

STATE OF ALABAMA)
COUNTY OF SHELBY)

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237 Park Avenue
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7706-099
Ala. Mort
12/27/88

7,145,750⁰⁰

MORTGAGE AND SECURITY AGREEMENT

From

MARRIOTT RESIDENCE INN II LIMITED PARTNERSHIP

To

THE SANWA BANK LIMITED
acting by and through its
New York Branch

Dated as of December 28, 1988

LOCATION OF PREMISES

Street Address: #3 Greenhill
Parkway at
U.S. Hwy. 280
City or Town: Birmingham
County: Shelby
State: Alabama
Tax Block:
Tax Lot:

RECORD AND RETURN TO:

WEBSTER & SHEFFIELD
237 Park Avenue
New York, New York 10017
Attn: Anne Adams Rabbino, Esq.

✓ Land Title

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State of Alabama)
County of Shelby)

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New York, New York 10017

MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE AND SECURITY AGREEMENT dated as of December 28, 1988 by and between MARRIOTT RESIDENCE INN II LIMITED PARTNERSHIP, a Delaware limited partnership, as the mortgagor and debtor (the "Mortgagor"), and THE SANWA BANK LIMITED, acting by and through its New York Branch, as the mortgagee and secured party (the "Mortgagee"), sets forth the binding agreement of the parties. All capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in Section 1.

* * *

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE WITNESSETH: that in consideration of the sum of ONE AND NO/100THS DOLLARS (\$1.00) paid by the Mortgagee to the Mortgagor and for other valuable consideration, the receipt of which is hereby acknowledged, and in order to (i) induce the Mortgagee to make available the Term Loan and the Revolving Loan to the Mortgagor in accordance with the terms of the Loan Agreement and (ii) secure (a) the payment of the indebtedness evidenced by the Promissory Note with interest thereon and any other sums payable under the Promissory Note (all of the terms, covenants, conditions and agreements contained therein being hereby made a part of this Mortgage as fully as if the same were set forth herein in their entirety), (b) the payment of other sums required to be paid by the Mortgagor under this Mortgage, (c) the performance and observance of all the terms, covenants, conditions and agreements of the Mortgagor under this Mortgage or any of the other Loan Documents, (d) any and all additional advances made by the Mortgagee (1) to protect or preserve the Mortgaged Property or the security interest of the Mortgagee in any of the Mortgaged Property, or for taxes, assessments or insurance premiums, and all such advances made pursuant to any of the other Related Mortgages, or (2) to perform any obligation of the Mortgagor under this Mortgage or any of the other Loan Documents or for any other purposes permitted by any of the Loan Documents, (e) any and all reasonable attorneys' fees, costs, expenses, judgments, settlements and compromises incurred by the Mortgagee in any suit, action, legal proceeding or dispute of any kind in which the Mortgagee is a party or appears as a party plaintiff or defendant, arising from or related to any of the Loan Documents or any rights or obligations under any of them, and (f) any and all other reasonable expenses incurred by the

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Mortgagee or sums advanced by the Mortgagee, in accordance with the terms of this Mortgage or any of the other Loan Documents (all such obligations described in clauses (a), (b), (c), (d), (e) and (f) above being hereinafter collectively referred to as the "Debt"), the Mortgagor has executed and delivered this Mortgage to the Mortgagee.

The Mortgagor does hereby grant, bargain, sell, alien, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, deliver, set over, warrant and confirm unto the Mortgagee, for the benefit of the Mortgagee and its successors and assigns forever all right, title and interest of the Mortgagor in and to the property hereinafter described:

A. All that certain piece, parcel or tract of land situated in the County of Shelby and State of Alabama, more particularly described in Exhibit A attached hereto and made a part hereof, together with all easements, rights of way, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers and mineral rights, and all estates, rights, titles, interest, privileges, liberties, tenements, hereditaments and appurtenances whatsoever, in any way belonging, relating or appertaining thereunto or which hereafter shall in any way belong, relate or be appurtenant thereunto, whether now owned or hereafter acquired by the Mortgagor (the "Land") and all land lying in the bed of any street road or avenue, open or proposed, in front of or adjoining the Land to the centerline thereof;

B. All buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Land, and all fixtures, machinery, equipment, furniture, inventory and other personal property of every nature whatsoever now or hereafter located in, on, or used or intended to be used in connection with the operation of the Land, buildings, structures or other improvements, including all extensions, additions, improvements, betterments, renewals, and replacements to any of the foregoing (the "Improvements" and collectively with the Land, the "Property");

C. The reversion and reversions, remainder and remainders, rents, issues, profits and proceeds of the Property, including but not limited to all judgments, awards of damages and settlements hereafter made resulting from condemnation proceedings or the taking of the Property or any part thereof under the power of eminent domain (including any transfer made in lieu of the exercise of the power of eminent domain), the alteration of the grade of any street, or for any damage (whether caused by such taking or otherwise) to the Property or any part thereof, or to any rights appurtenant thereto, and all proceeds of any sales or other dispositions of the Property or any part thereof;

D. Any and all present and future Leases affecting the Property and all rents, revenues, issues, income, deposits and profits payable thereunder, or otherwise resulting from the operation of the Property, including without limitation hotel operating revenues, subject, however, to the right of the Mortgagor, so long as no Default shall have occurred and be continuing, to collect and use such rents, revenues, issues, income and profits;

E. All (i) property, equipment and fixtures forming a part of the Property that, under applicable law, shall be deemed not real property, (ii) articles of personal property and all materials delivered to the Property for the use and operation of the Property or for use in any construction being conducted thereon, (iii) contract rights and other intangible personal property (including, without limitation, the plans and specifications with respect to the Improvements), actions and rights of action, deposits, accounts receivable, prepaid expenses, permits and licenses (including, without limitation, to the extent lawfully assignable, any liquor licenses) associated with the Property, (iv) trade names presently or hereafter used in connection with the Property, and (v) proceeds, products, replacements, additions, substitutions, renewals and accessions of any of the foregoing (collectively, the "Personal Property");

F. All proceeds of and any unearned premiums on any insurance policies required to be carried under this Mortgage, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments or settlements made in lieu thereof.

The Property, together with any and all of the aforescribed additional property and rights, now or hereafter acquired by the Mortgagor, shall hereinafter be referred to as the "Mortgaged Property".

TO HAVE AND TO HOLD the Mortgaged Property and all parts thereof unto the Mortgagee, its successors and assigns to its own proper uses and benefit forever, subject, however, to the terms and conditions hereinafter set forth;

PROVIDED, HOWEVER, that these presents are upon the condition that, if the Mortgagor shall pay or cause to be fully paid to the Mortgagee the Debt at the times and in the manner stipulated herein and in the Promissory Note, all without any deduction or credit for taxes or other similar charges paid by the Mortgagor, and shall keep, perform and observe, or cause to be kept, performed and observed, all and singular the covenants and promises in the Promissory Note, the Loan Agreement and this Mortgage expressed to be kept, performed and observed by and on the part of the Mortgagor, all without fraud or delay, then this Mortgage, and all the properties, interest and rights hereby

granted, bargained, sold, liened, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, delivered, set over, warranted and confirmed, shall cease, terminate and be void.

SECTION 1 DEFINITIONS

The following capitalized expressions, as used in this Mortgage, have the following meanings (equally applicable to the singular and plural forms of such expressions):

"Business Day" has the meaning specified in the Loan Agreement.

"Debt" has the meaning set forth in the introductory paragraph to the Granting Clauses.

"Default" means any event or failure of any event or condition to occur that would constitute, after the giving of notice or lapse of time or both, an Event of Default.

"Default Rate" has the meaning set forth in Section 4.13 hereof.

"Engineering Advisor" means a licensed engineering firm of recognized good reputation, hired by the Mortgagee to perform the services described in Section 2.4(d) hereof.

"Event of Default" has the meaning set forth in Section 3.1 hereof.

"General Partner" means Marriott RIBM Two Corporation as general partner of the Mortgagor, or any successor or substitute general partner of the Mortgagor.

"Guarantor" means Marriott Corporation, a Delaware corporation.

"Guaranty" means the Guaranty Agreement dated as of December 28, 1988, 1988 between the Guarantor and the Mortgagee, as the same may be amended from time to time.

"Hazardous Substance" means all pollutants, contaminants, hazardous or toxic wastes or other substances (including, without limitation, asbestos), the removal of which is required or the use, maintenance or handling of which is restricted, prohibited or penalized by any law or regulation.

"Improvements" has the meaning set forth in Paragraph B of the Granting Clauses.

"Land" has the meaning set forth in Paragraph A of the Granting Clauses.

"Lease" means any lease or sublease, license, franchise, concession or other occupancy agreement for use and occupancy of any portion of the Property, together with any guaranty relating thereto, and any amendments or modification to the foregoing, presently in effect or hereafter entered into.

"Letter Agreement" has the meaning set forth in the Loan Agreement.

"Lien" has the meaning set forth in the Loan Agreement.

"Loan Agreement" means the Loan Agreement dated as of December 27, 1988 between the Mortgagor and the Mortgagee, as the same may from time to time be amended, supplemented or modified in accordance with the terms thereof.

"Loan Documents" has the meaning set forth in the Loan Agreement.

