation and to the extent permitted by law, any accrued and unpaid interest thereon) at the "Default Rate" (as defined in the Note) for the duration of such default (unless Mortgagee has, at its option, declared the entire unpaid balance of the Debt to be forthwith due and payable in which case interest shall continue to be paid at the Default Rate until the Debt has been paid in full). In no event shall the Default Rate exceed the maximum rate allowed by law. Any interest that accrues under any of the Transaction Documents at the Default Rate shall be payable whether accruing before or after entry of any judgment.

21. Remedies. If any one or more of the Events of Default shall occur, then and in any such event Mortgagee shall have the right of acceleration and all other remedies provided in this Mortgage or in the Note or otherwise provided in any Transaction Document, by law or statute or in equity, all of which rights and remedies shall, to the fullest extent permitted by law, be cumulative. To the extent the laws of the State limit or deny the availability of the exercise of any of the remedies set forth below, including without limitation, the remedies involving a power of sale on the part of the Mortgagee and terms of this Mortgage, or (ii) the enforcement of waivers and indemnities made by Mortgagor, such remedies, waivers or indemnities shall be exercisable or enforceable, any provisions in this Mortgage to the contrary notwithstanding, if, and only to the extent, permitted by the laws of the State in force at the time of the exercise of such remedies or the enforcement of such waivers or indemnities without regard to the enforceability of such remedies, waivers or indemnities at the time of execution and delivery of this Mortgage. Such rights and remedies of Mortgagee shall include, without limitation, the following:

(a) Possession, Management and Income. Mortgagor, upon written demand of Mortgagee, shall forthwith surrender to Mortgagee the actual possession of the Mortgaged Property, and Mortgagee and such officers or agents as it may appoint, (i) may enter and take possession of the Mortgaged Property together with the books, papers and accounts of Mortgagor relating thereto, (ii) may dispossess Mortgagor, its agents and servants and all other persons therefrom (excluding day-to-day motel guests),

(iii) may hold, operate and manage the Mortgaged Property and from time to time make all necessary repairs and such alterations, additions, advances and improvements as Mortgagee shall deem prudent, (iv) may receive the Rents thereof and exercise all rights and powers of Mortgagor with respect to the Mortgaged Property and the Improvements, whether in the name of Mortgagor or otherwise, including, without limitation, the right to make, cancel, enforce or modify Leases, obtain and evict tenants (in accordance with applicable law), and demand, sue for, collect and receive all Rents and may pay therefrom all costs and expenses of so taking, holding and managing the Mortgaged Property, including, without limitation, reasonable compensation to Mortgagee's agents and attorneys, all prior or coordinate liens and encumbrances, all Impositions and other assessments and other charges then due or thereafter accruing, and all expenses of such repairs, alterations, additions, improvements and other disbursements made by Mortgagee pursuant to the terms hereof, and Mortgagee may apply the remainder of the monies so received by it to the payment of the unpaid principal of, and interest and premium, if any, on, the Note, the Yield Maintenance Premium and other items of the Debt then due and payable, and (v) may succeed to all the rights of Mortgagor, including any rights to unearned premiums, in and to any insurance policies covering all or any portion of the Premises, the Improvements, the Personal Property and/or the Equipment, including the right to receive Refunds, Insurance Proceeds and Condemnation Proceeds which would otherwise be payable to Mortgagor pursuant to this Mortgage. Mortgagee shall not be subject to any liability for, or by reason of, any such entry, taking possession, exclusion, holding operation or management, except for wilful, wrongful acts or omissions or gross negligence of Mortgagee;

b) Partial Foreclosure. Mortgagee, at its option, may foreclose this Mortgage for any portion of the Debt which is then due and payable; provided, however, that if a partial foreclosure sale is made, such sale shall be subject to the continuing lien of the Transaction Documents for the unmatured part of the Debt; and such sale shall not in any manner affect the unmatured part of the Debt, but as to such unmatured part thereof, and the lien thereon, the same shall remain in full force and effect as though no foreclosure had occurred. Several foreclosure sales may be made pursuant to partial foreclosures without exhausting the right of full or partial foreclosure sale for any unmatured part of the Debt, it being the purpose to provide for a partial foreclosure sale of the Debt for any matured portion of the Debt without exhausting the power to foreclose and to sell the Mortgaged Property pursuant to such partial foreclosure for any other part of the Debt, whether matured at the time or subsequently maturing, and without exhausting any right of acceleration and full foreclosure. Notwithstanding the filing of any partial foreclosure or entry of a decree of sale therein, Mortgagee may elect at any time prior to a foreclosure sale pursuant to such decree to discontinue such partial foreclosure

and to accelerate the Debt by reason of any uncured Event of Default upon which such partial foreclosure was predicated or by reason of any other Events of Default and proceed with full foreclosure proceedings;

(c) Suits. Mortgagee, at its option, may, either with or without first taking possession, proceed by suit or suits in equity and/or at law, or by any other appropriate remedy or proceeding, to protect and enforce Mortgagee's rights hereunder whether for the specific performance (to the extent permitted by law) of any covenant or agreement contained herein or in the Note or for an injunction against the violation of any of the terms hereof or thereof or in aid of the exercise of any right, power or remedy granted to Mortgagee herein or therein, or to enforce the payment of the Note, or to foreclose the lien and security interest of this Mortgage against the Mortgaged Property or any part thereof and to have all of the Mortgaged Property or any part thereof sold in one or more sales (as an entirety or in parcels) under the judgment or decree of a court of competent jurisdiction or otherwise. All rights of action under this Mortgage or in respect of the Note may be enforced by Mortgagee, without the possession of the Note and without the production thereof at any trial or other proceeding relative thereto to the extent permitted by law;

(d) Receiver. To the extent permitted by law and without the necessity to prove the value or occupancy of the security or the solvency or insolvency of any person then legally or equitably liable for payment of the Debt, Mortgagee shall be entitled as a matter of right, ex parte and without notice, to the appointment of a receiver to enter upon and take possession of the Mortgaged Property, perform all acts necessary or useful for the operation, use and maintenance of the Mortgaged Property and to collect all Rents thereof and apply the same and to exercise such other powers as are permitted by applicable law and the court making such appointment may direct and Mortgagor hereby consents to the appointment of such receiver. The expenses, including receiver's fees, reasonable attorneys' fees, costs and disbursements and agent's compensation, incurred pursuant to the powers herein contained shall be secured by this Mortgage. The right to enter and take possession of and to manage and operate the Mortgaged Property, and to collect the Rents, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. Mortgagee shall be liable to account only for such Rents actually received by Mortgagee, whether received pursuant to this subparagraph 21.(d) or subparagraph 21.(a). Notwithstanding the appointment of any receiver or other custodian, Mortgagee shall be entitled as pledgee to the possession and control of any cash, deposits, or instruments at the time held by or payable or deliverable under the terms of this Mortgage to Mortgagee;

