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STATE OF INDIANA
LAKE COUNTY
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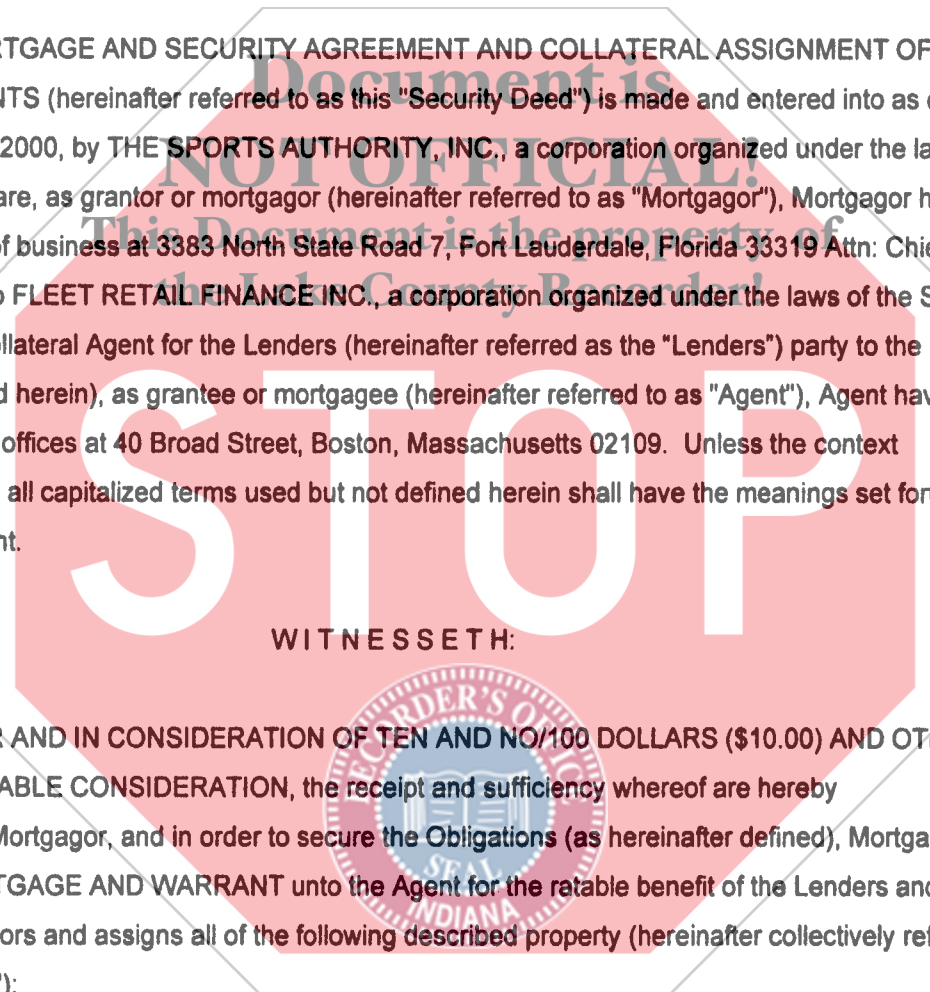
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NOTARY PUBLIC

**MORTGAGE AND SECURITY AGREEMENT
AND COLLATERAL ASSIGNMENT OF LEASES AND RENTS**

THIS MORTGAGE AND SECURITY AGREEMENT AND COLLATERAL ASSIGNMENT OF LEASES AND RENTS (hereinafter referred to as this "Security Deed") is made and entered into as of this 3rd day of August, 2000, by THE SPORTS AUTHORITY, INC., a corporation organized under the laws of the State of Delaware, as grantor or mortgagor (hereinafter referred to as "Mortgagor"), Mortgagor having its principal place of business at 3383 North State Road 7, Fort Lauderdale, Florida 33319 Attn: Chief Financial Officer, to FLEET RETAIL FINANCE INC., a corporation organized under the laws of the State of Delaware, as Collateral Agent for the Lenders (hereinafter referred as the "Lenders") party to the Loan Agreement (defined herein), as grantee or mortgagee (hereinafter referred to as "Agent"), Agent having its principal executive offices at 40 Broad Street, Boston, Massachusetts 02109. Unless the context otherwise requires, all capitalized terms used but not defined herein shall have the meanings set forth in the Loan Agreement.



WITNESSETH:

THAT FOR AND IN CONSIDERATION OF TEN AND NO/100 DOLLARS (\$10.00) AND OTHER GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency whereof are hereby acknowledged by Mortgagor, and in order to secure the Obligations (as hereinafter defined), Mortgagor does hereby MORTGAGE AND WARRANT unto the Agent for the ratable benefit of the Lenders and their respective successors and assigns all of the following described property (hereinafter collectively referred to as the "Property"):

- (a) All that certain tract or parcel of land located in Merrillville, Lake County, Indiana, more particularly described in Exhibit A attached hereto and by this reference made a part hereof,

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together with all right, title and interest of Mortgagor, including any after-acquired title or reversion, in and to the rights-of-ways, streets, and alleys adjacent thereto, and all easements, rights-of-way, licenses, operating agreements, strips and gores of land, vaults, streets, ways, alleys, passages, sewers, sewer rights, waters, water courses, water rights and powers, oil, gas and other minerals, flowers, shrubs, crops, trees, timber and other emblements now or hereafter located on the land or under or above same, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances whatsoever, in any way belonging, relating to or appertaining to said tract or parcel of land or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by Mortgagor and the reversion and reversions, remainder and remainders, and all the estate, right, title, interest, property, possession, claim and demand whatsoever at law, as well as in equity, of the Mortgagor of, in and to the same (hereinafter referred to as the "Land"); and

(b) All buildings, structures, parking areas, landscaping, and other improvements of every nature now or hereafter situated, erected or placed on the Land (hereinafter referred to as the "Improvements"); and

(c) All fixtures, and all materials intended for construction, reconstruction, alteration and repairs of the Improvements, including, but not limited to, all gas and electric fixtures, radiators, heaters, furnaces, engines and machinery, boilers, ranges, elevators and motors, bathtubs, sinks, commodes, basins, pipes, faucets and other plumbing, heating and air conditioning equipment, mirrors, refrigerating plant, carpeting, floor coverings, water heaters, and cooking apparatus and appurtenances, and all other fixtures now or hereafter owned by Mortgagor (excluding trade fixtures) and located in, on or about, or used or intended to be used with or in connection with the maintenance, repair, use, operation, or enjoyment of the Land or the Improvements, whether installed in such a way as to become a part thereof or not, including all extensions, additions, improvements, betterments, renewals and replacements of any of the foregoing and all the right, title and interest of Mortgagor in and to any of the foregoing, now owned or hereafter acquired by Mortgagor, all of which are hereby declared and shall be deemed to be fixtures and accessions to the freehold and a part of the Improvements as between the parties hereto and all persons claiming by, through or under them (hereinafter referred to as the "Fixtures"); and

(d) All right, title and interest of Mortgagor in and to all policies of insurance, licenses, franchises, permits, service contracts, maintenance contracts, property management agreements, equipment leases which in any way now or hereafter belong, relate or appertain to the Land, the Improvements or the Fixtures or any part thereof now owned or hereafter acquired by Mortgagor,

including, without limitation, all condemnation payments, insurance proceeds, tax abatements, and escrow funds (hereinafter referred to as the "Intangible Property"); and

(e) All present and future leases, tenancies, occupancies and licenses, whether written or oral of the Land, the Improvements, the Fixtures and the Intangible Property, or any combination or part thereof (hereinafter referred to as the "Leases"), and all income, rents, issues, royalties, profits, revenues, security deposits and other benefits of the Land, the Improvements, the Fixtures and the Intangible Property, from time to time accruing, all payments under Leases, and all payments on account of oil and gas and other mineral Leases, working interests, production payments, royalties, overriding royalties, rents, delay rents, operating interests, participating interests and other such entitlements, and all the estate, right, title, interest, property, possession, claim and demand whatsoever at law, as well as in equity, of Mortgagor of, in and to the same (hereinafter referred to as the "Revenues"); and

(f) All of the right, title and interest of Mortgagor in and to all construction contracts, subcontracts, architectural agreements, labor, material and payment bonds, guaranties and warranties, and plans and specifications relating to the construction of Improvements on the Land, whether now or hereafter existing, including, without limitation, (i) any architectural or engineering agreement entered into with respect to the design of said Improvements and other architectural or engineering services, (ii) the plans and specifications for the construction of said Improvements prepared by the architect, and (iii) any contractor's agreement entered into with respect to construction of Improvements on the Land (hereinafter collectively referred to as the "Contracts"); and

(g) All proceeds, products, substitutions and accessions of the foregoing of every type.

TO HAVE AND TO HOLD the Property and all parts, rights, members and appurtenances thereof, to the use, benefit and behoof of Agent for the ratable benefit of the Lenders and the successors and assigns of Agent; and Mortgagor covenants that Mortgagor is lawfully seized and possessed of the Property and holds marketable fee simple absolute title to the same and has good right to convey the Property and that the conveyances in this Security Deed are subject to only those matters defined as the Permitted Real Estate Encumbrances under the Loan Agreement (hereinafter referred to as the "Permitted Encumbrances"). Except for the Permitted Encumbrances, Mortgagor does warrant and will forever defend the title to the Property against the claims of all persons whomsoever.