"Management Agreement" means the Management Agreement dated as of November 23, 1988 between the Mortgagor, as owner, and Residence Inn by Marriott, Inc., as manager.

"Manager" has the meaning set forth in the Loan Agreement.

"Material Leases" has the meaning defined in Section 2.12 hereof.

"Mortgage" means this Mortgage and Security Agreement, as the same may be extended, renewed, consolidated, amended or restated from time to time.

"Mortgaged Property" has the meaning set forth in the last sentence of the Granting Clauses.

"Mortgagee" means The Sanwa Bank Limited, acting by and through its New York Branch.

"Mortgagor" means Marriott Residence Inn II Limited Partnership, a Delaware limited partnership.

"Person" has the meaning set forth in the Loan Agreement.

"Personal Property" has the meaning set forth in Paragraph E of the Granting Clauses.

"Promissory Note" means the Promissory Note dated as of the date hereof from the Mortgagor to the Mortgagee, as the same may be extended, renewed, consolidated, amended, supplemented or restated from time to time in accordance with the terms thereof.

"Property" has the meaning set forth in Paragraph B of the Granting Clauses.

"Related Mortgages" means the security instruments dated or to be dated as of the dates specified in Exhibit C given by the Mortgagor to the Mortgagee to secure the obligations of the Mortgagor under the Promissory Note, a schedule of which security instruments is attached hereto as Exhibit C.

"Total Loss" means any of the following events: (i) loss of the Property or of the use thereof due to destruction, defect or damage to the extent that the Mortgagor determines that repair is uneconomical or impossible, or rendition of the Property permanently unfit for commercial operation for any reason whatsoever; (ii) any damage to the Property which results in an insurance settlement with respect to the Property on the basis of an actual or constructive total loss; (iii) the condemnation, confiscation or seizure of, or requisition of title to or use of, all or substantially all of the Property ("Requisition of Use") by the act of the United States government or any state or local authority within the United States or any instrumentality or agency of the foregoing or any other Person unless, if, solely in the cases of condemnation or requisition of title to or use of the Property, it can be demonstrated to the reasonable satisfaction of the Mortgagee that such Requisition of Use is purely temporary and will not continue for a period of more than six months and such Requisition of Use does not continue for a period of more than six months; or (iv) as a result of any rule, regulation, order or other action by any governmental body having jurisdiction (including, without limitation, any Federal or State environmental protection agency), the use of the Property in the normal course of business shall have been prohibited, or the Property shall have been declared unfit for use, for a period of six consecutive months. The date of such Total Loss shall be the date of such destruction, damage, Requisition of Use for such periods or unfitness for use for the stated period.

AND, the Mortgagor covenants and agrees with the Mortgagee as follows:

SECTION 2
PARTICULAR COVENANTS OF MORTGAGOR

Section 2.1 Performance of Promissory Note, Mortgage and Related Mortgages.

The Mortgagor will perform, observe and comply with all the provisions hereof and of the Promissory Note and the Related Mortgages, and will promptly pay to the Mortgagee the sum of money expressed in the Promissory Note with interest thereon and all other sums required to be paid pursuant to the provisions of the Promissory Note, this Mortgage and Related Mortgages, all without deduction or credit for taxes or other similar charges paid by the Mortgagor, time being of the essence for such payments.

Section 2.2 Warranty of Title.

The Mortgagor covenants that it is indefeasibly seized in fee simple of the real property and has good and absolute title to all existing personal property that is subject to this Mortgage, and has full power and lawful right to convey and mortgage the same in the manner and form aforesaid and has taken all actions required of the Mortgagor at law or otherwise to execute and deliver this Mortgage. The Mortgagor further covenants that the Mortgaged Property is free from all encumbrances except taxes for the current year and except for those matters set forth on Exhibit B attached hereto and made a part hereof. The Mortgagor hereby makes further assurances to the Mortgagee that it will take all actions to perfect fee simple title to the property in the Mortgagor as the Mortgagee may reasonably request. The Mortgagor does hereby fully warrant the title to the Mortgaged Property and does hereby covenant to defend the Mortgaged Property against the lawful claims of all Persons whomsoever.

Section 2.3 Taxes, Liens and Utility Charges.

(a) The Mortgagor covenants and agrees to pay all lawfully imposed taxes and assessments upon the Mortgaged Property and shall not permit such taxes and assessments to become delinquent. The Mortgagor shall within ten (10) Business Days after request therefor, at the Mortgagor's expense, provide the Mortgagee with (i) notice of any nonpayment of taxes and assessments upon the Mortgaged Property, (ii) notice of the amount of taxes and assessments upon the Mortgaged Property, and (iii) receipted bills or cancelled checks evidencing the payment of all taxes and assessments prior to the date upon which any fine, penalty, interest or cost may be added thereto or imposed by law for the nonpayment thereof, which evidence shall not be requested by the Mortgagee with unreasonable frequency.

(b) The Mortgagor covenants and agrees to pay or discharge, prior to delinquency, any and all governmental levies that may be made on this Mortgage or on the refinancing thereof or on

the Promissory Note or which in any other way results from the Debt.

(c) Except as expressly permitted under any of the Loan Documents, the Mortgagor shall not permit any mechanic's, laborer's, statutory or other Lien to remain outstanding upon any of the Mortgaged Property and shall cause same to be paid, released and discharged within 45 days after the imposition of such Lien or, if the Mortgagor elects to contest the imposition of such Lien upon any of the Mortgaged Property, it shall immediately cause such Lien to be bonded over or otherwise discharged of record during the period in which such Lien is being contested, so as to prevent the collection of such Lien from any of the Mortgaged Property.

(d) The Mortgagor will pay when due and will not suffer to remain outstanding any charges for utilities, whether public or private, with respect to the Mortgaged Property.

Section 2.4 Insurance.

(a) The Mortgagor at its sole expense shall procure from insurance companies rated not less than B+VIII in the most current Best's Key Rating Guide and maintain for the benefit of, or shall cause to be procured for and maintained for the benefit of, the Mortgagee during the term of this Mortgage, original paid-up insurance policies of such insurance companies, on such terms, and with such expiration dates as are reasonably acceptable to the Mortgagee providing the types of insurance in amounts and covering the Property and the interest and liabilities incident to the ownership, possession and operation thereof as are set forth below. The amounts of such insurance coverage shall be adjusted from time to time by the Mortgagor to satisfy the requirements set forth below but not less frequently than once a year. The Mortgagor shall maintain, or cause to be maintained:

(i) insurance, as and to the extent available, against loss or damage by earthquake (if available at commercial rates reasonably acceptable to Mortgagor), by flood (in an amount not less than the maximum amount available under the Federal Flood Insurance Program in the event the Land is designated as flood prone or a flood risk area or flood insurance is required pursuant to the United States Flood Disaster Protection Act of 1973 as amended or supplemented or under any subsequent law then in effect) and by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, vandalism and malicious mischief and against such other serious hazards as, under good insurance practices, from time to time are insured against

for properties of similar character and location, the amount of which insurance shall not be less than one hundred percent (100%) (excluding the costs of foundations or excavations) of the full insurable replacement value of the Improvements without deduction for depreciation, and which policies of insurance shall contain satisfactory replacement cost endorsements;

(ii) business interruption insurance against loss of income arising out of damage or destruction by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, vandalism and malicious mischief and such other hazards as are presently required to be insured against under clause (i) of this Section 2.4(a), in an amount equivalent to not less than one year's House Profit (as defined in the Loan Agreement); provided, however, that such business interruption insurance shall in no event be in an aggregate amount less than one year's debt service, taxes and other expenses that will not be reduced by reason of any such damage or destruction caused by the perils described in clause (i) of this Section 2.4(a);

(iii) comprehensive general liability insurance coverage and other liability coverage as is maintained for similar inns that are operated within the Residence Inn by Marriott system, but in no event will the comprehensive general liability policy be written for an amount less than \$25,000,000 combined single limit for any one occurrence; and

(iv) such other insurance on the Property or any replacement or substitutions therefor and in such amounts as may from time to time be reasonably required by the Mortgagee against other insurable casualties which at the time are commonly insured against in the case of similar inns that are operated within the Residence Inn by Marriott system.

The Mortgagor may effect such coverage under blanket insurance policies, provided that (x) the Mortgagor shall furnish the Mortgagee with certificates of insurance from the insurer under such policy specifying the amounts of the total insurance afforded by the blanket policy allocated to the Property and any sublimits in such blanket policy applicable to the Property, which amounts shall not be less than the amounts required pursuant to this Section 2.4(a); (y) any policy of blanket insurance hereunder

shall comply in all respects with the other provisions hereof; and (2) the protection afforded the Mortgagee under any policy of blanket insurance hereunder shall be no less than that which would have been afforded under a separate policy or policies relating only to the Property.