(e) Sale in One Parcel. In the event of a sale, the Mortgaged Property may be sold in one parcel. Mortgagor hereby waives its rights, if any, to require that the Mortgaged Property be sold as separate units, tracts or estates;

(f) Security Interest. In addition to the rights and remedies of Mortgagee set forth herein and in the Note and the other Transaction Documents, and not in lieu thereof, Mortgagee shall have all of the rights and remedies of a holder of a security interest under the Code, or under other applicable law with respect to the Security Interest Property and all rights and remedies provided or referred to herein and therein, shall, to the fullest extent permitted by applicable law, be cumulative;

(g) Foreclosure. Mortgagee, at its option, may institute an action to foreclose this Mortgage, or take such other action as may be permitted and available to Mortgagee, at law or in equity, for the enforcement of the Transaction Documents and the realization on the Mortgaged Property or any other security held by Mortgagee, and proceed thereon through to final judgment and execution thereon for the Debt, including, without limitation, the Yield Maintenance Premium, all accrued and unpaid interest and all costs of enforcement. In furtherance thereof, to the extent permitted by applicable law, Mortgagee shall have the full power and right to sell the Mortgaged Property and all estate, claim, demand, right, title and interest of Mortgagor therein and right of redemption thereof pursuant to an assent to a decree or otherwise, at one or more sales, as an entirety or in parcels, at such time and place, upon such terms and after such notice thereof as may be required or permitted by law or statute or in equity, it being agreed that in the event of a sale, by foreclosure or otherwise, of less than all of the Mortgaged Property, the Transaction Documents shall continue as a lien on the remaining portion of the Mortgaged Property. Mortgagor hereby assents to the passage of a decree for the sale of the Mortgaged Property upon the occurrence of an Event of Default by any court having jurisdiction.

Mortgagee shall be entitled, in its sole discretion, to exercise all or any of the rights and remedies provided herein or in any of the other Transaction Documents or which may be given by statute, at law or in equity, or otherwise in such order and manner as Mortgagee shall elect, without impairing Mortgagee's rights under any of the Transaction Documents and without affecting the liability of any person, firm, corporation, or other entity for the sums secured by the Transaction Documents.

22. Authorization to Execute Deeds; Adjournments.

(a) Mortgagor irrevocably appoints Mortgagee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, for the purpose, following an Event of Default and the establishment of the maturity of the Debt (in accordance with the

provisions of this Mortgage or by a court of competent jurisdiction), of effectuating, to the extent permitted by applicable law of the State, any sale, assignment, transfer or delivery of the Mortgaged Property or any part thereof or any interest therein for the enforcement of this Mortgage as Mortgagee may consider reasonably necessary or appropriate, with full power of substitution.

(b) Mortgagee may adjourn, from time to time, in accordance with applicable law, any sale to be made by it under or by virtue of this Mortgage by announcement at the time and place appointed for such sale or for such adjourned sale or sales and, except as otherwise provided by any applicable provision of law, Mortgagee, without further notice or publication, may make such sale at the time and place to which the same shall be so adjourned.

(c) In the event that Mortgagee has proceeded with the enforcement of any right under this Mortgage by foreclosure sale or otherwise and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then, in every such case, Mortgagor and Mortgagee shall be restored to their respective former positions and rights hereunder with respect to the Mortgaged Property, subject to the lien hereof.

23. Proceeds of Foreclosure Sale. In any foreclosure of this Mortgage there shall be allowed and included in the decree of sale, to be paid, in the following order, out of the rents, revenues, issues, income, products and profits derived from the Mortgaged Property or the proceeds of such sale:

First: All court costs, allowances authorized or permitted by statute or a court, fees and expenses of receivers, reasonable attorneys' fees and disbursements (which may include costs of any attorney in the employ of Mortgagee and fees for services performed by legal assistants and other non-lawyers), appraisers' fees, costs of environmental audits and reports, expenditures for documentary and expert evidence, stenographers' charges, publication costs and costs of procuring all abstracts of title, title searches and examinations, title policies and similar data with respect to title which Mortgagee may deem necessary and any other expenses of the foreclosure proceeding (all of which may be estimated as to items to be expended after the entry of the decree), with interest thereon (to the extent permitted by law), from the date of any such advance until paid to Mortgagee, computed at the Default Rate;

Second: All other amounts (including, without limitation, all Impositions other than taxes subject to which the Mortgaged Property were sold and all direct and indirect costs and expenses incurred by or on behalf of Mortgagee in the operation and maintenance of the Mortgaged Property, the collection of Rents and the enforcement of any of their remedies

under the Transaction Documents or by applicable law) advanced or paid by Mortgagee pursuant to the Note, this Mortgage or any other Transaction Document, with interest thereon (to the extent permitted by law), from the date of any such advance until paid to Mortgagee, computed at the Default Rate;

Third: Any indebtedness secured by this Mortgage and at the time due and payable (whether by acceleration or otherwise), including all principal amounts, the Yield Maintenance Premium, and interest at the time due and payable under the Note, and interest (to the extent permitted by law) at the Default Rate on any overdue principal and (to the extent permitted by law) any other sum constituting a portion of the Debt in such order and priority as Mortgagee shall in its sole discretion determine; and

Fourth: All other amounts required to be paid by Mortgagor pursuant to any provision of any Transaction Document.

Any surplus of the proceeds of such sale shall be paid promptly to the person or entity legally entitled thereto.

24. Purchase of the Mortgaged Property by Mortgagee.

Mortgagee may be a purchaser of the Mortgaged Property or any part thereof or any interest therein at any sale thereof, whether pursuant to foreclosure or power of sale or otherwise, and may apply the amount of the Debt outstanding and the expenses of the sale and costs of the action and any other sums which Mortgagee is authorized to charge under this Mortgage or under applicable law toward the purchase price thereof.

25. Security Agreement; Uniform Commercial Code.

(a) This Mortgage constitutes a security agreement under the Code and a fixture filing for the purposes of Article 9 of the Code and a security interest shall attach to the Security Interest Property for the benefit of Mortgagee as additional security for the Debt.