This Security Deed is intended to constitute a security agreement and financing statement under the Uniform Commercial Code as enacted in the State of Indiana (hereinafter, the "UCC"). This Security

Deed is also intended to operate and be construed as an absolute present assignment of the rents, issues and profits of the Property, Agent hereby agreeing, that Mortgagor is entitled to receive, collect and dispose of the rents, issues and profits of the Property without restriction prior to an Event of Default.

This Security Deed is given to secure the payment and performance of the following described indebtedness and obligations (hereinafter referred to as the "Obligations") pursuant to the following:

- (a) The full and prompt payment and performance of all of the provisions, agreements, covenants and obligations contained in that certain Amended and Restated Loan and Security Agreement dated August 3, 2000 (hereinafter referred to as the "Loan Agreement") between Mortgagor and Agent;
- (b) The full and prompt payment and performance of all of the provisions, agreements, covenants and obligations herein contained and contained in any other agreements, documents or instruments now or hereafter evidencing, securing or otherwise relating to the indebtedness evidenced by the Loan Agreement (this Security Deed, the Loan Agreement, the Revolving Credit Notes executed in favor of the Lenders (the "Notes"), and such other agreements, documents and instruments, together with any and all renewals, amendments, extensions and modifications thereof, are hereinafter referred to as the "Loan Documents"), and the payment of all other sums therein covenanted to be paid;
- (c) Any and all additional advances made by the Agent or any Lender to protect or preserve the Property or the security interest created hereby on the Property, or for taxes, assessments or insurance premiums as hereinafter provided or for performance of any of Mortgagor's obligations hereunder or under the other Loan Documents or for any other purpose provided herein or in the other Loan Documents (whether or not the original Mortgagor remains the owner of the Property at the time of such advances); and
- (d) Any and all other indebtedness, which may now or hereafter be due and owing from Mortgagor to Agent or any Lender in connection with the Loan Documents, now existing or hereafter coming into existence, however and whenever incurred or evidenced, whether expressed or implied, direct or indirect, absolute or contingent, or due or to become due, and all renewals, modifications, consolidations and extensions thereof.

Mortgagor hereby further covenants and agrees with Agent as follows:

1. Payment and Performance of Obligations. Mortgagor shall promptly pay the Obligations when due, and fully and promptly perform all of the provisions, agreements, covenants and obligations of the Obligations.

2. Funds for Impositions. Upon and during the continuance of an Event of Default (as defined herein), the Agent may require Mortgagor to pay to Agent as and when required by the Agent a sum (hereinafter referred to as the "Funds") equal to one-twelfth (1/12) of the following items (hereinafter referred to as the "Impositions"): (a) the yearly water and sewer bills, real estate taxes, ad valorem taxes, personal property taxes, assessments, betterments, and all governmental charges of every name and restriction which may be levied on the Property, and (b) unless the Property is covered under a blanket policy of insurance covering additional locations and other property of Mortgagor, the yearly premium installments for the insurance covering the Property and required by Agent pursuant to Paragraph 4 hereof. The Impositions shall be estimated initially and from time to time by Agent on the basis of assessments and bills and estimates thereof. The Funds shall be held by Agent, with interest payable at the prevailing federal funds rate and free of any liens or claims on the part of creditors of Mortgagor and as part of the security for the Obligations. The Funds shall not be, nor be deemed to be, trust funds but may be commingled with the general funds of Agent. Agent shall apply the Funds to pay the Impositions with respect to which the Funds were paid to the extent of the Funds then held by Agent and provided Mortgagor has delivered to Agent the assessments or bills therefor. Agent shall make no charge for so holding and applying the Funds or for verifying and compiling said assessments and bills. If at any time the amount of the Funds held by Agent shall be less than the amount deemed reasonably necessary by Agent to pay Impositions as such become due, the Agent shall charge Mortgagor's Loan Account (as defined in the Loan Agreement) for any amount necessary to make up the deficiency. Upon payment in full of the Obligations, Agent shall promptly refund to Mortgagor any Funds held by Agent.

3. Impositions, Liens and Charges. Mortgagor shall pay all Impositions and other charges, if any, attributable to the Property, and at Agent's option upon the occurrence of an Event of Default, shall pay such amounts to Agent in the manner provided under Paragraph 2 hereof. Upon request of Agent, Mortgagor shall furnish to Agent all bills and notices of amounts due under this Paragraph 3 as soon as received, and in the event Mortgagor shall make payment directly, and upon request of Agent Mortgagor shall furnish to Agent evidence of such payments at least five (5) days prior to the dates on which such payments are due. Except as otherwise provided in the Loan Agreement, Mortgagor shall promptly discharge (by bonding, payment or otherwise) any lien filed against the Property and will keep and maintain the Property free from the claims of all persons supplying labor or materials to the Property.

4. Property and Other Insurance.

(a) Mortgagor, at its expense, shall procure and maintain for the benefit of Mortgagor and Agent, insurance policies for the following types of insurance covering the Property issued by such insurance companies, in such amounts, in such form and substance, and with such coverages, endorsements, deductibles, and expiration dates as described below:

(i) "All Risks" property insurance (including broad form flood, broad form earthquake and comprehensive boiler and machinery coverages) on the Improvements and Fixtures in an amount not less than one hundred percent (100%) of the full replacement cost of the Improvements and the Fixtures determined annually by an insurer or qualified appraiser selected and paid for by Mortgagor and reasonably acceptable to Agent, with deductibles not to exceed \$50,000.00 for any one occurrence (provided that deductibles of up to \$100,000.00 shall be allowed for flood insurance, and a \$10,000,000 limit with five (5%) percent deductible shall be allowed for earthquake insurance), with a replacement cost coverage endorsement, an agreed amount endorsement, and, if requested by Agent, a contingent liability from operation of building laws endorsement, a demolition cost endorsement, and an increased cost of construction endorsement in such amounts as Agent may reasonably require. Full replacement cost as used herein means the cost of replacing the Improvements (exclusive of the cost of excavations, foundations and footings below the lowest basement floor) and the Fixtures without deduction for physical depreciation thereof;

(ii) During the course of repair of any Improvements on the Land, the insurance required by clause (i) above shall be written on a builders risk, completed value, non-reporting form, meeting all of the terms required by clause (i) above, covering the total value of work performed, materials, equipment, machinery and supplies furnished, existing structures, and temporary structures being erected on or near the Land, including coverage against collapse and damage during transit or while being stored off-site, and containing a soft costs (including loss of rents) coverage endorsement and a permission to occupy endorsement;

(iii) Flood insurance if at any time the Improvements are located in any federally designated "special hazard area" (including any area having special flood, mudslide and/or flood-related erosion hazards, and shown on a Flood Hazard Boundary Map or a Flood Insurance Rate Map published by the Federal Emergency Management

Agency as Zone A, AO, A1-30, AE, A99, AH, V0, V1-30, VE, V, M or E) and the broad form flood coverage required by clause (i) above is not available, in an amount equal to the lesser of the full replacement cost or the maximum amount then available under the National Flood Insurance Program;

(iv) Rent loss insurance in an amount sufficient to recover at least (1) the total estimated gross receipts from all sources of income for the Property, including, without limitation, rental income, for a twelve month period, plus (2) Impositions for a twelve month period to the extent not included in (1) above;

(v) Commercial general liability insurance against claims for bodily injury and property damage including contractual liability and completed operations, and personal and advertising injury, all on an occurrence basis, if available, with a general aggregate limit of not less than \$1,000,000, a completed operations aggregate limit of not less than \$1,000,000, and a combined single "per occurrence" limit of not less than \$1,000,000 for bodily injury, property damage and medical payments;

(vi) During the course of repair of any Improvements on the Land, owner's contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the insurance required by clause (v) above;

(vii) Employers liability insurance;

(viii) Umbrella liability insurance with limits of not less than \$5,000,000 to be in excess of the limits of the insurance required by clauses (v) and (vii) above, with coverage at least as broad as the primary coverages of the insurance required by clauses (v) and (vii) above, with any excess liability insurance to be at least as broad as the coverages of the lead umbrella policy. All such policies shall be endorsed to provide defense coverage obligations;

(ix) Workmen's compensation insurance for all employees of Mortgagor engaged on or with respect to the Land or Improvements; and

(x) Such other insurance in such form and in such amounts as may from time to time reasonably be required by Agent against other insurable hazards and

casualties which at the time are commonly insured against in the case of properties of similar character and location to the Land and the Improvements.