(b) The insurance policies maintained by the Mortgagor under clause (i) of Section 2.4(a) hereof shall name the Mortgagee as mortgagee, shall bear a standard noncontributory first mortgage endorsement in favor of the Mortgagee, substantially equivalent to the New York standard mortgage endorsement, and shall provide that all property losses insured against shall be adjusted by the Mortgagor, subject, in the case of losses of \$250,000 or more, to the Mortgagee's approval, and shall provide that all insurance proceeds from insurance described in clause (i) of Section 2.4(a) hereof for claims of \$500,000 or more shall be paid directly to the Mortgagee. The insurance maintained by the Mortgagor under clause (ii) of Section 2.4 (a) hereof shall name the Mortgagee as an additional insured and shall provide that any insurance proceeds thereof shall be paid directly to the Mortgagor. The insurance maintained by the Mortgagor under clause (iii) of Section 2.4(a) hereof shall name the Mortgagee as an additional insured. All insurance maintained by the Mortgagor shall provide that:

(i) no cancellation, material change or reduction thereof shall be effective until at least 30 days after receipt by the Mortgagee of written notice thereof; and

(ii) all losses shall be payable to the Mortgagee notwithstanding any act or negligence of the Mortgagor or its agents or employees that might, absent such agreement, result in a forfeiture of all or part of such insurance payment and notwithstanding (x) the occupation or use of the Property for purposes more hazardous than permitted by the terms of such policy, (y) any foreclosure or other action or proceeding taken pursuant to the provision of any mortgage or collateral assignment of beneficial interest or (z) any change in title or ownership of any of Mortgaged Property.

(c) In case of any damage to or destruction of the Property or any part thereof from any cause whatsoever, the cost of repair of which is reasonably estimated to exceed \$100,000, the Mortgagor will promptly give written notice thereof to the Mortgagee. Except as provided in Section 2.4(b) and Section 2.4(e) hereof, and subject to Section 2.4(d) hereof, in the event of such damage or destruction, all net insurance proceeds are hereby assigned to and shall be paid to the Mortgagee, and shall be held pursuant to the provisions of this Mortgage in an

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interest-bearing account as security for the Debt and the Mortgagor's obligations under this Mortgage, the Promissory Note, the Related Mortgages and the Loan Agreement.

(d) In case of any loss or damage to any portion of the Property due to fire or other casualty that is not a Total Loss and the claim for restoration of which is equal to or in excess of \$500,000, then the Mortgagee shall hold the insurance proceeds as provided in Section 2.4(c) hereof and make the proceeds of insurance available to reimburse the Mortgagor or pay on the Mortgagor's behalf for the repair of the Property subject to the following terms and conditions: (i) that no Event of Default is continuing on the date on which the Mortgagee would be required to make such reimbursement or payment; (ii) that the Mortgagee or its Engineering Advisor, if any, shall first be satisfied that by the expenditure of such insurance proceeds the Property will be fully restored within a reasonable period of time to their value immediately preceding the loss or damage, free and clear of all Liens, except as to the lien of this Mortgage and such other Liens as are specifically permitted under the Loan Documents or consented to by the Mortgagee in writing; (iii) that in the event such proceeds shall be insufficient to restore or rebuild the Property, the Mortgagor shall deposit promptly with the Mortgagee funds which, together with the insurance proceeds, shall be sufficient to restore and rebuild the Property; (iv) that the Mortgagee, or its Engineering Advisor, if any, shall have reviewed and approved in writing the plans and specifications for the restoration work and the same shall have been approved by all governmental authorities having jurisdiction thereover; (v) that the Mortgagor shall have furnished to the Mortgagee a budget, schedule and cost breakdown for such restoration work signed by the Mortgagor and describing the nature and type of expenses and amounts thereof estimated by the Mortgagor for such restoration work; and (vi) that the Mortgagor shall submit to the Mortgagee with each request for reimbursement or payment invoices showing that the amount so requested is due and payable. The Mortgagor agrees that the Mortgagee may hire an Engineering Advisor to advise and evaluate the information so provided to the Mortgagee and to examine the Property and the progress of reconstruction, and the Mortgagor agrees to cooperate with such Engineering Advisor. Any surplus that may remain out of any proceeds, after payment of the cost of repair, rebuilding or restoration, shall be released to the Mortgagor or paid to any party entitled thereto as the same may appear on the records of the Mortgagee.

(e) In the event of any loss or damage to any of the Mortgaged Property due to fire or other casualty that is not a Total Loss and the claim for restoration of which is less than \$500,000, the Mortgagee shall release any insurance proceeds received by the Mortgagee in respect thereof to the Mortgagor and the Mortgagor shall use such proceeds, and any insurance proceeds received by the Mortgagor in respect thereof, to restore the

Property to its condition immediately preceding the loss or damage.

(f) Under no circumstances shall the Mortgagee become obligated to take any action to restore the Property. All restoration provided for in Sections 2.4(d) and 2.4(e) hereof shall be promptly commenced and diligently prosecuted to completion.

(g) In the event of a Total Loss of the Property, all proceeds of insurance in respect thereof shall be paid to the Mortgagee, which shall hold such proceeds in the manner set forth in Section 2.4(c) hereof for the benefit of the Mortgagee and its successors and assigns as security for the Debt.

(h) Not less than fifteen (15) days prior to the renewal or replacement of each insurance policy maintained pursuant to this Section 2.4, a certificate of renewal or replacement thereof conforming to the requirements of this Mortgage shall be delivered to the Mortgagee. The Mortgagor shall deliver to the Mortgagee receipts evidencing the payment for all such insurance policies and renewals or replacements. Each policy maintained pursuant to this Section 2.4 shall provide that the same cannot be cancelled without at least thirty (30) days' prior written notice to the Mortgagee. In the event of the foreclosure of this Mortgage or any other transfer of title to the Property resulting in extinguishment or partial extinguishment of the Debt, all right, title and interest of the Mortgagor in and to all insurance policies then in force shall pass to the purchaser or to the Mortgagee, as the case may be, and the Mortgagee is hereby irrevocably appointed by the Mortgagor as attorney-in-fact for the Mortgagor to assign any such policy to such purchaser or to the Mortgagee, as the case may be, without accounting to the Mortgagor for any unearned premiums thereon.

(i) The Mortgagor covenants not to take out separate insurance concurrent in form or contributing in the event of loss with the insurance required under this Section 2.4 unless the following conditions are satisfied: (i) the policies are submitted to the Mortgagee for its approval, which approval shall not be unreasonably withheld; (ii) the insurers thereunder and the terms thereof are approved by the Mortgagee; (iii) the Mortgagee is included therein as a named insured, additional insured and/or loss payee to the same extent as provided in Section 2.4(b) hereof with respect to insurance required to be maintained by the Mortgagor. The Mortgagor covenants to notify the Mortgagee fifteen (15) days before any such separate insurance is taken out and to furnish the Mortgagee with certificates thereof or with respect to any renewal thereof or replacement policy.

Section 2.5 Permits, Approvals and Compliance with Laws.

The Mortgagor warrants that it has obtained, and will maintain in effect, all certificates, permits, licenses and approvals required by the applicable governing authorities for use, operation and occupancy of the Property for hotel and retail and other purposes incidental thereto. The Mortgagor shall comply with all laws, ordinances, orders, rules and regulations of all federal, state, county and municipal governments and of the appropriate departments, commissions, boards and officers thereof, and the orders, rules and regulations of the Board of Fire Underwriters or any other body now or hereafter constituted exercising similar functions, which at any time are applicable to the Mortgaged Property.

Section 2.6 Zoning Changes.

Without the prior written consent of the Mortgagee, which shall not be unreasonably withheld, the Mortgagor shall not initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance or other public or private restrictions limiting or defining the uses that may be made of the Property or any part thereof.

Section 2.7 Monthly Deposits.

From and after the occurrence of an Event of Default hereunder, to secure the payment of the taxes and assessments referred to in Section 2.3 hereof and premiums on the insurance policies referred to in Section 2.4 hereof, the Mortgagor shall, at the Mortgagee's written request, make deposits in advance with the Mortgagee on the first Business Day of each month in such amounts as, in the estimation of the Mortgagee, shall be necessary to provide the Mortgagee with sufficient funds to pay such charges as they become due, to be calculated upon the basis of the prior year's tax bills and the current year's insurance premiums; such deposits to be held by the Mortgagee, in the manner set forth in Section 2.4(c) hereof free of any liens or claims on the part of creditors of the Mortgagor and as part of the security of the Mortgagee, and to be used by the Mortgagee to pay current taxes and assessments on the Mortgaged Property and insurance premiums as the same accrue and are payable. Payment from such sums for such purposes shall be made by the Mortgagee at its discretion and may be made even though such payments will benefit subsequent owners of the Mortgaged Property. If such deposits are insufficient to pay taxes and assessments and insurance premiums in full as the same become payable, the Mortgagor will deposit with the Mortgagee such additional sum or sums as may be required in order for the Mortgagee to pay such taxes and assessments and insurance premiums in full. Upon the occurrence of an Event of Default under any of the Loan Documents and acceleration of the Debt, the Mortgagee may, at its option, apply any money in the fund resulting from such deposits to the payment of the Debt in the manner set forth in Section 3.12 hereof.

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Section 2.8 Condemnation.