(b) To the extent permitted by law, Mortgagor hereby authorizes Mortgagee to file financing and continuation statements to continue such lien with respect to the Security Interest Property without the signature of Mortgagor and, upon reasonable request, Mortgagor shall promptly execute financing and continuation statements in form satisfactory to Mortgagee to secure Mortgagee's interest in the Security Interest Property. Mortgagor shall further, from time to time, upon the written demand of Mortgagee, execute, acknowledge and deliver any financing statement, renewal, affidavit, certificate, continuation statement or other document as Mortgagee may request in order to perfect, preserve, continue, extend or maintain the security interest and priority of this Mortgage or such other security instrument as a first lien subject to the Permitted

Encumbrances. Mortgagor hereby irrevocably appoints Mortgagee as attorney-in-fact (which appointment shall be deemed to be coupled with an interest) for the purpose of executing and filing such financing and continuation statements. Mortgagor agrees to pay to Mortgagee, on written demand, all costs and expenses (including reasonable attorneys' fees and disbursements) incurred by Mortgagee in connection with the preparation, execution, acknowledgment, recording, filing and refiling of any such instrument or document, including, without limitation, the charges for examining title which amounts, as well as any other amounts required to be paid to Mortgagee pursuant to this Paragraph, together with interest thereon at the Default Rate from the date of any such expenditure by Mortgagee until repayment, and such sum, together with such interest, shall constitute a portion of the Debt secured by the lien of this Mortgage. Neither a request of Mortgagee hereunder nor the failure of Mortgagee to make such a request shall be construed as a release of any portion of the Mortgaged Property from the lien of this Mortgage, this covenant and any such security agreement or other similar security instrument delivered to Mortgagee being cumulative and additional security for payment of the Debt.

(c) Upon the occurrence of any Event of Default, Mortgagee shall have all of the rights and remedies of a secured party under the Code with respect to the Security Interest Property, or other applicable law, and all rights and remedies provided for herein and in the Note, all of which rights and remedies are cumulative to those provided elsewhere in this Mortgage or otherwise available to Mortgagee. Upon the occurrence and continuance of any Event of Default, Mortgagee shall have the option of proceeding as to both real and personal property in accordance with its rights and remedies in respect of the real property, in which event the default provisions of the Code shall not apply. The parties agree that in the event Mortgagee elects to proceed with respect to the Security Interest Property separately from the real property, Mortgagor will assemble the Security Interest Property (other than those items of Equipment which are affixed to the Improvements and not removable without material damage to such items or the Improvements) and make the Security Interest Property available to Mortgagee at the Premises, or at the election of Mortgagee, any other premises covered by any Other Mortgage. Any notice of sale, disposition or other intended action by Mortgagee, sent to Mortgagor at the address of Mortgagor specified for notices herein at least fifteen (15) days prior to such action, shall constitute reasonable notice to Mortgagor and the method of sale or disposition or other intended action set forth in such notice shall conclusively be deemed to be commercially reasonable within the meaning of the Code unless objected to in writing by Mortgagor within ten (10) days after receipt by Mortgagor of such notice.

(d) All replacements, renewals and additions to the Equipment and the Personal Property shall become and be immediately subject to the security interest herein of Mortgagee and be covered by this Mortgage as part of the Mortgaged Property. Mortgagor shall, from time to time, on request of Mortgagee, but not more frequently than annually, deliver to Mortgagee an inventory of the Security Interest Property in reasonable detail. Mortgagor warrants and represents that all Security Interest Property now is, and that all replacements thereof, substitutions therefor and additions thereto, will be, owned by Mortgagor free and clear of liens, encumbrances or security interests of others except for the Permitted Encumbrances.

(e) Neither the provisions of this Paragraph nor the filing of any separate security agreement or financing statement, with respect to Mortgagee's security interest in the Security Interest Property, shall be construed as in any way derogating or impairing the intention of the parties hereto that the Security Interest Property shall, at all times and for all purposes and in all proceedings, both legal and equitable, be regarded as a part of the Mortgaged Property. **A CARBON, PHOTOGRAPHIC OR OTHER REPRODUCTION OF THIS MORTGAGE OR ANY FINANCING STATEMENT RELATING TO THIS MORTGAGE SHALL BE SUFFICIENT AS A FINANCING STATEMENT.**

26. Certificate as to No Default, etc., Information.

(a) Mortgagor will deliver to Mortgagee, within thirty (30) days after written request, a written statement duly acknowledged by an authorized representative of Mortgagor stating (i) the outstanding amount of the Debt and the components thereof (or confirming Mortgagee's calculation thereof), (ii) whether to the best knowledge of Mortgagor any offsets or defenses exist against the Debt, and (iii) that there exists no default, condition or event which, with the giving of notice or lapse of time or both, would constitute a default in the performance or observance of any of the terms of this Mortgage, the Other Mortgages, the Note, the Leases, the Assignment or any of the other Transaction Documents, or if any such default exists, specifying to the best knowledge of Mortgagor the nature and period of existence thereof and what action Mortgagor is taking or proposes to take with respect thereto.

(b) In addition to the information provided for in paragraph (a) above, (i) Mortgagor will deliver to Mortgagee, within thirty (30) days after written request, such further information with respect to the Mortgaged Property as Mortgagee may, from time to time, reasonably request, (ii) Mortgagor will cause Tenants under the Leases and lessors under the Equipment Leases to deliver to Mortgagee such information requested by Mortgagee to the extent required to be furnished under such Lease or Equipment Lease, and (iii) Mortgagor will use its reasonable efforts to cause such Tenants or lessors to deliver to Mortgagee

such information to the extent not so required to be furnished under such Lease or Equipment Lease. Each such request for additional information of Mortgagor or any such Tenant or lessor may be made by Mortgagee, from time to time, for any reasonable business purpose.

27. **Books and Records; Financial Statements.** Mortgagee or its designated representatives shall, upon reasonable prior notice to Mortgagor, have (a) the right of entry and free access to the Premises (subject to the rights of motel guests) during business hours to inspect the Mortgaged Property and (b) the right to inspect all books, contracts and records of Mortgagor relating to the Mortgaged Property. Mortgagor shall make its officers, directors, and regional supervisors and retained professionals knowledgeable of such matters available for Mortgagee or its designated representatives to discuss Mortgagor's affairs, finances and accounts relating to the Mortgage Property and Mortgagor will cooperate with, and request that each of its employees cooperate with, Mortgagee and its designated representative to enable them to perform these functions, at all reasonable times and as often as Mortgagee may reasonably request.