Mortgagor shall pay all premiums on insurance policies, and at Agent's option after the occurrence of an Event of Default, shall pay such amounts to Agent in the manner provided under Paragraph 2 hereof. The insurance policies provided for in clauses (v), (vi) and (viii) above shall name Agent as an additional insured and shall contain a cross liability/severability endorsement. The insurance policies provided for in clauses (i), (ii), (iii) and (iv) above shall name Agent as mortgagee and loss payee, shall be first payable in case of loss to Agent, and shall contain mortgage clauses and Agent's loss payable endorsements in form and substance reasonably acceptable to Agent. Mortgagor shall deliver insurance certificates evidencing all such insurance to Agent, and upon request shall provide to Agent duplicate originals or certified copies of all such policies, and upon request Mortgagor shall promptly furnish to Agent renewal notices and receipts of paid premiums as requested. At least thirty (30) days prior to the expiration date of the policies, Mortgagor shall deliver to Agent certificates of insurance evidencing the renewal of the policies and, upon request of Agent, duplicate originals or certified copies of renewal policies in form satisfactory to Agent.

(b) All policies of insurance required by this Security Deed shall contain clauses or endorsements to the effect that (i) no act or omission of either Mortgagor or anyone acting for Mortgagor (including, without limitation, any representations made by Mortgagor in the procurement of such insurance), which might otherwise result in a forfeiture of such insurance or any part thereof, no occupancy or use of the Property for purposes more hazardous than permitted by the terms of the policy, and no foreclosure or any other change in title to the Property or any part thereof, shall affect the validity or enforceability of such insurance insofar as Agent is concerned, (ii) the insurer waives any right of setoff, counterclaim, subrogation, or any deduction in respect of any liability of Mortgagor and Agent, (iii) such insurance is primary and without right of contribution from any other insurance which may be available, (iv) such policies shall not be modified, cancelled or terminated without the insurer thereunder giving at least thirty (30) days prior written notice to Agent by certified or registered mail, and (v) that Agent shall not be liable for any premiums thereon or subject to any assessments thereunder, and shall in all events be in amounts sufficient to avoid any coinsurance liability.

(c) The insurance required by this Security Deed may be effected through a blanket policy or policies covering additional locations and property of Mortgagor not included in the Property, provided that such blanket policy or policies comply with all of the terms and provisions of this

Paragraph 4 and contain endorsements or clauses assuring that any claim recovery will not be less than that which a separate policy would provide, including, without limitation, a priority claim endorsement in the case of property insurance and an aggregate limits of insurance per location endorsement in the case of liability insurance. The tenant(s) of any of the Property may maintain the required insurance with respect thereto, provided that the policies name the Agent as mortgagee, loss payee, and/or additional insured and otherwise comply with the provisions of this Mortgage.

(d) All policies of insurance required by this Security Deed shall be issued by companies licensed to do business in the state where the policy is issued and also in the State where the collateral is located and having a rating in Best's Key Rating Guide of at least "A" and a financial size category of at least "VIII".

(e) Mortgagor shall not carry separate insurance, concurrent in kind or form or contributing in the event of loss, with any insurance required under this Security Deed unless such insurance complies with the terms and provisions of this Paragraph 4.

(f) In the event of any loss or damage to the Property, Mortgagor shall give immediate written notice to the insurance carrier and Agent. Subject to the provisions of subsection (g) below, Mortgagor may make proof of loss and adjust and compromise any insurance claim so long as no Event of Default has occurred and is continuing. Mortgagor hereby irrevocably authorizes and empowers Agent, at Agent's option and in Agent's sole discretion after an Event of Default, as attorney in fact for Mortgagor, to make proof of such loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Agent's expenses incurred in the collection of such proceeds.

(g) In the event of any loss or damage to the Property which in the reasonable opinion of the Agent has a material adverse effect on the value of the Property, then in addition to any other appraisal rights of Agent contained in the Loan Agreement, the Agent shall have the right to reappraise the Property at the expense of the Mortgagor, and to revise the Borrowing Base (as defined in the Loan Agreement) based on the results of such reappraisal. Upon any loss or damage, but provided there is then no Event of Default hereunder, any insurance proceeds received by Agent shall be released to the Mortgagor. After the occurrence of an Event of Default, Mortgagor hereby authorizes Agent, at Agent's option, to (i) apply the balance of such proceeds to the payment of the Obligations, whether or not then due, or (ii) if Agent shall require

the reconstruction or repair of the Property, hold the balance of such proceeds to be used to pay impositions and the Obligations as such become due during the course of reconstruction or repair of the Property, and to reimburse Mortgagor, in accordance with the terms and conditions as Agent may prescribe, for the costs of reconstruction or repair of the Property, and upon completion of such reconstruction or repair to apply any excess to the payment of the Obligations..

(h) If under Paragraph 20 hereof the Property is sold or the Property is acquired by Agent, all right, title and interest of Mortgagor in and to any insurance policies and unearned premiums thereon and in and to the proceeds thereof resulting from loss or damage to the Property prior to the sale or acquisition shall pass to Agent or any other successor in interest to Mortgagor or purchaser or grantor of the Property.

5. Preservation and Maintenance. Mortgagor (a) shall not permit or commit waste, impairment, or deterioration of the Property, (b) shall keep the Property, including the Improvements and the Fixtures, in good order, repair and tenantable condition and shall replace fixtures, machinery and appliances on the Property when necessary to keep such items in good order, repair, and tenantable condition, and (c) shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property, provided that Mortgagor shall have the right to contest the imposition of any such law, ordinance, regulation or requirement in compliance with all requirements relating to said contest, and provided that no lien superior to this Mortgage is imposed on the Property as a result of said contest. Mortgagor covenants and agrees to give Agent prompt notice of any non-compliance with such laws, ordinances, regulations or requirements and of any notice of non-compliance therewith which it receives or any threatened or pending proceedings in respect thereto or with respect to the Property (including, without limitation, changes in zoning). Neither Mortgagor nor any tenant or other person shall, without prior written consent of the Agent, which consent shall not be unreasonably withheld or delayed, remove, demolish or make structural alterations to any Improvements now existing or hereafter erected on the Property or any Fixtures in or on the Property except in the event of casualty or condemnation or when incident to the replacement of Fixtures with items of like kind or when obsolete and no longer necessary. Structural alterations shall not include moving of nonload-bearing partitions, relocation of existing or creation of new signs, entry/exit doors or loading docks, minor plumbing or electrical work, modification and rearrangement of fixtures, or other minor changes.

6. Transfers. Except as otherwise provided in the Loan Agreement or this Security Deed, Mortgagor will not, directly or indirectly, without the prior written consent of Agent in each instance, which consent shall not be unreasonably withheld or delayed: (a) sell, convey, assign, transfer, lease, option, mortgage,

pledge, hypothecate or dispose of the Property, or any part thereof or interest therein; or (b) create or suffer to be created or to exist any lien, encumbrance, security interest, mortgage, pledge, restriction, attachment or other charge of any kind upon the Property, or any part thereof or interest therein other than the Permitted Encumbrances; provided that Mortgagor may create or join in easements, covenants and other agreements affecting or for the benefit of the Property which do not adversely affect the use or development of the Property.

7. Hazardous Materials Warranties and Indemnification.

(a) Definitions. The following definitions shall apply for purposes of this Agreement:

(i) "Environmental Laws" shall mean and include each and every federal, state or local statute, regulation or ordinance or any judicial or administrative decree or decision, whether now existing or hereafter enacted, promulgated or issued, with respect to any Hazardous Materials (as hereinafter defined), drinking water, groundwater, wetlands, landfills, open dumps, storage tanks, underground storage tanks, solid waste, waste water, storm water run-off, waste emissions or wells. Without limiting the generality of the foregoing, the term shall encompass each of the following statutes and regulations promulgated thereunder as well as any amendments and successors to such statutes and regulations, as may be enacted and promulgated from time to time: (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (codified in scattered sections of 26 U.S.C., 33 U.S.C., 42 U.S.C. and 42 U.S.C. §9601 et seq.); (ii) the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §6901 et seq.); (iii) the Toxic Substances Control Act (15 U.S.C. §2601 et seq.); (iv) the Clean Water Act (33 U.S.C. §1251 et seq.); (v) the Clean Air Act (42 U.S.C. §7401 et seq.); (vi) the Safe Drinking Water Act (20 U.S.C. §349; 42 U.S.C. §201 and §300f et seq.); (vii) the National Environmental Policy Act of 1969 (42 U.S.C. §4320); (viii) the Superfund Amendment and Reauthorization Act of 1986 (codified in scattered sections of 10 U.S.C., 29 U.S.C., 33 U.S.C. and 42 U.S.C.); (ix) applicable laws of the jurisdiction where the Property is located.

(ii) "Hazardous Materials" shall mean each and every element, compound, chemical mixture, contaminant, pollutant, material, waste or other substance which is defined, determined or identified as hazardous or toxic under any Environmental Law. Without limiting the generality of the foregoing, the term shall mean and include:

(A) "hazardous substances" as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Superfund Amendment and

Reauthorization Act of 1986, or Title III of the Superfund Amendment and Reauthorization Act, each as amended, and regulations promulgated thereunder;

(B) "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976, as amended, and regulations promulgated thereunder;

(C) "hazardous materials" as defined in the Hazardous Materials Transportation Act, as amended, and regulations promulgated thereunder;

(D) "chemical substance or mixture" as defined in the Toxic Substances Control Act, as amended, and regulations promulgated thereunder; and

(E) any other definitional terms contained in the applicable laws and regulations of the jurisdiction where the Property is located.