(a) The Mortgagor, immediately upon obtaining knowledge of the institution of any proceedings for the condemnation of the Property, or any part thereof, will notify the Mortgagee of the institution of such proceedings. The Mortgagee may participate in any such proceedings and in any event must consent to any settlement thereof and the Mortgagor from time to time will deliver to the Mortgagee all instruments requested by it to permit such participation. Except as provided in Section 2.8(b) hereof, in the event of such condemnation proceedings, the award or compensation payable is hereby assigned to and shall be paid to the Mortgagee. The Mortgagor, upon the request of Mortgagee, shall make, execute and deliver any and all instruments requested for the purpose of confirming the assignment of the aforesaid awards and compensation to the Mortgagee free and clear of all liens, charges or encumbrances of any kind or nature whatsoever.

(b) Provided (i) no Event of Default exists, (ii) the taking does not materially adversely affect the operations of the Mortgaged Property, (iii) all Material Leases (if any) shall be in full force and effect without any right on the part of a lessee thereunder to terminate or cancel its lease, and (iv) access to the Property is not interfered with; then, in such case, all net condemnation proceeds (proceeds remaining after deducting costs and expenses of collection) that are paid to and received by the Mortgagee shall be made available by the Mortgagee to the Mortgagor for the restoration of the remaining portion of the Property, subject to the conditions of clauses (i) through (vi) of Section 2.4(d) hereof.

(c) Any net condemnation proceeds (whether upon a Total Loss or otherwise) not applied as provided in Section 2.8(b) hereof, shall be held by the Mortgagee in the manner set forth in Section 2.4(c) hereof for the benefit of the Mortgagee and its successors and assigns as security for the Debt. Any net condemnation proceeds that remain unexpended after the restoration described in Section 2.8(b) hereof shall be paid to the Mortgagor or paid to any party entitled thereto as the same may appear on the records of the Mortgagee.

Section 2.9 Care of Property.

(a) The Mortgagor shall preserve and maintain the Property in good condition and repair as a first-class facility. The Mortgagor shall not permit, commit or suffer any waste, impairment or deterioration of the Property or of any part thereof, and will not take any action that will increase the risk of fire or other hazard to the Mortgaged Property or to any part thereof.

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(b) Without the prior written consent of the Mortgagee (which shall not be unreasonably withheld as to alterations that do not adversely affect the structural integrity of the Improvements or materially reduce the value thereof), (a) neither the Improvements nor any material part thereof shall be removed, demolished or structurally altered, and (b) no material additions may be made to the Improvements. The Mortgagor shall also give the Mortgagee written notice with reasonable promptness of each non-structural alteration that has a cost in excess of \$500,000. The Mortgagor, without the consent of the Mortgagee, may (i) replace any of the furniture, furnishings and equipment in the Improvements with articles of at least equal utility and quality (and upon such replacement such new articles shall become part of the Mortgaged Property and be subject to the lien and security interest created hereunder) and (ii) remove furniture, furnishings and equipment for repairs, cleaning or other servicing provided that the Mortgagor reinstalls the same in or upon the Mortgaged Property with reasonable diligence; provided, however, that the Mortgagor shall not be required to replace any equipment that performed a function that shall have become obsolete, unnecessary or undesirable in connection with the operation of the Mortgaged Property. All such replaced furniture, furnishings and equipment shall be kept free from any Lien, title retention, security agreement or other encumbrance, except as may otherwise be expressly permitted in the Loan Documents.

(c) The Mortgagee and its agents shall have the right to enter and inspect the Mortgaged Property at all reasonable times upon not less than two (2) days' notice to the Mortgagor and during normal business hours.

(d) If all or any part of the Property shall be damaged by fire or other casualty, and the Debt shall not be accelerated pursuant to any specific provision of any of the Loan Documents, the Mortgagor will promptly restore such Property to the economic equivalent of its original condition, regardless of whether or not there shall be any insurance proceeds therefor. If less than all or substantially all of the Property shall be taken through condemnation, and the Debt shall not be accelerated pursuant to any specific provision of any of the Loan Documents, the Mortgagor will promptly restore, repair or alter the remaining portion as necessary in a manner satisfactory to the Mortgagee.

(e) Except during periods of restoration of the Property following a material casualty or condemnation proceeding as provided in Sections 2.4(d) and 2.8(b) hereof, respectively, the Mortgagor shall continuously operate the Property as a first class extended stay hotel facility.

Section 2.10 Further Assurances.

(a) The Mortgagor will, at the expense of the Mortgagor, make, execute and deliver to the Mortgagee and, where appropriate, shall 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 desirable by the Mortgagee, any and all such further mortgages, instruments of further assurance, certificates and other documents as may, in the opinion of the Mortgagee, be necessary or desirable in order to effectuate, complete, perfect, or to continue and preserve: (i) the obligations of the Mortgagor under this Mortgage, the Promissory Note, the Related Mortgages and the other Loan Documents, and (ii) the effectiveness and priority of this Mortgage with respect to all of the Mortgaged Property, whether now owned or hereafter acquired by the Mortgagor.

(b) Upon any failure by the Mortgagor to do so, the Mortgagee may make, execute, record, file, re-record and/or re-file any and all such mortgages, instruments, certificates and documents for and in the name of the Mortgagor, and the Mortgagor hereby irrevocably appoints the Mortgagee the agent and attorney-in-fact of the Mortgagor to do so.

Section 2.11 After-Acquired Property.

The lien of this Mortgage will automatically attach, without further act, to all after-acquired property attached to or used in the operation of the Property or any part thereof.

Section 2.12 Leases Affecting Property.

The Mortgagor will comply with and observe its obligations as landlord under all Material Leases affecting the Property or any part thereof. Upon request of the Mortgagee, the Mortgagor will furnish the Mortgagee with executed copies of all Material Leases hereafter created and all amendments thereto. The Mortgagee specifically reserves the right to approve all proposed Material Leases as to financial capabilities of the proposed tenants thereunder, which approval will not be unreasonably withheld. The term "Material Leases" shall mean any Lease (i) providing for annual rental payments during the fiscal year in which such payments are received that constitute more than 1% of the gross revenues budgeted to be derived from the Property during such fiscal year, or (ii) demising any portions of the Property for use as an eating facility, or (iii) demising more than 5% of the usable floor area contained in the Improvements. All Leases shall be inferior and subordinate in all respects to the lien of this Mortgage, and the terms of each Lease shall provide that it is automatically subordinate with respect only to the lien of a first mortgage. The Mortgagor will not, without the prior written consent of the Mortgagee, which shall not be unreasonably withheld, modify, surrender, or terminate, either orally or in writing, any Material Lease hereafter created upon the Property,

nor will the Mortgagor permit an assignment or sublease with respect to any Material Lease without the prior written consent of the Mortgagee, which shall not be unreasonably withheld, except with respect to Material Leases having rental rates equal to market rates at the time of the proposed assignment or subletting, entered into in the ordinary course of operating the Property as a hotel. The Mortgagor will not accept payment of rent under a Material Lease (except as a security deposit) more than one (1) month in advance without the express written consent of the Mortgagee, which shall not be unreasonably withheld. If requested by the Mortgagee, the Mortgagor will specifically assign to the Mortgagee any Lease hereafter created, including, without limitation, all rents, royalties, issues and profits from time to time accruing thereunder, the parties hereto acknowledging that this Mortgage nonetheless constitutes a presently effective general assignment of any and all such future Leases.

Section 2.13 Expenses.

The Mortgagor shall pay, or reimburse the Mortgagee for all costs, charges and expenses, including reasonable attorneys' fees, and disbursements, and costs of abstracts of title incurred or paid by the Mortgagee in any action, proceeding or dispute in which the Mortgagee is made a party or appears because of the failure of the Mortgagor promptly and fully to perform and comply with all conditions and covenants of this Mortgage, the Promissory Note, the Related Mortgages and the other Loan Documents, including, but not limited to, the foreclosure of this Mortgage or any Related Mortgage, condemnation of all or part of the Property, or any action to protect the security thereof. All costs, charges and expenses so incurred by the Mortgagee shall become due and payable whether or not there be notice, demand, attempt to collect or suit pending. The amounts so paid or incurred by the Mortgagee, together with interest thereon at the Default Rate, from the date incurred until paid by the Mortgagor, shall be secured by the lien of this Mortgage.

Section 2.14 Mortgagee's Performance of Defaults.

If the Mortgagor shall default in the payment of any tax, assessment, encumbrance or other imposition, in its obligation to furnish insurance hereunder or performance or observance of any other covenant, condition or term in this Mortgage, the Mortgagee may, at its option, without waiving or affecting its option to foreclose or any other rights hereunder, perform or observe the same, and all payments made or costs or expenses incurred by the Mortgagee in connection therewith shall be secured hereby and shall be immediately repaid by the Mortgagor to the Mortgagee, with interest thereon at the Default Rate. Nothing contained herein shall be construed as requiring the Mortgagee to advance or expend monies for any purposes mentioned in this Section. The Mortgagee is hereby empowered to enter and

to authorize others to enter upon the Property or any part thereof for the purpose of performing or observing any such defaulted covenant, condition or term, without thereby becoming liable to the Mortgagor or any person in possession holding under the Mortgagor.

Section 2.15 Estoppel Affidavits.

The Mortgagor and the Mortgagee, each within ten (10) days after receipt of a written request from the other, shall furnish a written statement, duly acknowledged, setting forth the unpaid principal of, and interest on, the Promissory Note and whether or not any offsets or defenses exist against such principal and interest.