28. **Application of Proceeds.** Any sum which by the terms of this Mortgage is to be applied to the Loan or the Note shall be applied by Mortgagee in such order and priority as is set forth herein or in any other Transaction Document.

29. **Terms Subject to Applicable Law; Severability.** All rights, powers and remedies provided herein are intended to be limited to the extent necessary so that they will not render this Mortgage invalid, unenforceable or not entitled to be recorded, registered or filed under any applicable law. If any term of this Mortgage shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the other terms hereof shall in no way be affected thereby.

30. **Further Acts, etc.** Mortgagor shall, at its sole cost and expense, and without expense to Mortgagee, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers, assurances and opinions of counsel as Mortgagee shall, from time to time, reasonably require for better assuring, conveying, assigning, transferring and confirming unto Mortgagee the property and rights hereby mortgaged 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 filing, registering or recording this Mortgage and, on written demand, will execute and deliver one or more financing statements to evidence more effectively the lien hereof upon the Mortgaged Property except that Mortgagor shall have no obligation to comply with the foregoing if any such action would

increase Mortgagor's liability hereunder or increase Mortgagee's rights hereunder. Mortgagor will reimburse Mortgagee, on written demand, for any sums (including reasonable attorneys' fees and disbursements) reasonably expended by Mortgagee in preparing, executing, acknowledging, filing, registering and recording such instruments, certificates and documents.

31. Limitation of Liability of Mortgagee. Neither this Mortgage nor any action or inaction on the part of Mortgagee shall, without such party's written consent, constitute an assumption on such party's part of any obligation under any of the Leases or any other agreement affecting the Mortgaged Property, nor shall Mortgagee have any obligation to make any payment to be made by Mortgagor under the Leases or any such other agreement, or to present or file any claim, or to take any other action to collect or enforce the payment of any amounts which have been assigned to Mortgagee or to which Mortgagee may be entitled hereunder at any time or times. No action or inaction on the part of Mortgagee shall adversely affect or limit in any way the rights of Mortgagee hereunder or under the Leases or the Note or the Assignment.

32. Documentary Stamps. If at any time any Governmental Authority shall require revenue or other stamps to be affixed to the Note or this Mortgage, Mortgagor will pay for the same, with interest and penalties thereon, if any.

33. Cumulative Remedies of Mortgagee; No Waiver. No legal, equitable or contractual right, power or remedy of Mortgagee shall be exclusive of any other, but rather, each right, power or remedy shall be separate, cumulative and concurrent and shall be in addition to every right, power or remedy now or hereafter existing at law or in equity. No delay in the exercise of, or omission to exercise, any right, power or remedy accruing on any default shall impair any such right, power or remedy or be construed to be a waiver of any such default or acquiescence therein, nor shall it affect any subsequent default of the same or a different nature. Every such right, power or remedy may be exercised concurrently or independently, and when and as often as may be deemed expedient, by Mortgagee. Mortgagee may resort for the payment of the Debt to the Mortgaged Property and to any other security held by Mortgagee in such order and manner as Mortgagee, in its sole discretion, may elect. Mortgagee may take action to recover the Debt, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Mortgagee thereafter to foreclose this Mortgage or sell the Mortgaged Property pursuant to the power of sale, if any. No act of Mortgagee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision.

34. Filing of Mortgage, etc. (a) Mortgagor forthwith upon the execution and delivery of this Mortgage and thereafter, from time to time, as reasonably required or requested by Mortgagee,

will cause this Mortgage, the Assignment, and any security instrument or Transaction Document creating a lien or evidencing the lien hereof upon the Mortgaged Property and each instrument of further assurance, and each supplement to any of the foregoing and each modification to any of the foregoing, to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien hereof upon, and the interests of Mortgagee in the Mortgaged Property. Mortgagor will pay all filing, registration or recording fees, and all reasonable expenses incident to the execution and acknowledgment of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property and any instrument of further assurance, and all Federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property or any instrument of further assurance.

(b) Mortgagor shall hold harmless and indemnify Mortgagee and its successors and assigns, against any liability incurred by reason of the imposition of any tax on the making and recording of this Mortgage. In the event that Mortgagor shall fail to make any such payment, Mortgagee shall have the right, but not the obligation, to pay at the direction of Mortgagee the amount due and shall notify Mortgagor of such payment and Mortgagor shall reimburse Mortgagee therefor, upon written demand, with interest thereon at the Default Rate from the date of payment by Mortgagee to the date of repayment, and such amount, together with such interest, shall constitute a portion of the Debt secured by the lien of this Mortgage.

35. Usury Laws. It is the intent of Mortgagor and Mortgagee to comply at all times with applicable usury laws. If at any time such laws would render usurious any amounts called for under the Note or any of the Transaction Documents, then it is Mortgagor's and Mortgagee's express intention that such excess amount be immediately credited on the principal balance of the Note (or, if the Note has been fully paid, and Mortgagee has no further obligation under the Loan Agreement to make Advances, refunded by Mortgagee to Mortgagor and Mortgagor shall accept such refund), and the provisions hereof and thereof be immediately deemed to be reformed to comply with the then applicable laws, without the necessity of the execution of any further documents, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder. Any such crediting or refund shall not cure or waive any default by Mortgagor under the Note or under any of the other Transaction Documents. If, at any time following any such reduction in the interest rate payable by Mortgagor, there remains unpaid any principal amounts under the Note and the maximum interest rate permitted by applicable law is increased or eliminated, then the

interest rate payable hereunder shall be readjusted, to the extent permitted by applicable law, so that the total dollar amount of interest payable hereunder shall be equal to the dollar amount of interest which would have been paid by Mortgagor without giving effect to the applicable usury laws theretofore in effect. Mortgagor agrees, however, that in determining whether or not any interest payable under the Note or any of the other Transaction Documents exceeds the highest rate permitted by law, any non-principal payment (except payments specifically stated in the Note or in any other Transaction Document to be "interest"), including, without limitation, prepayment fees and late charges, shall be deemed, to the extent permitted by law, to be an expense, fee or premium rather than interest.

36. Marshalling. Mortgagor waives and releases any right to have the Mortgaged Property marshalled.

37. Waiver of Notice. Mortgagor shall not be entitled to any notices of any nature whatsoever from Mortgagee except with respect to matters for which this Mortgage, the Loan Agreement or the Note specifically and expressly provides for the giving of notices by Mortgagee to Mortgagor, and Mortgagor hereby expressly waives the right to receive any notice from Mortgagee with respect to any matter for which this Mortgage, the Loan Agreement or the Note does not specifically and expressly provide for the giving of notice by Mortgagee to Mortgagor.