(iii) "Indemnified Parties" shall mean Agent, Agent's parent, subsidiaries and affiliates, each of their respective shareholders, directors, officers, employees and agents, and the successors and assigns of any of them; and "Indemnified Party" shall mean any one of the Indemnified Parties.

(iv) "Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, storing, escaping, leaching, dumping, or discarding, burying, abandoning, or disposing into the environment.

(v) "Threat of Release" shall mean a substantial likelihood of a Release which requires action to prevent or mitigate damage to the environment which may result from such Release.

(b) Environmental Representations and Warranties of Mortgagor. Mortgagor represents and warrants to Agent, to the best of its knowledge and except as otherwise disclosed in the site assessment reports and/or by delivery of environmental reports and other written materials pertaining to such matters, all as received by Agent, as follows:

(i) No condition, activity or conduct exists on the Property which constitutes a violation of any Environmental Law.

(ii) There has been no Release or Threat of Release of any Hazardous Materials on, upon or into the Property.

(iii) There are no existing or closed underground storage tanks on the Property.

(iv) None of the following are or will be located in, on, under or constitute a part of the Property: asbestos or asbestos-containing material in any form or condition; urea formaldehyde insulation; transformers or other equipment which contain dielectric fluid containing polychlorinated biphenyls; or leaded paint.

(v) There are no existing or closed sanitary landfills, solid waste disposal sites, or hazardous waste treatment, storage or disposal facilities on the Property.

(vi) No notice has been issued to Mortgagor by any agency, authority, or unit of government that Mortgagor has been identified as a potentially responsible party under any Environmental Law.

(vii) There exists no investigation, action, proceeding, or claim by any agency, authority, or unit of government or by any third party which could result in any liability, penalty, sanction, or judgment under any Environmental Law with respect to any condition, use or operation of the Property.

(viii) There has been no claim by any party that any use, operation, or condition of the Property has caused any nuisance or any other liability or adverse condition on any other property.

(viii) The Property is not "property" as defined in Indiana Code 13-11-2-174, and no disclosure document under Indiana Code 13-25-3-1 et seq. (Indiana Responsible Property Transfer Law), is required for this transaction.

(c) Environmental Covenants of Mortgagor. The Mortgagor covenants and agrees with Agent that Mortgagor shall:

(i) comply with all Environmental Laws;

(ii) not store (except in compliance with all Environmental Laws pertaining thereto), dispose of, Release or allow the Release of any Hazardous Materials on the Property;

(iii) neither directly nor indirectly transport or arrange for the transport of any Hazardous Materials (except in compliance with all Environmental Laws pertaining thereto).

(d) Notice to Agent. If Mortgagor receives any notice or obtains knowledge of (i) any potential or known Release or Threat of Release of any Hazardous Materials at or from the Property, notification of which must be given to any governmental agency under any Environmental Law, or notification of which has, in fact, been given to any governmental agency, or (ii) any complaint, order, citation or notice with regard to air emissions, water discharges, or any other environmental health or safety matter affecting Mortgagor or the Property (hereinafter referred to as an "Environmental Complaint") from any person or entity (including, without limitation, the Environmental Protection Agency), then Mortgagor shall immediately notify Agent orally and in writing of said Release or Threat of Release or Environmental Complaint.

(e) Assessment by Agent. Upon (i) receipt by Agent of the notification provided for in subparagraph (d), above, or (ii) reasonable determination by Agent that there may have occurred a Release or Threat of Release of any Hazardous Materials at or from the Property, Agent may, at its election, obtain one or more environmental assessments of the Property prepared by a geohydrologist, an independent engineer or other qualified consultant or expert approved by the Agent which evaluates or confirms (x) whether any Hazardous Materials are present in the soil or water at or adjacent to the Property, and (y) whether the use and operation of the Property comply with all Environmental Laws. Environmental assessments may include detailed visual inspections of the Property, including, without limitation, any and all storage areas, storage tanks, drains, dry wells and leaching areas, and the taking of soil samples, surface water samples and ground water samples, as well as such other investigations or analyses as are necessary or appropriate for a complete determination of the compliance of the Property and the use and operation thereof with all applicable Environmental Laws. All such environmental assessments shall be at the cost and expense of the Mortgagor. To the extent necessary to allow the Agent to obtain the environmental assessments provided for herein, the Mortgagor agrees that the Agent and the representatives and agents of the Agent shall have a right to enter upon, visit and inspect the Property, and Agent shall use best efforts to minimize any damage to the Property caused by any such entry and testing.

(f) Environmental Indemnity. Mortgagor covenants and agrees, at Mortgagor's sole cost and expense, to indemnify, defend (at trial and appellate levels, and with attorneys,

consultants and experts reasonably acceptable to Agent) and hold the Agent and each Lender and any employee, officer, or agent of any of the foregoing (each an "Indemnitee"), harmless from and against any and all liens, damages, losses, liabilities, obligations, settlement payments, penalties, assessments, citations, directives, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursement or expenses of any kind or of any nature whatsoever (including, without limitation, attorneys', consultants' and experts' fees and disbursements incurred in investigating, defending, settling or prosecuting any claim, litigation or proceeding) which may at any time be imposed upon, incurred by or asserted or awarded against such Indemnitee or the Property and arising directly or indirectly from or out of (A) the Release or Threat of Releases of any Hazardous Materials on, in, under or affecting all or any portion of the Property or any surrounding areas, regardless of whether or not caused by or within the control of Mortgagor; (B) the violation of any Environmental Laws relating to or affecting the Property or the Mortgagor, whether or not caused by or within the control of Mortgagor; (C) the failure of Mortgagor to comply fully with the terms and conditions of this Paragraph 7; (D) the violation of any Environmental Laws in connection with other real property of Mortgagor which gives or may give rise to any rights whatsoever in any party with respect to the Property by virtue of any Environmental Laws; (E) the breach of any representation or warranty contained in this Paragraph 7; or (F) the enforcement of this Paragraph 7, including, without limitation (i) the reasonable costs of assessment, containment and/or removal of any and all Hazardous Materials from all or any portion of the Property or any surrounding areas, (ii) the reasonable costs of any actions taken in response to a Release or Threat of Release of any Hazardous Materials on, in, under or affecting all or any portion of the Property or any surrounding areas to prevent or minimize such Release or Threat of Release so that it does not migrate or otherwise cause or threaten danger to present or future public health, safety, welfare or the environment, and (iii) reasonable costs incurred to comply with the Environmental Laws in connection with all or any portion of the Property or any surrounding areas; provided, however, that Mortgagor shall not be required to indemnify Agent or any said Lender or any other person entitled to the benefits of this paragraph for any action caused by the gross negligence or willful misconduct of Agent, any said Lender or any other said person, or caused by the negligence of Agent or Lender or other said person if covered by insurance, or for Releases occurring after transfer of title to the Property through foreclosure or deed or other disposition in lieu of foreclosure. Agent's rights under this Paragraph shall be in addition to all other rights of Agent under this Security Deed and the other Loan Documents, and payments by Mortgagor under this paragraph shall not reduce Mortgagor's obligations and liabilities under any of the Loan Documents.

(g) Survival, Assignability, and Transferability.

(i) The warranties, and representations and indemnifications set forth in this Paragraph 7 shall survive the payment and performance of the Obligations and any exercise by Agent of any remedies under this Security Deed, including without limitation, the power of sale, or any other remedy in the nature of foreclosure(excluding, however, post-transfer Releases, or actions or omissions unless proved to have been caused by Mortgagor or a party under Mortgagor's control), and shall not merge with any deed given by Mortgagor to Agent in lieu of foreclosure or any deed under a power of sale.

(ii) It is agreed and intended by Mortgagor and Agent that the warranties, representations and indemnifications set forth above in this Paragraph 7 may be assigned or otherwise transferred by Agent to its successors and assigns and to any subsequent purchasers of all or any portion of the Property by, through or under Agent, with notice to Mortgagor but without any further consent of Mortgagor. To the extent consent or any such assignment or transfer is required by law, advance consent to any such assignment or transfer is hereby given by Mortgagor in order to maximize the extent and effect of such warranties, representations and indemnification.

8. Use of Property. Subject to the provisions of Paragraph 6 above, unless required by applicable law or unless Agent has otherwise agreed in writing (which consent shall not be unreasonably withheld or delayed), Mortgagor shall not allow changes in the nature of the occupancy or use for which the Property was intended at the time this Security Deed was executed. Mortgagor shall not initiate or acquiesce in a change in the zoning classification of the Property without Agent's written consent, which consent shall not be unreasonably withheld or delayed. Mortgagor shall comply with, observe and perform all zoning and other laws affecting the Property, all restrictive covenants affecting the Property, and all licenses and permits affecting the Property, subject to Mortgagor's right to contest in compliance with applicable regulations relating thereto.