Section 2.16 Usury.

The Mortgagor represents and warrants that the interest rate charged on the Promissory Note is not, as of this date, in violation of any applicable usury laws and further, waives any defense to payment under the Promissory Note and Mortgage, to the extent permitted by applicable law that might otherwise now or hereafter be available on the basis that the interest rate charged on the Promissory Note is usurious under any applicable law.

Section 2.17 No Credits on Account of the Debt.

The Mortgagor will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the taxes assessed against the Mortgaged Property or any part thereof, and no deduction shall otherwise be made or claimed from the taxable value of the Mortgaged Property, or any part thereof, by reason of this Mortgage or the Debt.

Section 2.18 Offsets, Counterclaims and Defenses.

Any assignee of this Mortgage and the Promissory Note shall take the same free and clear of all offsets, counterclaims or defenses of any nature whatsoever that the Mortgagor may have against any assignor of this Mortgage and the Promissory Note and no such offset, counterclaim or defense shall be interposed or asserted by the Mortgagor in any action or proceeding brought by any such assignee upon this Mortgage or the Promissory Note and any such right to interpose or assert any such offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by the Mortgagor.

Section 2.19 Other Security for the Debt.

The Mortgagor shall observe and perform all of the terms, covenants and provisions contained in the Promissory Note, in the Loan Agreement and in all of the Related Mortgages and

other instruments or documents evidencing or securing payment of the Debt, in whole or in part, or otherwise executed and delivered in connection with the Promissory Note, this Mortgage or the loan evidenced and secured thereby.

Section 2.20 Performance of Other Agreements.

The Mortgagor shall observe and perform or cause to be observed and performed each and every term to be observed or performed by the Mortgagor pursuant to the terms of any agreement or recorded instrument affecting or pertaining to the Mortgaged Property.

Section 2.21 Documentary Stamps.

If at any time the United States of America, any state thereof or any governmental subdivision of any such state, shall require revenue or other stamps to be affixed to the Promissory Note or this Mortgage and any tax to be paid in connection therewith, or any intangibles or recording tax to be paid with respect thereto, the Mortgagor will pay the same, with interest and penalties thereon, if any.

Section 2.22 Maintenance of Furniture, Fixtures and Equipment.

The Mortgagor shall maintain such furniture, fixtures, carpeting and equipment as may be necessary from time to time to operate the Property continuously as a first class extended stay hotel facility during the term of this Mortgage.

Section 2.23 Filing of Mortgage, etc.

The Mortgagor forthwith upon the execution and delivery of this Mortgage and thereafter, from time to time, will cause this Mortgage, and any security instrument creating a lien or evidencing the lien hereof upon the Mortgaged Property and each instrument of further assurance 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 interest of the Mortgagee in the Mortgaged Property. The Mortgagor will pay all filing, registration or recording fees, and all reasonable expenses incident to the preparation, 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 (other than the Mortgagee's income 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.

The Mortgagor shall hold harmless and indemnify the Mortgagee, its successors and assigns, against any liability incurred by reason of the imposition of any tax on the making and recording of this Mortgage.

Section 2.24 Sole Discretion of the Mortgagee.

Except as otherwise set forth in this Mortgage, whenever pursuant to this Mortgage the Mortgagee exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to the Mortgagee, the decision of the Mortgagee to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory shall be in the sole discretion of the Mortgagee and shall be final and conclusive.

Section 2.25 Authority.

The Mortgagor warrants that the Mortgagor (and the undersigned representative of the Mortgagor, if any) has full power, authority and legal right to execute this Mortgage and to mortgage, give, grant, bargain, sell, alien, enfeoff, convey, confirm and assign the Mortgaged Property pursuant to the terms hereof and to keep and observe all of the terms of this Mortgage on the Mortgagor's part to be performed.

Section 2.26 Replacement of the Promissory Note.

Upon receipt of evidence reasonably satisfactory to the Mortgagor of the loss, theft, destruction or mutilation of the Promissory Note, and in the case of any such loss, theft or destruction, upon delivery of an indemnity agreement reasonably satisfactory to the Mortgagor or, in the case any such mutilation, upon surrender to the Mortgagor and cancellation of the Promissory Note, the Mortgagor will execute and deliver, in lieu thereof, a replacement Promissory Note, identical in form and substance to the Promissory Note and dated as of the date of the Promissory Note and upon such execution and delivery all references in this Mortgage to the Promissory Note shall be deemed to refer to such replacement Promissory Note.

SECTION 3
DEFAULTS

Section 3.1 Event of Default.

The term "Event of Default", wherever used in the Mortgage, shall mean any one or more of the following events:

- (a) Failure by the Mortgagor or the Guarantor to pay
(1) any principal or interest due and payable under the Promissory Note or any amount due and payable under Sections 2.4, 2.7, 2.8,

2.9 or 3.1(f) or (g) of the Loan Agreement or under the Letter Agreement, in each case within one (1) Business Day of the due date of such payment, or (ii) any other amount due under this Mortgage or any of the other Loan Documents within fifteen (15) Business Days following written demand by the Mortgagee.

(b) (i) The Mortgagor or the General Partner shall suspend or discontinue its business operations, shall make a general assignment for the benefit of creditors or a composition with creditors, shall be unable to pay or generally fail to pay its debts as they mature, shall file a petition in bankruptcy, shall become insolvent, shall be adjudicated insolvent or bankrupt, shall petition or apply to any tribunal or applicable governmental authority for the appointment of any custodian, receiver, liquidator, conservator, trustee or any official with similar powers for it or a substantial part of its property or assets, or commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt receivership, dissolution or liquidation or similar law or statute of any jurisdiction, whether now or hereafter in effect; or (ii) there shall be commenced against the Mortgagor or the General Partner by a creditor or third party any such proceeding that shall remain undismissed for a period of 60 days, or an order, judgment or decree approving the petition, in any such proceeding shall be entered; or (iii) the Mortgagor or the General Partner by any act or failure to act shall indicate its consent to, approval of or acquiescence in any such petition or application filed against it or any order for relief or the appointment of a custodian, receiver, conservator, liquidator, trustee or other official with similar powers or regulatory authority for it or any substantial part of any of its property or assets, or suffer to exist any such case or proceeding in which an order for relief is entered, or suffer to exist any such case or proceeding, or any such custodians, receivership, conservatory trusteeship or jurisdiction of such other official or regulatory authority, undischarged or unstayed for a period of 60 days or more; or (iv) the Mortgagor or the General Partner shall take any corporate or partnership action for the purpose of effecting any of the foregoing or any similar procedure for the relief of financially distressed debtors under the laws of the jurisdiction of its incorporation or its principal place of business shall be entered into by the Mortgagor or the General Partner voluntarily or involuntarily; or (v) a receiver or trustee or other officer or other representative of a court, under color of legal authority, shall take and hold possession of any substantial part of the property or assets of the Mortgagor or the General Partner and such action shall remain unstayed for a period of 60 days or more; or (vi) the Mortgagor or the General Partner shall have concealed, removed, or permitted to be concealed or removed, any part of its property, with intent to hinder, delay or defraud its creditors or any of them, or have made or suffered a transfer of any of its property that is fraudulent under any bankruptcy, fraudulent conveyance or similar law, or have suffered

or permitted while insolvent, any creditor to obtain a Lien upon any of its property through legal proceedings or distraint that is not vacated within 30 days from the date such Lien is created.

(c) The passage after the date hereof of any law, regulation, ordinance or other governmental act of any kind (i) deducting from the value of the Land and the Improvements any Lien thereon for the purposes of taxation or (ii) changing in any way the taxation of mortgages or debts secured thereby for state or local purposes, or the manner of collection of any such taxes so as to affect this Mortgage, unless the Mortgagor shall, if permitted by applicable law and regulation, deliver to the Mortgagee a written notice containing the agreement of the Mortgagor to immediately reimburse the Mortgagee for all such taxes already paid and to pay all such taxes which may thereafter be imposed, which obligation shall be secured hereby. The Mortgagor agrees to exhibit to the Mortgagee, at any time upon request, official receipts showing payments of all taxes, assessments and charges that the Mortgagor shall have paid pursuant to this Section 3.1(c).

(d) If foreclosure proceedings should be commenced on any Lien of any kind upon the Mortgaged Property, other than liens expressly permitted under the Loan Documents, or if any Federal tax lien is filed against the Mortgagor or the Mortgaged Property and the same is not discharged or bonded of record within 30 days.

(e) Any representation or warranty made by the Mortgagor pursuant to this Mortgage or any representation or warranty made or deemed made by the Mortgagor in any certificate, document, financial or other written statement furnished to the Mortgagee at any time hereunder or pursuant hereto shall prove to have been false or incorrect in any material respect when made or deemed made.

(f) The occurrence of an event of default under, and as defined in, any of the Loan Documents, including, without limitation, the Related Mortgages (including, without limitation, any event of default attributable to any sale, transfer or encumbrance of any of the Mortgaged Property or any interest in the Mortgagor to the extent such sale, transfer or encumbrance constitutes an event of default thereunder).