38. Recovery of Sums Required To Be Paid. Mortgagee shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Debt as the same become due, without regard to whether or not the balance of the Debt shall be due, and without prejudice to the right of Mortgagee to thereafter bring an action of foreclosure, or any other action, for a default or defaults by Mortgagor existing at the time such earlier action was commenced.

39. Other Mortgages; Cross Collateralization; Cross Default.

(a) Mortgagor acknowledges that this Mortgage along with the Other Mortgages secure the Debt. Mortgagor agrees that the lien of this Mortgage shall be absolute and unconditional and shall not in any manner be affected or impaired by any acts or omissions whatsoever of Mortgagee and, without limiting the generality of the foregoing, the lien hereof shall not be impaired by any acceptance by Mortgagee of any other security for any of the Debt, or by any failure, neglect or omission on the part of Mortgagee to realize upon or protect any of the Debt or any collateral security therefor including, without limitation, the Other Mortgages. The lien of this Mortgage shall not in any manner be impaired or affected by any release (except as to the property released), sale, pledge, surrender, compromise, settlement, renewal, extension, indulgence, alteration, changing,

modification or disposition of any of the Debt or of any of the collateral security therefor, including, without limitation, the Other Mortgages, and Mortgagee may foreclose, or exercise any other remedy available to Mortgagee under the Other Mortgages without first exercising or enforcing any of its remedies under this Mortgage and any exercise of the rights or remedies of Mortgagee hereunder shall not in any manner impair the Debt or the lien of this Mortgage or the liens of the Other Mortgages or any of Mortgagee's rights and remedies thereunder.

(b) Mortgagor specifically consents and agrees that Mortgagee may exercise its rights and remedies hereunder and under the Other Mortgages separately or concurrently and in any order that it may deem appropriate and Mortgagor waives any rights of subrogation. Without limiting the generality of the foregoing, Mortgagor agrees that if an Event of Default is continuing (i) Mortgagee shall have the right to pursue all of its rights and remedies in one proceeding, or separately and independently in separate proceedings from time to time, as Mortgagee, in its sole and absolute discretion, shall determine from time to time, (ii) Mortgagee is not required to either marshal assets, sell the Mortgaged Property or properties encumbered by the Other Mortgages in any inverse order of alienation, or be subject to any "one action" or "election of remedies" law or rule, (iii) the exercise by Mortgagee of any remedies against the Mortgaged Property or properties encumbered by the Other Mortgages will not impede Mortgagee from subsequently or simultaneously exercising remedies against any other properties encumbered by the Other Mortgages or this Mortgage, and (iv) all liens and other rights, remedies or privileges provided to Mortgagee shall remain in full force and effect until Mortgagee has exhausted all of its remedies against the Mortgaged Property and all of the properties encumbered by the Other Mortgages and this Mortgage have been foreclosed, sold and/or otherwise realized upon in satisfaction of the Debt or the Debt has been paid in full.

40. **No Oral Change.** This Mortgage may only be modified or amended by an agreement in writing signed by Mortgagor and Mortgagee, and may only be released, discharged or satisfied of record by an instrument in writing signed by Mortgagee.

41. **Notices.** All notices, requests and demands to or upon Mortgagor or Mortgagee to be effective shall be in writing and unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand (including by nationally recognized courier service) or on the date of delivery or the second date of any attempted delivery as shown on the returned receipt, via certified or registered mail, return receipt requested, postage prepaid, addressed as follows, or to such address or other address as may be hereafter notified by such parties:

Mortgagee: Nomura Asset Capital Corporation
Two World Financial Center
Bldg. B, 21st Floor
New York, New York 10281-1198
Att: Mr. Daniel S. Abrams, Director

with a copy to: Rosenman & Colin LLP
575 Madison Avenue
New York, New York 10022
Att: Stephen R. Senie, Esq.

Mortgagor: MJ Properties, L.L.C.
3737 South Elizabeth
Suite 103
Independence, Missouri 64057

with a copy to: Helfrey, Simon & Jones, P.C.
212 South Central Avenue
Suite 304
St. Louis, Missouri 63105
Attn: David F. Neiers, Esq.

42. Joint and Several Liability. If Mortgagor consists of more than one person, the obligations and liability of each such person hereunder shall be joint and several.

43. Headings, etc. The headings and captions of the paragraphs of this Mortgage are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

44. Successors and Assigns. The provisions of this Mortgage shall be binding upon Mortgagor and Mortgagee, and their respective successors and assigns, and all persons claiming under or through Mortgagor or Mortgagee or any such successor or assign, and shall inure to the benefit of, and be enforceable by, Mortgagee and its respective successors and assigns.

45. Survival of Assignment. Notwithstanding anything to the contrary contained in this Mortgage, the assignment, pledge and mortgaging of the Condemnation Proceeds, the Insurance Proceeds and the Refunds, and the right to apply any of the foregoing in accordance with the terms of this Mortgage, shall survive any foreclosure of the lien of this Mortgage.

46. Construction; Counterparts. (a) Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Mortgage shall be used interchangeably in singular or plural form, the word "Mortgagor" shall mean each Mortgagor and any subsequent owners of the Mortgaged Property or any part thereof or interest therein, the word "Mortgagee" shall mean each Mortgagee and any subsequent holder of the Note, and the word "person" shall

include an individual, corporation, partnership, trust, unincorporated association, government, governmental authority, or other entity. References to "this Paragraph" shall mean the paragraph commencing with an Arabic numeral in which the affected phrase or sentence is contained. The phrase "best knowledge of Mortgagor" shall mean knowledge after due inquiry obtained by Mortgagor or any officer or director of Mortgagor or a regional supervisor of Mortgagor (if any) charged with primary responsibility as to such matters in connection with operation of the Mortgaged Property or with the due diligence efforts made by any of the foregoing relating to the acquisition of the Mortgaged Property. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa. The terms "herein", "hereof" or "hereunder" or similar terms used in this Mortgage refer to this entire Mortgage and not to the particular provision in which the term is used.

(b) It is acknowledged and agreed that in the preparation of this Mortgage and the other Transaction Documents indistinguishable contributions were made by representatives of both Mortgagor and Mortgagee, and that Mortgagor and Mortgagee each waives any and all rights, either at law or in equity, to have the provisions of this Mortgage or any part thereof or the provisions of any other Transaction Document interpreted in favor of one over the other based on a claim that representatives of one or the other were the principal draftsmen of any such document.