9. Protection of Agent's Security. If Mortgagor fails to perform the covenants and agreements contained in this Security Deed, or if any action or proceeding is commenced which affects the Property or title thereto or the interest of Agent therein, including, but not limited to, eminent domain, insolvency, code enforcement or arrangements or proceedings involving a bankrupt or decedent, then Agent, at Agent's option, may make such appearances, disburse such sums and take such action as Agent deems reasonably necessary to protect Agent's interest, including, but not limited to, disbursement of attorneys' fees, payment, contest or compromise or any lien or security interest which is prior to the lien or security

interest of this Security Deed, and entry upon the Property to make repairs. Any amounts disbursed by Agent pursuant to this Paragraph 9, with interest thereon, shall become a portion of the Obligations. Unless Mortgagor and Agent agree to other terms of payment, such amounts shall be payable upon notice from Agent to Mortgagor requesting payment thereof and shall bear interest from the date of disbursement at the default rate stated in the Loan Agreement unless collection from Mortgagor of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Mortgagor under applicable law. Mortgagor shall have the right to prepay such amounts in whole or in part at any time. Nothing contained in this Paragraph 9 shall require Agent to incur any expense or do any act.

10. Inspection/Books and Records. Agent may, at Mortgagor's reasonable expense, make or cause to be made reasonable entries upon and inspections of the Property during normal business hours upon reasonable advance notice, or at any other time when reasonably necessary to protect the security provided by this Security Deed, upon Agent's request, Mortgagor shall promptly provide Agent with all documents reasonably requested by Agent prepared in the form and manner called for in such request and as may reasonably relate to the Property or to the construction, use, maintenance, operation or condition thereof, including, without limitation, all leases, rent rolls, tenant lists, rent and damage deposits ledgers.

11. Condemnation. If the Property or any portion thereof shall be damaged or taken through condemnation (which term, when used in this Security Deed, shall include any damage or taking by any governmental authority, quasi-governmental authority, any party having the power of condemnation, or any transfer by private sale in lieu thereof), either temporarily or permanently, so as, in the reasonable opinion of the Agent, to have a material adverse impact on the value of the Property, then in addition to any other appraisal rights of Agent contained in the Loan Agreement, the Agent shall have the right to reappraise the Property at the expense of the Mortgagor and to revise the Borrowing Base (as defined in the Loan Agreement) based on the results of such reappraisal. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation, or other taking of the Property, or part thereof, or for conveyances in lieu of condemnation shall, unless there is then an Event of Default, be released to the Mortgagor. Mortgagor hereby irrevocably authorizes and empowers Agent, at Agent's option and in Agent's sole discretion, after an Event of Default, as attorney in fact for Mortgagor, to commence, appear in and prosecute, in Agent's or Mortgagor's name, any action or proceeding relating to any condemnation or other taking of the Property and to settle or compromise any claim in connection with such condemnation or other taking. After an Event of Default, Mortgagor authorizes Agent to apply such awards, proceeds or damages, after the deduction of Agent's expenses incurred in the collection of such amounts, at Agent's option, to restoration or repair of the Property, or to payment of the Obligations, whether or not then due, with the balance, if any, released to Mortgagor. Mortgagor agrees to execute

such further assignment of any awards, proceeds, damages or claims arising in connection with such condemnation or injury that Agent may require to comply with the provisions of this paragraph.

12. Mortgagor and Lien Not Released. From time to time, without affecting the obligation of Mortgagor or Mortgagor's successors or assigns to pay the Obligations and to observe the covenants of Mortgagor contained in this Security Deed and the other Loan Documents, and without affecting the guaranty of any person, corporation, partnership or other entity for payment or performance of the Obligations, and without affecting the lien or priority of lien of this Security Deed on the Property, Agent may, at Agent's option, without giving notice to or obtaining the consent of Mortgagor, Mortgagor's successors or assigns or of any guarantor, and without liability on Agent's part, grant extensions or postponements of the time for payment of the Obligations or any part thereof, release anyone liable on any of the Obligations, accept a renewal note or notes therefor, release from this Security Deed any part of the Property, take or release other or additional security, reconvey any part of the Property, consent to any map or plat or subdivision of the Property, consent to the granting of any easement which does not adversely affect the use, value or development of the Property, join in any extension or subordination agreement and agree in writing with Mortgagor to modify the rate of interest or terms and time of payment or period of amortization of the Notes or change the amount of the monthly installments payable thereunder. Mortgagor shall pay Agent a reasonable service charge, together with such title insurance premiums and attorneys' fees as may be incurred, at Agent's option, for any such action if taken at Mortgagor's request.

13. Forbearance Not Waiver. Any forbearance by Agent in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy hereunder. The procurement of insurance or the payment of taxes or other liens or charges by Agent shall not be a waiver of Agent's right to accelerate the maturity of the Obligations. Agent's receipt of any awards, proceeds or damages under Paragraphs 4 and 11 hereof shall not operate to cure or waive Mortgagor's default in payment of the Obligations.

14. Estoppel Certificates. Mortgagor shall within ten (10) days of a written request from Agent furnish Agent with a written statement, duly acknowledged, setting forth the amount of the Obligations and any right of set-off, counterclaim or other defense which may exist or be claimed by Mortgagor against the Obligations and the obligations of Mortgagor under this Security Deed.

15. Leases and Revenues.

(a) As part of the consideration for the Obligations, Mortgagor has absolutely and unconditionally collaterally assigned and transferred to Agent for the ratable benefit of the Lenders all of Mortgagor's right, title and interest in and to the Leases and the Revenues, including those now due, past due or to become due by virtue of any Lease for the occupancy or use of all or any part of the Property. Agent shall enter into nondisturbance agreements, reasonably satisfactory to Agent, with tenants of the Property.

(b) Mortgagor agrees that neither the foregoing assignment of Leases and Revenues, nor the exercise of any of Agent's rights and remedies under Paragraph 20 hereof shall be deemed to make Agent a mortgagee-in-possession or otherwise responsible or liable in any manner with respect to the Leases, the Property or the use, occupancy, enjoyment or operation of all or any portion thereof, unless and until Agent, in person or by agent, assumes actual possession thereof. Nor shall the appointment of any receiver for the Property by any court at the request of Agent or by agreement with Mortgagor, or the entering into possession of any part of the Property by such receiver, be deemed to make Agent a mortgagee-in-possession or otherwise responsible or liable in any manner with respect to the Leases, the Property or the use, occupancy, enjoyment or operation of all or any portion thereof.

(c) If Agent or a court-appointed receiver enters upon, takes possession of and maintains control of the Property pursuant to Paragraph 20 hereof, all Revenues thereafter collected shall be applied first to the costs of taking control of and managing the Property and collecting the Revenues, including, but not limited to, reasonable attorneys' fees actually incurred, receiver's fees, premiums on receiver's bonds, costs of repairs to the Property, premiums on insurance policies, Impositions and other charges on the Property, and the costs of discharging any obligation or liability of Mortgagor as landlord, lessor or licensor of the Property and then to the Obligations. Agent or the receiver shall have access to the books and records used in the operation and maintenance of the Property and shall be liable to account only for those Revenues actually received. Agent shall not be liable to Mortgagor, anyone claiming under or through Mortgagor or anyone having an interest in the Property by reason of anything done or left undone by Agent pursuant to Paragraph 20 hereof. If the Revenues are not sufficient to meet the costs of taking control of and managing the Property and collecting the Revenues, any monies expended by Agent for such purposes shall become a portion of the Obligations. Unless Agent and Mortgagor agree in writing to other terms of payment, such amounts shall be payable upon notice from Agent to Mortgagor requesting payment thereof and shall bear interest from the date of disbursement at the default rate stated in the Loan Agreement, unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Mortgagor under

applicable law. The entering upon and taking possession of and maintaining of control of the Property by Agent or the receiver pursuant to Paragraph 20 hereof and the application of Revenues as provided herein shall not cure or waive any Event of Default or invalidate any other right or remedy of Agent hereunder.

16. Leases of the Property and Collection of Revenues. Except as otherwise provided herein, Mortgagor will not enter into any Lease of all or any portion of the Property or amend, supplement or otherwise modify any material term of, or terminate or cancel, or accept the surrender of, or consent to the assignment or subletting of, or grant any concessions to or waive the performance of any material obligations of any tenant, lessee or licensee under, any now existing or future Lease of the Property, without the prior written consent of Agent, which consent shall not be unreasonably withheld or delayed. Mortgagor agrees not to collect or accept the payment of any Revenues, or other income or profit from, or on account of, any use or occupancy of the Property, in advance of the time when such payment becomes due unless such amount is delivered to Agent to be applied to the Obligations.

17. Remedies Cumulative. All remedies provided in this Security Deed are distinct and cumulative to any other right or remedy under this Security Deed or under the other Loan Documents or afforded by law or equity, and may be exercised concurrently, independently or successively.

18. Taxation of Security Deeds. In the event of the enactment of any law deducting from the value of the Property any mortgage lien thereon, or imposing upon Agent the payment of all or part of the taxes, charges or assessments previously paid by Mortgagor pursuant to this Security Deed, or changing the law relating to the taxation of mortgages or debts secured by mortgages or Agent's interest in the Property so as to impose new incidents of tax on Agent, then Mortgagor shall pay such taxes or assessments or shall reimburse Agent therefor.