(g) The Mortgagor shall be in default of any of the other terms, covenants or conditions of this Mortgage for 30 days after notice from the Mortgagee; provided, however, that if such default cannot reasonably be cured within such 30-day period and the Mortgagor shall have commenced to cure such default within such 30-day period and thereafter diligently and expeditiously proceeds to cure the same, such 30-day period shall be extended for so long a period as the Mortgagee reasonably determines is a reasonable period to complete such cure.

Section 3.2 Right to Enter and Take Possession.

(a) If an Event of Default shall have occurred and be continuing, the Mortgagor, upon demand of the Mortgagee, shall forthwith surrender to the Mortgagee the actual possession of the Mortgaged Property, and to the extent permitted by law the Mortgagee, or such officers or agents as it may appoint, may enter and take possession of all the Mortgaged Property, and may exclude the Mortgagor and its agents and employees wholly therefrom, and may have joint access with the Mortgagor to the books, papers and accounts of the Mortgagor.

(b) If the Mortgagor shall, for any reason, fail to surrender or deliver any such Mortgaged Property or any part thereof after such demand by the Mortgagee, the Mortgagee may obtain a judgment or decree conferring on the Mortgagee the right to immediate possession or requiring the Mortgagor to deliver immediate possession of all or part of such Mortgaged Property to the Mortgagee, to the entry of which judgment or decree the Mortgagor hereby specifically consents.

(c) The Mortgagor will pay to the Mortgagee, upon demand, all reasonable expenses of obtaining such judgment or decree and reasonable compensation to the Mortgagee, their attorneys and agents; and all such expenses and compensation shall, until paid, be secured by the lien of this Mortgage.

(d) Upon every such entering upon or taking of possession, the Mortgagee may hold, store, use, operate, manage and control the Mortgaged Property and conduct the business thereof, and, from time to time:

(i) make all reasonably necessary, as determined by the Mortgagee in its sole and absolute discretion, maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon, and purchase or otherwise acquire additional fixtures, personality and other property;

(ii) insure or keep the Mortgaged Property insured and exercise all the rights and powers of the Mortgagor in its name or otherwise, with respect to the same;

(iii) manage and operate the Mortgaged Property and exercise all the rights and powers of the Mortgagor in its name or otherwise, with respect to the same;

(iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted to the Mortgagee;

all as the Mortgagee from time to time may determine to be to its best advantage; and the Mortgagee may collect and receive all the income, revenues, rents, issues and profits of the same, including those past due as well as those accruing thereafter, and after deducting:

(aa) all expenses of taking, holding, managing, and operating the Mortgaged Property (including reasonable compensation for the services of all persons employed for such purposes);

(bb) the cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements and purchases and acquisitions;

(cc) the cost of such insurance;

(dd) such taxes, assessments and other charges prior to the lien of this Mortgage as the Mortgagee may determine to pay;

(ee) other proper charges upon the Mortgaged Property or any part thereof; and

(ff) the reasonable fees and disbursements of the attorneys and agents of the Mortgagee;

the remainder of the monies so received by the Mortgagee shall be applied, first to the payment of accrued interest; second to the payment of any required tax deposit, insurance deposit or expenses required by the Mortgagee; third toward the outstanding principal secured by this Mortgage and any other unpaid portion of the Debt; and the balance, if any, remaining after payment of such amounts shall be paid to the Mortgagor.

Section 3.3 The Mortgagee's Power of Enforcement.

If an Event of Default shall have occurred and be continuing, the Mortgagee may, either with or without entry or taking possession as hereinabove provided or otherwise, proceed by suit or suits at law or in equity or by any other appropriate proceeding or remedy (a) to enforce payment of the Promissory Note or the performance of any term hereof or any other right, (b) to foreclose this Mortgage and to sell, as an entirety or in separate lots or parcels, the Mortgaged Property, under the judgment or decree of a court or courts of competent jurisdiction, and (c) to pursue any other remedy available to it, all as the Mortgagee shall deem most effectual for such purposes. The Mortgagee shall

take action either by such proceedings or by the exercise of its powers with respect to entry or taking possession, as the Mortgagee may determine.

Section 3.4 Power of Sale

If an Event of Default shall have occurred Mortgagee may sell the Mortgaged Property to the highest bidder at public auction in front of the courthouse door in the county or counties, as may be required, where the Mortgaged Property is located, either in person or by auctioneer, after having first given notice of the time, place and terms of sale, together with a description of the property to be sold, by publication once a week for three (3) successive weeks prior to said sale in some newspaper published in said county or counties, as may be required, and, upon payment of the purchase money, Mortgagee or any person conducting the sale for Mortgagee is authorized to execute to the purchaser at said sale a limited warranty deed to the Mortgaged Property so purchased. Mortgagee may bid at said sale and purchase the Mortgaged Property, or any part thereof, if the highest bidder therefor. At the foreclosure sale the Mortgaged Property may be offered for sale and sold as a whole without first offering it for sale in lots or parcels as Mortgagee may elect.

Section 3.5 Rights of Tenants and the Manager on Foreclosure.

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All Leases (except as the Mortgagee may in its discretion otherwise expressly agree in writing) and the Management Agreement (subject to the Subordination, Non-Disturbance and Attornment Agreement dated as of the date hereof between the Mortgagee and the Manager) shall be subject and subordinate to this Mortgage. However, the Mortgagee, at the Mortgagee's option, shall have the right to foreclose on the Mortgaged Property subject to the rights of the tenants under any Leases and/or the Manager under the Management Agreement, and any failure by the Mortgagee to make any such tenants or the Manager parties defendant to any foreclosure proceedings shall not be, or be asserted by the Mortgagor as, a defense to any proceedings instituted by the Mortgagee relating to this Mortgage or the Debt.

Section 3.6 Debt Due on Foreclosure.

Upon commencement of suit or foreclosure of this Mortgage, the unpaid principal of the Promissory Note, if not previously declared due, and the interest accrued thereon, and any other Debt shall at once become and be immediately due and payable.

Section 3.7 Purchase by the Mortgagee.

Upon any such foreclosure sale pursuant to power of sale and judicial proceedings, the Mortgagee may bid for and purchase the Mortgaged Property and, upon compliance with the terms of the sale, may hold, retain and possess and dispose of the same in its own absolute right, without further accountability.

Section 3.8 Application of Debt Toward Purchase Price.

Upon any such foreclosure sale pursuant to power of sale and judicial proceedings, the Mortgagee may, if permitted by law, after allowing for the proportion of the total purchase price required to be paid in cash for the costs and expenses of the sale, compensation and other charges, in paying the purchase price, apply to the purchase price any portion of or all sums due to the Mortgagee under the Promissory Note and this Mortgage, in lieu of cash, to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon.

Section 3.9 Waiver of Laws.

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The Mortgagor agrees to the fullest extent permitted by law, that in case of an Event of Default hereunder, neither the Mortgagor nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, or the absolute sale of the property hereby conveyed, to the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereat, and the Mortgagor, for itself and all who may at any time claim through or under it, hereby waives to the fullest extent that it may lawfully do so, the benefit of all such laws, and any and all right to have the Mortgaged Property and/or any of the property encumbered by any of the Related Mortgages marshalled upon any foreclosure of the lien of this Mortgage and/or any of the Related Mortgages, and the Mortgagor agrees that the Mortgagee or any court having jurisdiction to foreclose the lien of this Mortgage may sell the Mortgaged Property in separate parcels or as an entirety.

Section 3.10 Receiver.

If an Event of Default shall occur and be continuing, then upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Mortgagee, the Mortgagee to the extent permitted by law and without regard to the value or occupancy of the security shall be entitled as a matter of right to the appointment of a receiver to enter upon and take possession of the Mortgaged Property. The receiver shall collect all rents, revenues, issues, income, products and profits thereof,

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pending such proceedings and apply the same as the court may direct. The receiver shall have all rights and powers permitted under the laws of the state in which the Mortgaged Property is located and such other powers as the court making such appointment shall confer. The expenses, including receiver's fees, counsel fees, costs 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, to manage and operate, the Mortgaged Property, to collect the rents, issues and profits thereof, 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. The Mortgagee shall be liable to account only for such rents, issues and profits actually received by the Mortgagee, whether received pursuant to this Section 3.9 or Section 3.2 hereof. Notwithstanding the appointment of any receiver, trustee or other custodian, the Mortgagee shall be entitled, as pledgee, to the possession and control of any cash or other instruments at the time held by, or payable or deliverable under the terms of this Mortgage to, the Mortgagee.

Section 3.11 Suits to Protect the Mortgaged Property.

The Mortgagee shall have power (a) to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Mortgaged Property by any acts or omissions which may be unlawful or in violation of this Mortgage, (b) to preserve or protect its interest in the Mortgaged Property and in the income, revenues, rents and profits arising therefrom, and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with, such enactment, rule or order would impair the security hereunder or be prejudicial to the interest of the Mortgagee.

Section 3.12 Proofs of Claim.

In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting the Mortgagor, its creditors, or its property, the Mortgagee, 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 the Mortgagee allowed in such proceedings for the entire amount due and payable by the Mortgagor under this Mortgage at the date of the institution of such proceedings and for any additional amount which may become due and payable by the Mortgagor hereunder after such date.

Section 3.13 Acceleration; Application of Monies by Mortgagee.