(c) In the event that the provisions of this Mortgage directly conflict with any provision of the Loan Agreement, the provisions of the Loan Agreement shall govern, except the provisions of the Mortgage with respect to Mortgagee's perfection of a security interest or lien on the Mortgaged Property, and the enforcement thereof shall be governed by the terms and provisions of the Mortgage.

(d) This Mortgage may be executed in any number of duplicate originals and each such duplicate original shall be deemed to constitute but one and the same instrument.

47. Governing Law. IN ALL RESPECTS, INCLUDING, WITHOUT LIMITATION, MATTERS OF CONSTRUCTION AND VALIDITY, THIS MORTGAGE AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THE STATE (WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS OR COMITY) AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. NOTWITHSTANDING THE FOREGOING, THE NOTE AND LOAN AGREEMENT ARE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

48. Expenses of Enforcement. All reasonable costs and expenses of Mortgagee in the enforcement of any covenant of Mortgagor or any right or remedy afforded Mortgagee pursuant to this Mortgage or any other Transaction Document or in connection with any proceedings, including probate and bankruptcy proceedings, to which Mortgagee shall be a party, either as plaintiff, claimant or defendant, by reason of this Mortgage or any indebtedness hereby secured or in connection with preparations for the commencement of any suit for the foreclosure hereof after accrual of such right to foreclose, whether or not actually commenced shall be paid by Mortgagor upon written demand by Mortgagee, and, to the extent permitted by law, shall bear interest, at the Default Rate from the date of demand until the actual date of repayment by Mortgagor, and shall be deemed a part of the Debt and secured by this Mortgage and the Other Mortgages. As used herein, "reasonable costs and expenses" shall include, without limitation, actual expenses incurred by Mortgagee, fees and expenses of Mortgagee's agents, reasonable attorneys fees and expenses (which may include costs of any attorney in the employ of Mortgagee and fees for services performed by legal assistants and other non-lawyers), court costs and filing fees, allowances authorized or permitted by statute or of a court, fees and expenses of receivers, appraisers fees, costs of environmental audits and reports, expenditures for documentary and expert evidence, stenographers charges, publication costs and the cost of procuring abstracts of title, title searches and examinations, title policies and similar data with respect to title which Mortgagee may deem reasonably necessary and all other expenses of the foreclosure or similar enforcement proceeding, all of which may be estimated as to items to be expended after the entry of the decree.

49. Waivers; Sale Bar Against Foreclosure.

(a) Mortgagor hereby expressly waives the pleading of any statute of limitations or other bar to an action based on the passage of time as a defense to any obligations secured by the Transaction Documents to the full extent permitted by law.

(b) In any action to foreclose the lien or liens of this Mortgage, including a partial foreclosure, no defense, counterclaim or setoff shall be available to Mortgagor other than one which denies the existence or sufficiency of the facts upon which the action is grounded or which raises an issue concerning the priority of liens. If any defense, counterclaim or setoff, other than one permitted by this Paragraph is timely raised in such foreclosure action, such defense, counterclaim or setoff shall be dismissed; provided, however, if such defense, counterclaim or setoff is based on a claim which could be tried in an action for money damages, such claim may be brought in a separate action which shall not thereafter be consolidated with such foreclosure action. The bringing of such separate action

for money damages shall not be deemed to afford any grounds for staying the foreclosure action.

(c) Mortgagor hereby expressly waives for itself and all who may claim through or under it, and to the fullest extent Mortgagor may do so under applicable law, any and all rights of redemption in the event of a foreclosure sale, and the sale of the Mortgaged Property, or any part thereof, or any interest therein, whether pursuant to foreclosure or partial foreclosure or otherwise, any such foreclosure or partial foreclosure sale under this Mortgage shall be a perpetual bar against Mortgagor.

(d) Notwithstanding anything to the contrary contained in this Mortgage, Mortgagor hereby agrees that, to the extent permitted by applicable law, Mortgagor shall not at any time:

- (i) insist upon, plead or in any manner whatever claim or take any benefit or advantage of any stay, extension or moratorium law or an 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 or any other Transaction Document;
- (ii) claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision hereof or pursuant to the decree, judgment or order of any court of competent jurisdiction or upon execution of any judgment recovered for all or any portion of the Debt; or
- (iii) avail itself of any benefits that might accrue to it by virtue of any present or future laws excepting the Mortgaged Property, or any proceeds arising from the sale thereof, from attachment, levy, or sale under execution from civil process, or extension of time for payment.

50. No Claim of Credit for Impositions. Mortgagor will not make deduction from or claim credit on the principal or interest secured by this Mortgage by reason of any governmental taxes, assessments or charges. Mortgagor will not claim any deduction from the taxable value of the Mortgaged Property by reason of this Mortgage.

51. Sole Discretion of Mortgagee; Reasonableness.

(a) Wherever pursuant to the provisions of this Mortgage, Mortgagee exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Mortgagee, Mortgagee in its opinion, judgment or discretion, the decision of Mortgagee to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory shall be in such party's sole discretion, as the case may be, and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein.

(b) In the event the consent or approval of Mortgagee is required to be reasonable under any provision in this Mortgage or any other Transaction Document and Mortgagor believes that such consent or approval was withheld or delayed in violation of such standard, then Mortgagor's sole remedy in such case shall be either (i) to seek the release of the Mortgaged Property and this Mortgage in accordance with the Loan Agreement or (ii) to seek injunctive relief or specific performance and if the court determines, without right to further appeal, that such approval or consent was withheld in violation of the applicable standard or that such standard was satisfied, then (A) the consent or approval shall be deemed granted, (B) Mortgagee shall deliver prompt written confirmation of such consent or approval, (C) the granting of such consent or approval shall be the only remedy available to Mortgagor, (D) neither Mortgagee nor its officers or agents shall have any liability for having withheld or delayed such consent or approval, and (E) Mortgagor's obligations under the Transaction Documents shall not be diminished in any way.