19. Events of Default and Acceleration. The term "Event of Default", wherever used in this Security Deed, shall mean the occurrence of any other "Event of Default" as defined in the Loan Agreement. Upon the occurrence of an Event of Default, Agent may, at Agent's option, by notice to Mortgagor declare the entire Obligations to be immediately due and payable, whereupon the same shall become immediately due and payable, and without presentment, protest, demand or other notice of any kind, all of which are hereby expressly waived by Mortgagor; provided, however, the Mortgagor acknowledges that as to certain Events of Default, as set forth in the Loan Agreement, the Obligations automatically shall become and be immediately due and payable, without any declaration or other act on the part of Agent. No omission on the part of Agent to exercise such option when entitled to do so shall be construed as a waiver of such right.

20. Rights and Remedies.

(a) Remedies. Upon the occurrence of any Event of Default, if Agent shall have accelerated the maturity of the Obligations, Agent, at its option, may:

- (i) either with or without entering upon or taking possession of the Property, demand, collect and receive any or all Revenues;
- (ii) take possession of all or any part of the Property, and for such purpose Agent may, so far as Mortgagor can give authority, enter upon any premises on which the Property or any part thereof may be situated and remove the same;
- (iii) either with or without taking possession of the Property, sell, lease or otherwise dispose of the Property in its then condition or following such preparation as Agent deems advisable;
- (iv) either with or without entering upon or taking possession of the Property, and without assuming any obligations of Mortgagor thereunder, exercise the rights of Mortgagor under, use or benefit from, any of the Leases or Intangible Property;
- (v) in person, by agent or by court-appointed receiver, enter upon, take possession of, and maintain full control of the Property in order to perform all acts necessary or appropriate to maintain and operate the Property, including, but not limited to, the execution, cancellation or modification of Leases, the making of repairs to the Property and the execution or termination of contracts providing for the management or maintenance of the Property, all on such terms as Agent, in its sole discretion, deems proper or appropriate;
- (vi) proceed by a suit or suits in law or in equity or by other appropriate proceeding to enforce payment of the Notes or the performance of any term, covenant, condition or agreement of this Security Deed or the Loan Agreement or any of the other Loan Documents, or any other right, and to pursue any other remedy available to it, all as Agent shall determine most effectual for such purposes;
- (vii) institute and maintain such suits and proceedings as Agent may deem expedient to prevent any impairment of the Property by any acts which may be unlawful or in violation of this Security Deed, to preserve or protect its interest in the Property and the

Revenues, and to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that would impair the security hereunder or be prejudicial to the interest of Agent;

(viii) apply all or any portion of the Property, or the proceeds thereof, towards (but not necessarily in complete satisfaction of) the Obligations;

(ix) foreclose any and all rights of Mortgagor in and to the Property, whether by sale, entry or in any other manner provided for hereunder or under the laws of the State of Indiana;

(x) in the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting Mortgagor or the creditors or property of Mortgagor, Agent, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Agent allowed in such proceedings for the entire amount of the Obligations at the date of the institution of such proceedings and for any additional portion of the Obligations accruing after such date;

(xi) exercise any other right or remedy of a mortgagee or secured party under the laws of the State of Indiana.

(b) Receiver. If an Event of Default shall have occurred, Agent, upon application to a court of competent jurisdiction, shall be entitled as a matter of strict right without notice and without regard to the occupancy or value of any security for the Obligations or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to operate the Property and to collect and apply the Revenues. The receiver shall have all of the rights and powers permitted under the laws of the State of Indiana. Mortgagor will pay to Agent upon demand, all expenses, including reasonable receiver's fees, reasonable attorneys' fees, costs and agent's compensation, incurred pursuant to such appointment and all such reasonable expenses shall be a portion of the Obligations.

(c) Sale or Other Disposition of Property. The Agent, in connection with the exercise of its rights under, and in accordance with the terms and conditions of the UCC may conduct any sale or other disposition of the Property may be at public or private sale, to the extent such private sale is authorized under the provisions of the UCC, upon such terms and in such manner as Agent deems advisable. Agent may conduct any such sale or other disposition of the Property upon the Land, in which event Agent shall

not be liable for any rent or charge for such use of the Land. Agent may purchase the Property, or any portion of it, at any sale held under this Paragraph 20. With respect to any Property to be sold pursuant to the UCC, Agent shall exercise its rights as provided under the Loan Agreement. Agent may sell any of the Property as part of the real property comprising the Property, or any portion or unit thereof, at the foreclosure sale or sales conducted pursuant hereto. If the provisions of the UCC are applicable to any part of the Property which is to be sold in combination with or as part of the real property comprising the Property, or any part thereof, at one or more foreclosure sales, any notice required under such provisions shall be fully satisfied by the notice given in execution with any foreclosure proceedings with respect to the real property or any part thereof. Mortgagor waives any right to require the marshalling of any of its assets in connection with any disposition conducted pursuant hereto. In the event all or part of the Property is included at any foreclosure sale conducted pursuant hereto, a single total price for the Property, or such part thereof as is sold, may be accepted by Agent with no obligation to distinguish between the application of such proceeds amongst the property comprising the Property.

(d) Collection of Revenues. In connection with the exercise by Agent of the rights and remedies provided for in subparagraph (a)(ii) of this Paragraph 20:

(i) Agent may notify any tenant, lessee or licensee of the Property, either in the name of Agent or Mortgagor, to make payment of Revenues directly to Agent or Agent's agents, may advise any person of Agent's interest in and to the Revenues, and may collect directly from such tenants, lessees and licensees all amounts due on account of the Revenues;

(ii) At Agent's request, Mortgagor will provide written notification to any or all tenants, lessees and licensees of the Property concerning Agent's interest in the Revenues and will request that such tenants, lessees and licensees forward payment thereof directly to Agent; and

(iii) Mortgagor shall deliver all such proceeds to Agent immediately upon the receipt thereof by Mortgagor in the identical form received, but duly endorsed or assigned on behalf of Mortgagor to Agent.

(e) Use and Occupation of Property. In connection with the exercise of Agent's rights under Subparagraph (a) of this Paragraph 20, Agent may enter upon, occupy, and use all or any part of the Property and may exclude Mortgagor from the Land and the Improvements or portion thereof as may have been so entered upon, occupied, or used. Agent shall not be required to remove any Fixtures from the Land and the Improvements upon Agent's taking possession thereof, and may render any Fixtures

unusable to Mortgagor. In the event Agent manages the Land and the Improvements in accordance with Subparagraph (a) herein, Mortgagor shall pay to Agent on demand a reasonable fee for the management thereof in addition to the Obligations. Further, Agent may construct such Improvements on the Land or make such alterations, renovations, repairs, and replacements to the Improvements, as Agent, in its sole discretion, deems proper or appropriate. The obligation of Mortgagor to pay such amounts and all expenses incurred by Agent in the exercise of its rights hereunder shall be included in the Obligations and shall accrue interest at the default rate of interest stated in the Loan Agreement, unless collection from Mortgagor of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Mortgagor under applicable law.

(f) Partial Sales. Mortgagor agrees that in case Agent, in the exercise of the power of sale contained herein or in the exercise of any other rights hereunder given, elects to sell in parts or parcels, said sales may be held from time to time and that the power shall not be exhausted until all of the Property not previously sold shall have been sold, notwithstanding that the proceeds of such sales exceed, or may exceed, the Obligations.

(g) Assembly of Property. Upon the occurrence of any Event of Default, Agent may require Mortgagor to assemble the Property and make it available to Agent, at Mortgagor's sole risk and expense, at a place or places to be designated by Agent which are reasonably convenient to both Agent and Mortgagor.

(h) Power of Attorney. Upon the occurrence of any Event of Default, Mortgagor hereby irrevocably constitutes and appoints Agent as Mortgagor's true and lawful attorney in fact to take any reasonable action with respect to the Property to preserve, protect, or realize upon Agent's interest therein, each at the sole risk, cost and expense of Mortgagor, but for the sole benefit of Agent. The rights and powers granted Agent by the within appointment include, but are not limited to, the right and power to: (i) prosecute, defend, compromise, settle, or release any action relating to the Property; (ii) endorse the name of Mortgagor in favor of Agent upon any and all checks or other items constituting Revenues; (iii) sign and endorse the name of Mortgagor on, and to receive as secured party, any of the Property; (iv) sign and file or record on behalf of Mortgagor any financing or other statement in order to perfect or protect Agent's security interest; (v) enter into leases or subleases relative to all or a portion of the Land or the Improvements; (vi) enter into any contracts or agreements relative to, and to take all action deemed necessary in connection with, the construction of any Improvements on the Land; (vii) manage, operate, maintain, or repair the Land and the Improvements; and (viii) exercise the rights of Mortgagor under any Leases, or Intangible Property. Agent shall not be obligated to perform any of such acts or to exercise any of such powers, but if Agent elects so to perform or exercise, Agent shall not be accountable for more than

it actually receives as a result of such exercise of power, and shall not be responsible to Mortgagor except for Agent's willful misconduct or gross negligence. All powers conferred upon Agent by this Security Deed, being coupled with an interest, shall be irrevocable until terminated by a written instrument executed by a duly authorized officer of Agent.