(a) If an Event of Default shall occur and be continuing under this Mortgage, then, upon written notice to the Mortgagor and the Guarantor, the Mortgagee may declare the entire Debt to be immediately due and payable. If the Mortgagor shall fail to pay the same forthwith upon such demand, the Mortgagee shall be entitled to sue for and to recover judgment against the Mortgaged Property for the whole amount so due and unpaid together with costs, which shall include the reasonable compensation, expenses and disbursements of the Mortgagee's agents and attorneys either before, after or during the pendency of any proceedings for the enforcement of this Mortgage including appellate proceedings. The right of the Mortgagee to recover such judgment shall not be affected by any taking, possession or foreclosure sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the terms of this Mortgage, or the foreclosure of the lien hereof.

(b) Any monies thus collected by the Mortgagee or received by the Mortgagee under this Section 3.12 shall be applied as follows:

First, to the payment of the reasonable attorneys' fees and expenses incurred by the Mortgagee, its agents and attorneys, including but not limited to expenses of any sale or foreclosure proceeding, taxes paid, insurance premiums paid, receiver's fees, and all other unreimbursed expenses for which the Mortgagee is entitled to be reimbursed pursuant to any of the Loan Documents.

Second, to the payment of the amounts due and unpaid upon the Promissory Note and any other amounts due and unpaid hereunder, until all such amounts have been paid in full.

Finally, to the Borrower, or its successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining from such proceeds.

Section 3.14 Delay or Omission; No Waiver.

No delay or omission of the Mortgagee or of any holder of the Promissory Note 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 Event of Default, or acquiescence therein; and every right, power and remedy given by this Mortgage to the Mortgagee may be exercised from time to time and as often as may be deemed expedient by the Mortgagee.

Section 3.15 No Waiver of One Event of Default to Affect Another.

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No waiver of any Event of Default hereunder shall extend to or shall affect any subsequent or any other then existing Event of Default or shall impair any rights, powers or remedies consequent thereon. If the Mortgagee (a) grants forbearance or an extension of time for the payment of any sums secured hereby; (b) takes other or additional security for the payment thereof; (c) waives or does not exercise any right granted herein or in the Promissory Note; (d) releases any part of the Mortgaged Property from the Promissory Note or this Mortgage or any of the Related Mortgages; (e) consents to the filing of any map, plat or replat thereof; (f) consents to the granting of any easement affecting the Property; or (g) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change or affect the original liability under the Promissory Note, this Mortgage, any Related Mortgage or otherwise of the Mortgagor or any subsequent purchaser of the Mortgaged Property or any part thereof, or of any maker, co-signer, endorser or surety or the Guarantor; nor shall any such act or omission preclude the Mortgagee from exercising any right, power or privilege herein granted or intended to be granted in the event of any other 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 the Mortgagee, shall the lien of this Mortgage be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Mortgaged Property, the Mortgagee, without notice to any person or corporation, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Mortgaged Property or the Debt, or with reference to any of the terms or conditions 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 of the liabilities or undertakings hereunder (but the foregoing is not intended to modify the provisions of the Loan Agreement and this Mortgage pursuant to which an unauthorized sale or transfer of the Mortgaged Property constitutes an Event of Default).

Section 3.16 Discontinuance of Proceedings.

In case the Mortgagee shall have proceeded to enforce any right or remedy under this Mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Mortgagee, then and in every such case, the Mortgagor and the Mortgagee shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of the Mortgagee shall continue as if no such proceeding had been taken.

registered mail, postage prepaid to the addresses set forth below:

If to the Mortgagor, to:

Marriott Residence Inn II Limited Partnership
c/o Marriott RIBM Two Corporation
10400 Fernwood Road
Bethesda, Maryland 20058
Telecopy No. (301) 530-2855
Telex No. 89597
Attention: Law Department

If to the Guarantor, to:

Marriott Corporation
10400 Fernwood Road
Bethesda, Maryland 20058
Telecopy No. (301) 530-2855
Telex No. 89597
Attention: Law Department

If to the Mortgagee, to:

The Sanwa Bank Limited, New York Branch
200 Park Avenue
New York, New York 10166
Telecopy No. (212) 557-0185
Telex No. RCA 232423
Attention: John T. Feeney, Assistant Vice President
U.S. Corporate Finance Department

An information copy of all notices required to be given to the Mortgagor under this Mortgage shall also be given to the Guarantor. All notices and other communications shall be deemed to have been duly given, on (i) the date of delivery if delivered personally, (ii) the date of transmission by telex with confirmed answerback, (iii) the date of receipt if sent by facsimile transmission, or (iv) the date of receipt if sent by mail, whichever shall first occur. Any Person may by notice given in accordance with this Section 4.2 to each of the other Persons listed above designate another address for receipt of notices and other communications hereunder. Rejection of or other refusal to accept receipt of notice, or inability to deliver because of changed address of which no notice has been received, shall constitute receipt.

Section 4.3 Headings and Interpretation.

The headings of the articles, sections, paragraphs and subdivisions of this Mortgage are for convenience of reference only, and are not to be considered a part hereof, and shall not limit or otherwise affect any of the terms hereof. In this

Mortgage, unless the context otherwise requires, the terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms refer to this Mortgage as an entirety and not solely to the particular portion hereof in which any word is used.

Section 4.4 Invalid Provisions to Affect No Others.

In case any one or more of the covenants, agreements, terms or provisions contained in this Mortgage or in the Promissory Note shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein and in the Promissory Note shall be in no way affected, prejudiced or disturbed thereby.

Section 4.5 Modifications.

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The Mortgagee may at any time, without notice to any person, grant to the Mortgagor any modification of any kind or nature whatsoever, or allow any change or changes, substitution or substitutions of any of the Mortgaged Property or any other collateral that may be held by the Mortgagee without in any manner affecting the liability of the Mortgagor, any endorsers or guarantors of the Debt hereby secured or any other person for the payment of the Debt, together with any interest and any other sums that may be due and payable to the Mortgagee, and also without in any manner affecting or impairing the lien of this Mortgage upon the remainder of the Mortgaged Property and other collateral that is not changed or substituted; and it is also understood and agreed that the Mortgagee may at any time, without notice to any person, release any portion of the Mortgaged Property or any other collateral, or any portion of any other collateral that may be held as security for the payment of the Debt, either with or without any consideration of such release or release, without in any manner affecting the liability of the Mortgagor, all endorsers or guarantors, if any, and all other persons who are or shall be liable for the payment of the Debt, and without affecting, disturbing or impairing in any manner whatsoever the validity and priority of the lien of this Mortgage for the full amount of the Debt remaining unpaid, together with all interest and advances which shall become payable, upon the entire remainder of the Mortgaged Property or impairing to any extent whatsoever any and all other collateral security which may be held by the Mortgagee. It is distinctly understood and agreed by the Mortgagor and the Mortgagee that any release or releases may be made by the Mortgagee without the consent or approval of any other person or persons whomsoever.

Section 4.6 Uniform Commercial Code.

This Mortgage constitutes both a real property mortgage and a "security agreement" within the meaning of the Uniform

Commercial Code as enacted in the state in which the Personal Property is located, and the Mortgaged Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of the Mortgagor in the Mortgaged Property. The Mortgagor by executing and delivering this Mortgage has granted to the Mortgagee, as security for the Debt, a security interest in the Personal Property and other Mortgaged Property governed by such Uniform Commercial Code. If an Event of Default shall occur, the Mortgagee, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing, the right to take possession of the Personal Property or any part thereof, and to take such other measures as the Mortgagee may deem necessary for the care, protection and preservation of the Personal Property. Upon request or demand of the Mortgagee, the Mortgagor shall at its expense assemble the Personal Property and make it available to the Mortgagee at a convenient place on the Mortgaged Property acceptable to the Mortgagee. The Mortgagor shall pay to the Mortgagee on demand any and all reasonable expenses, including reasonable attorneys' fees, incurred or paid by the Mortgagee in protecting its interests in the Personal Property and in enforcing its rights hereunder with respect to the Personal Property. Any notice of sale, disposition or other intended action by the Mortgagee with respect to the Personal Property sent to the Mortgagor in accordance with the provisions hereof at least five (5) days prior to such action shall constitute reasonable notice to the Mortgagor. The proceeds of any disposition of the Personal Property, or any part thereof, may be applied by the Mortgagee to the payment of the Debt in such priority and proportions as the Mortgagee in its discretion shall deem proper. The names of the "Debtor" and the "Secured Party" (which are the Mortgagor and the Mortgagee, respectively), the address of the "Secured Party" from which information concerning the security interest may be obtained, and the address of the "Debtor," are as set forth in Section 4.2 hereof; and a statement indicating the types, or describing the items, of collateral is set forth hereinabove. The Mortgagor agrees to furnish the Mortgagee with notice of any change of name or principal place of business or mailing address of the Mortgagor within ten (10) days of the effective date of any such change.

Section 4.7 Term Loans.

(a) This Mortgage is given in part to secure the principal indebtedness evidenced by the \$131,500,000 term portion of the \$141,500,000 Promissory Note.

Section 4.8 Leasing Commissions.