52. Modification by Mortgagee. Mortgagor agrees that, without affecting the liability of Mortgagor or any other person (except any person expressly released in writing) liable for payment of the Debt or for performance of any obligation contained herein or affecting the lien and security interest of this Mortgage upon the Mortgaged Property or any part thereof, Mortgagee may, at any time and from time to time, regardless of consideration, without notice to or obtaining the consent of any person (a) release any person liable for payment of any indebtedness secured hereby or for performance of any obligation, (b) extend the time or agree to alter the terms of payment of any such indebtedness, including, without limitation, modifying the interest rate, the amortization period or any other provision of the Note, (c) modify or waive any obligation (to the extent same does not increase Mortgagor's obligations), (d) subordinate, modify or otherwise deal with the lien and security interest hereof, (e) release the whole or any part of the Mortgaged Property or any other security, (f) accept additional security of any kind, (g) consent to the making of any map or plat of the Mortgaged Property, the creating of any easements thereon or any covenants restricting use or occupancy thereof, or (h) exercise, refrain from exercising or waive any right Mortgagee may have without in any manner impairing or affecting the Transaction Documents, as so extended, modified and supplemented, or the lien or priority thereof unless expressly released or discharged from such obligation by Mortgagee in writing.

53. Assignment; Participations. (a) Mortgagee shall have the right in its sole discretion at any time during the term of the Loan to sell, assign, syndicate, securitize or otherwise transfer or dispose of its interest in all or any portion of the Loan, provided, however, that all of the provisions hereof shall continue in full force and effect following any such sale, assignment, syndication, securitization or other transfer.

(b) Mortgagee may at any time grant to one or more banks, life insurance companies or other financial institutions (each a "Participant") participating interests in all or a portion of Mortgagee's interest in the Loan, provided that, in the event of any such grant by Mortgagee of a participating interest to a Participant, whether or not upon notice to Mortgagor, Mortgagee shall remain responsible for the performance of its obligations hereunder, and Mortgagor shall continue to deal solely and directly with Mortgagee in connection with Mortgagee's rights and obligations under this Mortgage. Mortgagee shall give Mortgagor written notice of any such grant by Mortgagee of such a participating interest to a Participant.

54. No Merger. If both the landlord's and the tenant's estates under any Lease shall at any time become vested in one owner, or if Mortgagor's estates under this Mortgage shall at any time become vested in one owner, including, without limitation, upon the delivery of a deed to Mortgagee in lieu of a foreclosure sale, or upon a purchase of the Mortgaged Property by Mortgagee in a foreclosure sale, this Mortgage and the lien created hereby shall not be destroyed or terminated by the application of the doctrine of merger and in such event Mortgagee shall continue to have and enjoy all of the rights and privileges of Mortgagee as to the separate estates; and, as a consequence thereof, upon the foreclosure of the lien created by this Mortgage any Leases or subleases then existing and created by Mortgagor shall not be destroyed or terminated by application of the law of merger or as a result of such foreclosure unless Mortgagee or any purchaser at any such foreclosure sale shall so elect. No act by or on behalf of Mortgagee or any such purchaser shall constitute a termination of any Lease or sublease unless Mortgagee or such purchaser shall give written notice thereof to the Tenant or sublessee thereunder.

55. Running with the Land. All covenants contained in this Mortgage shall run with the land of the Mortgaged Property.

56. True Copy. MORTGAGOR ACKNOWLEDGES HAVING RECEIVED A TRUE COPY OF THIS MORTGAGE WITHOUT CHARGE.

57. Waiver of Jury Trial. MORTGAGOR HEREBY EXPRESSLY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY EITHER PARTY HERETO AGAINST THE OTHER, OR IN ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS MORTGAGE, THE NOTE, THE ASSIGNMENT OR ANY OF THE OTHER TRANSACTION DOCUMENTS TO THE FULL EXTENT PERMITTED BY LAW.

58. After-Acquired Property. If, after the date of this Mortgage, Mortgagor acquires any property located on and used in connection with the Mortgaged Property and that by the terms of this Mortgage is required or intended to be encumbered by this Mortgage, the property shall become subject to the lien and security interest of this Mortgage immediately upon its

acquisition by Mortgagor and without any further mortgage, conveyance, assignment or transfer. Nevertheless, upon Mortgagee's reasonable request, from time to time, Mortgagor will execute, acknowledge and deliver any additional instruments and assurances of title and will do or cause to be done anything further that is reasonably necessary for carrying out the intent of this Mortgage.

59. Non-Recourse. The obligations of Mortgagor hereunder are "Non-Recourse" as such term is defined in the Loan Agreement.

IN WITNESS WHEREOF, Mortgagor has duly executed and sealed this Mortgage as of the day and year first above written.

Signed, sealed and delivered in the presence of:

WITNESSES:

[Signature]
Name: Eric Niel
[Signature]
Name: JIMMIE T KAMARA

[Signature]
Name: Eric Niel
[Signature]
Name: JIMMIE T KAMARA

MJ PROPERTIES, L.L.C.

By: M.J. Property & Company, Inc.,
a Missouri corporation

By: [Signature]
Mary Jane Parrish, President

By: MJ Holdings, Inc., a Missouri
corporation

By: [Signature]
Mary Jane Parrish, President

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On the 1st day of February, 1996, before me personally came Mary Jane Parrish, to me known, who, being by me duly sworn did depose and say that s/he resides at 325 BERRY LANE, LAURENDEAU that s/he is the President of M.J. Property & Company, Inc. and MJ Holdings, Inc., the corporations which executed the above instruments on behalf of MJ Properties, L.L.C.; and that s/he signed his/her name thereto by authority of the boards of directors of such corporations.

Ellen Warren
Notary Public
My Commission Expires: _____
I reside in New York County, New York

This document was prepared by Stephen R. Senie, Esq. of Rosenman & Colin, LLP, 575 Madison Avenue, New York, New York 10022-2585.

ELLEN WARREN
Notary Public, State of New York
No. 31-4847374
Qualified in New York County
Commission Expires July 31, 1997

EXHIBIT A

LEGAL DESCRIPTION

LEGAL DESCRIPTION:

PARCEL 1:

PART OF THE SOUTHEAST 1/4 OF SECTION 24, TOWNSHIP 37 NORTH, RANGE 10 WEST, OF THE 2ND PRINCIPAL MERIDIAN, IN THE CITY OF HAMMOND, LAKE COUNTY, INDIANA, DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE EAST LINE OF SAID SECTION, 705 FEET NORTH OF THE SOUTHEAST CORNER THEREOF; THENCE NORTH ALONG THE EAST LINE 575 FEET; THENCE WESTERLY ON A LINE MAKING AN INTERIOR ANGLE OF 90 DEGREES 40 MINUTES MEASURED SOUTH TO WEST FROM THE EAST LINE OF SAID SECTION, 313.55 FEET, MORE OR LESS, TO THE EASTERLY LINE OF THE RIGHT OF WAY OF THE SOUTH CHICAGO & SOUTHERN RAILROAD AS DESCRIBED IN DEED RECORD 74 PAGES 84 TO 89; THENCE SOUTHEASTERLY ON SAID RIGHT OF WAY LINE, BEING A CURVED LINE OF 2374 FOOT RADIUS, CONVEX TO THE NORTHEAST, 497.37 FEET, MORE OR LESS, TO A POINT OF TANGENT; THENCE CONTINUING SOUTHERLY ALONG SAID RIGHT OF WAY LINE, 81.53 FEET, MORE OR LESS, TO A LINE THAT IS PARALLEL WITH THE SOUTH LINE OF SAID SECTION, AND 705 FEET NORTH OF IT, AS MEASURED ALONG THE EAST LINE OF SAID SECTION; THENCE EASTERLY ALONG SAID 705 FOOT PARALLEL LINE, 262.14 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL 2:

THE SOUTH 265 FEET OF THE FOLLOWING DESCRIBED PROPERTY: A PARCEL OF LAND IN THE SOUTHEAST 1/4 OF SECTION 24, TOWNSHIP 37 NORTH, RANGE 10 WEST OF THE 2ND PRINCIPAL MERIDIAN, IN THE CITY OF HAMMOND, LAKE COUNTY, INDIANA, DESCRIBED AS BEGINNING AT A POINT ON THE EAST LINE OF SAID SECTION 24 THAT IS 440 FEET NORTH OF THE SOUTHEAST CORNER OF SAID SECTION 24, MEASURED ALONG THE EAST LINE OF SAID SECTION 24; THENCE CONTINUING ON SAID EAST LINE, 840 FEET; THENCE WESTERLY ON A LINE THAT IS PARALLEL TO THE SOUTH LINE OF SAID SECTION 24 AND THIS LINE MAKES AN INTERIOR ANGLE OF 90 DEGREES 40 MINUTES, MEASURED SOUTH TO WEST WITH THE EAST LINE OF SAID SECTION 24, 313.55 FEET, MORE OR LESS, TO THE EASTERLY LINE OF RIGHT-OF-WAY OF THE SOUTH CHICAGO AND SOUTHERN RAILROAD AS DESCRIBED IN DEED RECORD 74 PAGES 84 TO 89, IN THE RECORDER'S OFFICE, LAKE COUNTY, INDIANA; THENCE SOUTHEASTERLY ON SAID RIGHT-OF-WAY LINE, BEING CURVED LINE OF 2,374 FOOT RADIUS, CONVEX TO THE NORTHEAST, 479.37 FEET, MORE OR LESS, TO A POINT OF TANGENT; THENCE CONTINUING SOUTHERLY ON SAID RIGHT-OF-WAY LINE 346.53 FEET, MORE OR LESS, TO A LINE THAT IS PARALLEL TO THE SOUTH LINE OF SAID SECTION 24 AND 440 FEET NORTH OF IT, MEASURED ALONG THE EAST LINE OF SAID SECTION 24; THENCE EASTERLY ALONG SAID 440 FOOT PARALLEL LINE, 262.37 FEET TO THE EAST LINE OF SAID SECTION 24 AND THE POINT OF BEGINNING.

EXHIBIT B

OTHER MORTGAGES

1. That certain Deed of Trust, Assignment of Leases, Security Agreement and Fixture Filing, between Grantor and Beneficiary, dated as of February 2, 1996, in the original amount of \$22,646,211.00, which is being presented for recording in the Office of County Recorder, County of Jefferson, relating to premises located in Wheat Ridge, Colorado as more particularly described therein.
2. That certain Deed of Trust, Assignment of Leases, Security Agreement and Fixture Filing, between Grantor and Beneficiary, dated as of February 2, 1996, which is being presented for recording in the Office of County Recorder, County of Jefferson, in the original amount of \$22,646,211.00, relating to premises located in Wheat Ridge, Colorado as more particularly described therein.
3. That certain Mortgage, Assignment of Leases, Security Agreement and Fixture Filing, dated as of February 2, 1996, made by Mortgagor to Mortgagee, which is being presented for recording in the Office of County Recorder, County of Lake in the original amount of \$22,646,211.00 relating to premises located in Indianapolis, Indiana, as more particularly described therein.
4. That certain Mortgage, Assignment of Leases, Security Agreement and Fixture Filing, dated as of February 2, 1996, made by Mortgagor to Mortgagee, which is being presented for recording in the Office of County Recorder, County of Pottawattamie in the original amount of \$22,646,211.00 relating to premises located in Council Bluffs, Iowa, as more particularly described therein.
5. That certain Mortgage, Assignment of Leases, Security Agreement and Fixture Filing, between Mortgagor and Mortgagee, dated as of February 2, 1996, which is being presented for recording in the Office of County Recorder, County of Wyandotte, in the original amount of \$4,781,236.50, relating to premises located in Kansas City, Kansas as more particularly described therein.
6. That certain Advance Deed of Trust, Assignment of Leases, Security Agreement and Fixture Filing, between Grantor and Beneficiary, dated as of February 2, 1996, which is being presented for recording in the Office of County Recorder, County of Jackson, in the original amount of \$22,646,211.00, relating to premises located in Blue Springs, Missouri as more particularly described therein.
7. That certain Advance Deed of Trust, Assignment of Leases,

Security Agreement and Fixture Filing, between Grantor and Beneficiary, dated as of February 2, 1996, which is being presented for recording in the Office of County Recorder, County of Jackson, in the original amount of \$22,646,211.00, relating to premises located in Blue Springs, Missouri as more particularly described therein.

8. That certain Advance Deed of Trust, Assignment of Leases, Security Agreement and Fixture Filing, between Grantor and Beneficiary, dated as of February 2, 1996, which is being presented for recording in the Office of County Recorder, County of Jackson, in the original amount of \$22,646,211.00, relating to premises located in Independence, Missouri as more particularly described therein.
9. That certain Advance Deed of Trust, Assignment of Leases, Security Agreement and Fixture Filing, between Grantor and Beneficiary, dated as of February 2, 1996, which is being presented for recording in the Office of County Recorder, County of Greene, in the original amount of \$22,646,211.00, relating to premises located in Springfield, Missouri as more particularly described therein.

EXHIBIT C

OTHER LEASES

All leases and other agreements affecting the use or occupancy of all or any portion of the Premises now in effect or hereafter entered into (including, without limitation, subleases, licenses, concessions, tenancies and other occupancy agreements covering or encumbering all or any portion of the Premises), together with any guarantees, supplements, amendments, modifications, extensions and renewals of the same, and all additional remainders, reversions, and other rights and estates appurtenant thereto.