21. Notices. Any and all notices, demands, elections or requests provided for or permitted to be given pursuant to this Security Deed shall be given or served as provided in the Loan Agreement.

22. Successors and Assigns Bound; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Agent and Mortgagor, subject to the provisions of Paragraph 6 hereof. The captions and headings of the paragraphs of this Security Deed are for convenience only and are not to be used to interpret or define the provisions hereof.

23. Governing Law; Severability. This Security Deed and the obligations of Mortgagor hereunder shall be governed by and interpreted and determined in accordance with the laws of the Commonwealth of Massachusetts except that the creation, governance, administration and enforcement of liens and rights and remedies with respect to the Property shall be governed by and interpreted in accordance with the laws of the State of Indiana. In the event that any provision or clause of this Security Deed or the Notes conflicts with applicable law, such conflict shall not affect other provisions of this Security Deed or the Notes which can be given effect without the conflicting provision, and to this end, the provisions of this Security Deed and the other Loan Documents are declared to be severable. In the event that any applicable law limiting the amount of interest or other charges permitted to be collected from Mortgagor is interpreted so that any charge for which provision is made in this Security Deed or in the Notes, whether considered separately or together with other charges permitted to be collected from Mortgagor, is interpreted so that any such charge, whether considered separately or together with other charges that are considered a part of the transaction represented by this Security Deed and the Notes, violates such law, and Mortgagor is entitled to the benefit of such law, such charge is hereby reduced to the extent necessary to eliminate such violation. The amounts, if any, previously paid to Agent in excess of the amounts payable to Agent pursuant to such charges as reduced shall be applied by Agent to reduce the principal of the indebtedness evidenced by the Notes.

24. Removal as Eligible Real Estate; Discharge. (a) Upon the occurrence of (i) failure by Mortgagor to pay as and when due and payable any sums to be paid by Mortgagor under this Security Deed (including, but not limited to, any payment of Funds) and continuance of such failure for a period of ten (10) days after written notice thereof from Agent; or

(ii) failure by Mortgagor to duly observe or perform any term, covenant, condition or agreement contained in Paragraph 6(a) of this Security Deed; or (iii) failure by Mortgagor to duly observe or perform any other term, covenant, condition or agreement of this Security Deed and continuance of such failure for a period of thirty (30) days after notice thereof from Agent (provided that if such term, covenant, condition or agreement cannot reasonably be performed within thirty (30) days, then provided that if Mortgagor has commenced such cure and is diligently prosecuting same to completion, Mortgagor shall have an additional thirty (30) days for such performance), the Property shall no longer qualify as Eligible Real Estate as that term is defined in the Loan Agreement, after Agent provides Mortgagor written notice thereof, and the Agent shall promptly release the lien of this Security Deed [provided there is then no Event of Default under the Loan Agreement and no Event of Default would be created as a result of such release, including, without limitation, an Event of Default arising if the unpaid balance of the Loan Account (as defined in the Loan Agreement) exceeds the Borrowing Base (as defined in the Loan Agreement)].

(b) The lien of this Security Deed shall be released in accordance with the provisions hereof or of Section 8-3 of the Loan Agreement; or promptly after payment and performance of the Obligations. Mortgagor shall pay Agent's reasonable costs incurred in discharging this Security Deed.

25. Waivers. Mortgagor agrees to the full extent permitted by law, that in case of an Event of Default, neither Mortgagor nor anyone claiming through or under Mortgagor shall or will set up, claim or seek to take advantage of any appraisement, valuation, stay, extension, homestead, exemption or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Security Deed, or the absolute sale of the Property, or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereat, and Mortgagor, for Mortgagor and all who may at any time claim through or under Mortgagor, hereby waives to the fullest extent that Mortgagor may lawfully so do, the benefit of all such laws, and any and all right to have the assets comprised in the security intended to be created hereby marshalled upon any foreclosure of the lien hereof. No delay or omission of Agent or of any holder of any of the Notes to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such default, or acquiescence therein; and every right, power and remedy given by this Security Deed to Agent may be exercised from time to time and as often as may be deemed expedient by Agent. No consent or waiver, expressed or implied, by Agent to or of any Event of Default shall be deemed or construed to be a consent or waiver to or of any other Event of Default. Failure on the part of Agent to complain of any act or failure to act which constitutes an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by Agent of Agent's rights hereunder or impair any rights, powers or remedies consequent on any Event of Default. No act or omission of Agent as described in Paragraph 13 above shall preclude Agent from exercising any right, power or privilege herein

granted or intended to be granted in the event of any Event of Default then made or of any subsequent Event of Default; nor, except as otherwise expressly provided in an instrument or instruments executed by Agent, shall the lien of this Security Deed be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Property, Agent, without notice, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Property or the Obligations or with reference to any of the terms, covenants, conditions or agreements hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any liabilities, obligations or undertakings (including, without limitation, the restrictions upon transfer contained in Paragraph 6).

26. Further Assurances. At any time and from time to time, upon request by Agent, Mortgagor will make, execute and deliver, or cause to be made, executed and delivered, to Agent and, where appropriate, cause to be recorded and/or filed and from time to time thereafter to be re-recorded and/or refiled at such time and in such offices and places as shall be deemed reasonably necessary by Agent, any and all such other and further assignments, mortgages, security agreements, financing statements, continuation statements, instruments of further assurance, certificates and other documents as may, in the reasonable opinion of Agent, be necessary or desirable in order to effectuate, complete, or perfect, or to continue and preserve (a) the obligations of Mortgagor under this Security Deed, and (b) the lien and security interest created by this Security Deed upon the Property. Upon any failure by Mortgagor so to do, Agent may make, execute, record, file, re-record and/or refile any and all such assignments, mortgages, security agreements, financing statements, continuation statements, instruments, certificates, and documents for and in the name of Mortgagor, and Mortgagor hereby irrevocably appoints Agent the agent and attorney in fact of Mortgagor so to do. In addition, Agent shall have full authority to execute and file financing statements and continuation statements signed only by a representative of Agent covering the security interest of Agent in the Property.

27. Subrogation. Agent shall be subrogated to all right, title, lien or equity of all persons to whom Agent may have paid any monies in settlement of liens, charges or assessments, or in acquisition of title or for its benefit hereunder, or for the benefit or account of Mortgagor upon execution of the Notes or subsequently paid under any provisions hereof.

28. Time of the Essence. Time is of the essence with respect to each and every covenant, agreement and obligation of Mortgagor under this Security Deed, the Notes and any and all other Loan Documents.

29. Indemnification; Subrogation; Waiver of Offset.

(a) Mortgagor shall indemnify, defend and hold Agent harmless against: (i) any and all claims for brokerage, leasing, finders or similar fees which may be made relating to the Property or the Obligations, and (ii) any and all liability, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses (including Agent's reasonable attorneys' fees, together with reasonable appellate counsel fees, if any) of whatever kind or nature which may be asserted against, imposed on or incurred by Agent in connection with the Obligations, this Security Deed, the Loan Documents, the Property, or any part thereof, or the exercise by Agent of any rights or remedies granted to it under this Security Deed or the other Loan Documents; provided, however, that nothing herein shall be construed to obligate Mortgagor to indemnify, defend and hold harmless Agent from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses enacted against, imposed on or incurred by Agent by reason of Agent's willful misconduct or gross negligence.

(b) If Agent is made a party defendant to any litigation or any claim is threatened or brought against Agent concerning the Obligations, this Security Deed, the Loan Documents, the Property, or any part thereof, or any interest therein, or the construction, maintenance, operation or occupancy or use thereof, then Mortgagor shall indemnify, defend and hold Agent harmless from and against all liability by reason of said litigation or claims, including reasonable attorneys' fees (together with reasonable appellate counsel fees, if any) and expenses incurred by Agent in any such litigation or claim, whether or not any such litigation or claim is prosecuted to judgment. If Agent commences an action against Mortgagor to enforce any of the terms hereof or to prosecute any breach by Mortgagor of any of the terms hereof or to recover any sum secured hereby, Mortgagor shall pay to Agent its reasonable attorneys' fees (together with reasonable appellate counsel, fees, if any) and expenses. The right to such attorneys' fees (together with reasonable appellate counsel fees, if any) and expenses shall be deemed to have accrued on the commencement of such action, and shall be enforceable whether or not such action is prosecuted to judgment. If Mortgagor breaches any term of this Security Deed, Agent may engage the services of an attorney or attorneys to protect its rights hereunder, and in the event of such engagement following any breach by Mortgagor, Mortgagor shall pay Agent reasonable attorneys' fees (together with reasonable appellate counsel fees, if any) and expenses incurred by Agent, whether or not an action is actually commenced against Mortgagor by reason of such breach. All references to "attorneys" in this Subparagraph and elsewhere in this Security Deed shall include without limitation any attorney or law firm engaged by Agent and Agent's in-house counsel, and all references to "fees and expenses" in this Subparagraph and elsewhere in this Security Deed shall include without limitation any fees of such attorney or law firm and any allocation charges and allocation costs of Agent's in-house counsel.

(c) A waiver of subrogation shall be obtained by Mortgagor from its insurance carrier and, consequently, Mortgagor waives any and all right to claim or recover against Agent, its officers,

employees, agents and representatives, for loss of or damage to Mortgagor, the Property, Mortgagor's property or the property of others under Mortgagor's control from any cause insured against or required to be insured against by the provisions of this Security Deed.

(d) All sums payable by Mortgagor hereunder shall be paid without notice (except as may otherwise be provided herein), demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Mortgagor hereunder shall in no way be released, discharged or otherwise affected by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Property or any part thereof; (ii) any restriction or prevention of or interference with any use of the Property or any part thereof; (iii) any title defect or encumbrance or any eviction from the Land or the Improvements on the Land or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation, or other like proceeding relating to Agent, or any action taken with respect to this Security Deed by any trustee or receiver of Agent, or by any court, in such proceeding; (v) any claim which Mortgagor has, or might have, against Agent; (vi) any default or failure on the part of Agent to perform or comply with any of the terms hereof or of any other agreement with Mortgagor; or (vii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not Mortgagor shall have notice or knowledge of any of the foregoing. Mortgagor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution, or reduction of any sum secured hereby and payable by Mortgagor.

30. CONSENT TO JURISDICTION; WAIVERS. THE MORTGAGOR HEREBY IRREVOCABLY AND UNCONDITIONALLY (A) SUBMITS TO PERSONAL JURISDICTION IN THE STATE OF INDIANA OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY DEED OR ANY OF THE OTHER LOAN DOCUMENTS, AND (B) WAIVES ANY AND ALL PERSONAL RIGHTS UNDER THE LAWS OF ANY STATE (I) TO THE RIGHT, IF ANY, TO TRIAL BY JURY, (II) TO OBJECT TO JURISDICTION WITHIN THE STATE OF INDIANA OR VENUE IN ANY PARTICULAR FORUM WITHIN THE STATE OF INDIANA, AND (III) TO THE RIGHT, IF ANY, TO CLAIM OR RECOVER ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN ACTUAL DAMAGES. THE MORTGAGOR AGREES THAT, IN ADDITION TO ANY METHODS OF SERVICE OF PROCESS PROVIDED FOR UNDER APPLICABLE LAW, ALL SERVICE OF PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE MADE BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED DIRECTED TO THE MORTGAGOR AT THE ADDRESS SET FORTH ABOVE, AND SERVICE SO MADE SHALL BE COMPLETE FIVE (5) DAYS AFTER THE SAME SHALL BE SO MAILED. NOTHING CONTAINED HEREIN, HOWEVER, SHALL PREVENT THE AGENT FROM BRINGING ANY SUIT, ACTION OR PROCEEDING OR EXERCISING ANY RIGHTS AGAINST ANY

COLLATERAL AND AGAINST THE MORTGAGOR, AND AGAINST ANY PROPERTY OF THE MORTGAGOR, IN ANY OTHER STATE. INITIATING SUCH SUIT, ACTION OR PROCEEDING OR TAKING SUCH ACTION IN ANY STATE SHALL IN NO EVENT CONSTITUTE A WAIVER OF THE AGREEMENT CONTAINED HEREIN THAT THE LAWS OF THE STATE OF INDIANA SHALL GOVERN THE RIGHTS AND OBLIGATIONS OF THE MORTGAGOR AND THE AGENT HEREUNDER OR THE SUBMISSION HEREIN BY THE MORTGAGOR TO PERSONAL JURISDICTION WITHIN THE STATE OF INDIANA.

31. Future Advances. Pursuant to Indiana Code 32-8-11-9, this Mortgage secures future obligations and advances in an amount not to exceed \$6,300,000.00 and all future modifications, extensions and renewals of any indebtedness or obligations secured by this Mortgage.



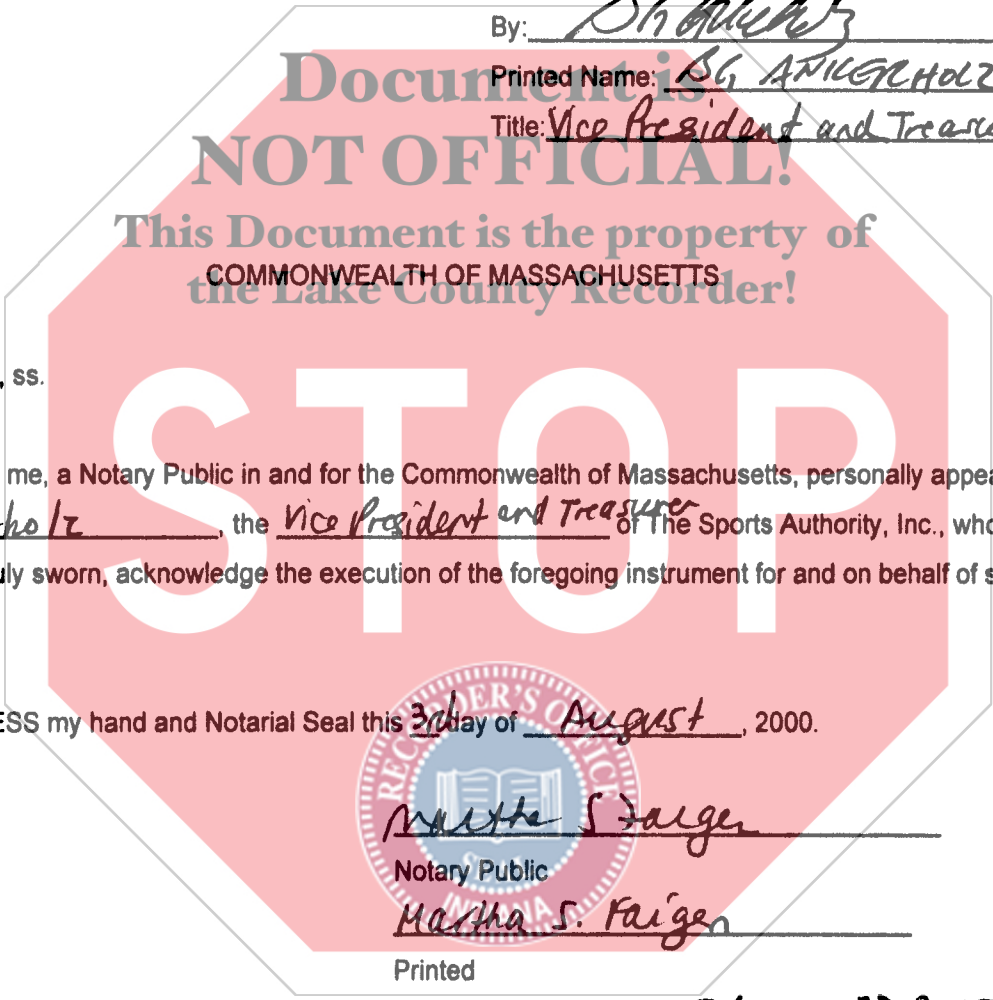
IN WITNESS WHEREOF, Mortgagor has executed this Security Deed under seal, as of the day and year first above written.

THE SPORTS AUTHORITY, INC.

By: [Signature]

Printed Name: B.G. ANIKERHOLZ

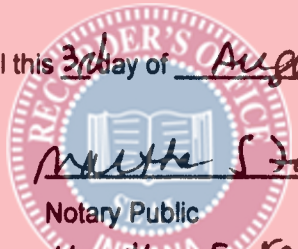
Title: Vice President and Treasurer



Suffolk County, ss.

Before me, a Notary Public in and for the Commonwealth of Massachusetts, personally appeared B.G. Anikerholz, the Vice President and Treasurer of The Sports Authority, Inc., who, having been duly sworn, acknowledge the execution of the foregoing instrument for and on behalf of said corporation.

WITNESS my hand and Notarial Seal this 3rd day of August, 2000.



[Signature]

Notary Public

Martha S. Faigen

Printed

My Commission Expires: February 23, 2007

I am a resident of Suffolk County,

Massachusetts

PREPARED BY AND WHEN RECORDED

RETURN TO:

Robert E. Paul, Esquire

Rierner & Braunstein

Three Center Plaza

Boston, Massachusetts 02108

LEGAL DESCRIPTION:

EXHIBIT A

Parcel One (Fee Simple): Part A of Lot 1, in the Resubdivision of Lot 3 of Southlake Plaza, as recorded in Plat Book 77, Page 91, in the Office of the Recorder of Lake County, Indiana.

Parcel Two (Easement): Together with the right to use the easements for parking, utility crossovers and driveways created by the Easement Agreement dated November 25, 1992, and recorded December 8, 1992, as Document Number 92077518, made by and between northern Indiana Public Service Company, an Indiana corporation, and Focus Partnership I, an Indiana partnership, upon the terms, covenants, conditions, restrictions, and obligations therein provided, over the following described real estate:

Part B of Lot 1, in the Resubdivision of Lot 3 of Southlake Plaza, as recorded in Plat Book 77, Page 91, in the Office of the Recorder of Lake County, Indiana.