The Mortgagor covenants that every agreement to pay leasing commissions with respect to the leasing of space in the Mortgaged Property, or any part thereof, are and shall be subject, subordinate and inferior to the rights of the Mortgagee, so that in the event the Mortgagee acquires title to the Mortgaged Property either at a foreclosure sale or by other means, the Mortgagee will be exonerated and discharged from all liabilities for the payment of any such commissions or compensations.

Section 4.9 Time is of the Essence.

It is specifically agreed that time is of the essence of this Mortgage and that no waiver of any obligation hereunder or of the obligation secured hereby shall at any time thereafter be held to be a waiver of the terms hereof or of the instrument secured hereby.

Section 4.10 Attorneys' Fees and Expenses.

Wherever provision is made herein for payment for reasonable attorneys' or counsels' fees or expenses incurred by the Mortgagee, said provision shall include, but not be limited to, reasonable attorneys' or counsels' fees or expenses incurred in any and all judicial, bankruptcy, reorganization, administrative or other proceedings, including appellate proceedings, whether such proceedings arise before or after entry of a final judgment.

Section 4.11 Maximum Rate of Interest.

Nothing herein contained, nor in the Promissory Note secured hereby or any instrument or transaction related thereto, shall be construed or so operate as to require the Mortgagor, maker, or any person liable for the payment of the Promissory Note, to pay interest in an amount or at a rate greater than the maximum allowed by law. Should any interest or other charges in the nature of the interest paid by the Mortgagor, or any parties liable for the payment of the Promissory Note, result in the computation or earning of interest in excess of the maximum rate of interest allowed by applicable law, then any and all such excess shall be and the same is hereby waived by the holder thereof, and all such excess previously paid shall be automatically credited against and in reduction of the principal balance, and any portion of such excess that exceeds the principal balance shall be paid by the holder hereof to the Mortgagor, maker or any parties liable for the payment of the Promissory Note, it being the intent of the parties hereto that under no circumstances shall the Mortgagor, or any parties liable for the payment of the

Promissory Note, be required to pay interest in excess of the maximum rate allowed by law.

Section 4.12 Applicable Law.

The Mortgagor and the Mortgagee hereby agree that this Mortgage shall be interpreted, construed and enforced according to the laws of the State of New York, except that the laws of the state in which the Property is located shall govern as to the creation, priority and enforcement of security interests with respect to Mortgaged Property located in such state. Should any obligation or remedy under this Mortgage be invalid or unenforceable pursuant to the laws provided herein to govern, the laws of the other state referred to hereinabove or of another state whose laws can validate and apply thereto shall govern.

Section 4.13 Default Rate.

If the Mortgagor shall fail to make payment when and as due of any amounts due hereunder (whether at the stated date for payment, at maturity or by acceleration), the Mortgagor shall pay, to the extent permitted by applicable law, interest to the Mortgagee on such past due amounts in accordance with the provisions of Section 2.9 of the Loan Agreement at the rate set forth in such Section 2.9 (the "Default Rate").

SECTION 5
ADDITIONAL PROVISIONS

Section 5.1 Limitation of Liability.

Notwithstanding any contrary provision in any of the Loan Documents, it is hereby expressly agreed that, except as otherwise provided in this Section or any section of any of the other Loan Documents entitled "Limitation of Liability," neither the Mortgagor nor the General Partner shall have any personal liability for (i) the payment of any amount due to the Mortgagee by the Mortgagor under this Mortgage or any of the other Loan Documents, including, but not limited to, the repayment of the Debt, or (ii) the performance or discharge of any covenant or undertaking hereunder or under the other Loan Documents, and in the event of any Event of Default hereunder or thereunder, the Mortgagee shall proceed solely against the Mortgaged Property and the other property given as security for payment of the Promissory Note, and the Mortgagee shall not seek or claim recourse against the Mortgagor or the General Partner for any deficiency or any personal judgment after a foreclosure of the lien of this Mortgage or any of the Related Mortgages or for the performance or

discharge of any covenants or undertakings of the Mortgagor hereunder or under any other Loan Documents (except for foreclosure or the exercise of other similar remedies under other Related Mortgages). Notwithstanding the foregoing, nothing contained in this Section shall relieve the Mortgagor or the General Partner of any personal liability for any loss, cost, expense, damage or liability arising or resulting from (A) any breach of any representation or warranty made in the Loan Agreement that was materially incorrect when made and that was made with fraudulent intent, (B) any amount paid or distributed to the Manager or the Guarantor or any Affiliate of either of them or to any partner of the Mortgagor in violation of the provisions of the Related Documents, (C) Section 3.1(i) of the Loan Agreement, (D) Sections 3.1(b), (c) and (h) and 11.5 of the Loan Agreement if such loss, cost, expense, damage or liability is asserted after the repayment of the Loan and the release by the Mortgagee of the security interests granted to the Mortgagee in connection with the Loan, or (E) fraud or breach of trust, including but not limited to misapplication of loan proceeds or any insurance proceeds or condemnation awards or other sums that are part of the Mortgaged Property that may come into the possession or control of the Mortgagor or the General Partner or any Affiliate (as such term is defined in the Loan Agreement) of either of them. The provisions of this paragraph shall not, however, relieve, reduce or impair any liability or obligation of the Guarantor under the Guaranty Agreement or affect any separate guaranty or similar undertaking with respect to all or any part of the Debt or any subsequent assumption of the obligation with respect to such Debt or this Mortgage or the Related Mortgages. Nothing contained in this Section shall (i) prevent the Mortgagee from exercising any rights or remedies against the Mortgaged Property or any property encumbered by any of the Related Mortgages or under the Management Agreement, pursuant to this Mortgage or any of the other Loan Documents, or (ii) be deemed to be a release or impairment of the Debt evidenced by the Promissory Note or any security interest in favor of the Mortgagee encumbering any of the Mortgaged Property, or any property encumbered by any of the Related Mortgages. It is hereby expressly agreed that neither any limited partner of the Mortgagor nor any director, officer, shareholder, partner or employee of the Mortgagor nor the legal or personal representative, successor or assign of any of the foregoing, nor any other principal in the Mortgagor or any partner of the Mortgagor, whether disclosed or undisclosed, shall have any personal liability under this Mortgage or of the other Loan Documents, except as liability may be specifically imposed upon the General Partner in accordance with the second sentence of this Section or upon the Guarantor in accordance with the second and third sentences of this Section. It is the intention of the parties hereto that this Section shall govern every other provision of the Loan Documents and that the absence of explicit reference to this Section in any provision of the Loan Documents shall not be construed to deny the application of this Section to

such provision, notwithstanding the presence of explicit reference to this Section in other provisions of the Loan Documents.

Section 5.2 Debtor-Creditor Relationship.

The Mortgagor and the Mortgagee acknowledge and agree that the Mortgagee is extending credit for the benefit of the Mortgagor pursuant to the terms set forth in the Loan Agreement and the other Loan Documents, and that the relationship between them is limited exclusively to that of debtor-creditor. The Loan Agreement and the other Loan Documents should not in any way be construed to create a partnership or joint venture between the Mortgagor and the Mortgagee.

Section 5.3 Release of Lien.

Provided that the Mortgagor shall have complied with the provisions of Section 2.12 of the Loan Agreement (including, without limitation, the payment of the amounts required to be paid to the Mortgagee under such Section), if the Mortgagor shall sell the Property, the Mortgagee shall release its lien and security interests in the Mortgaged Property upon receipt of such amounts by instruments in recordable form in form and substance reasonably satisfactory to the Mortgagee, the Mortgagor and their respective counsel.

5.4 Instrument Under Seal.

This Mortgage is given under the seal of all parties hereto and it is intended that this Mortgage is and shall

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constitute and have the effect of a sealed instrument according to law.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the date and year first above written, even though this instrument may have been executed prior to such date by one of the parties hereto.

Signed and acknowledged
in the presence of:

Witnessed:

By: *Charles J. [Signature]*
Title: SECRETARY

MORTGAGOR:

MARRIOTT RESIDENCE INN II
LIMITED PARTNERSHIP,
a Delaware limited partnership

By: Marriott RIBM Two Corporation,
a Delaware corporation,
General Partner

By: *Matthew J. Hart*
Name: Matthew J. Hart
Title: President

[CORPORATE SEAL]

MORTGAGEE:

THE SANWA BANK LIMITED,
acting by and through its
New York Branch

By: *John T. Feeney*
Name: John T. Feeney
Title: Assistant Vice President

[CORPORATE SEAL]

Witnessed:

By: *Elyse [Signature]*
Title: _____

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STATE OF NEW YORK)
COUNTY OF NEW YORK)

I, Deirdre L. Parker, a Notary Public in and for said County in said State, hereby certify that MATTHEW J. HART, whose name as President of Marriott RIBM Two Corporation, a Delaware corporation, as General Partner of MARRIOTT RESIDENCE INN II LIMITED PARTNERSHIP, a Delaware limited partnership, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of such instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation, as general partner of said partnership.

Given under my hand and official seal this 28th day of December, 1988.

Deirdre L. Parker

Notary Public

My commission expires: July 31, 1990

[NOTORIAL SEAL]

DEIRDRE L. PARKER
Notary Public State of New York
No. [REDACTED]
Qualified in Suffolk County
Certificate Filed in New York County
Commission Expires July 31, 1990

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STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

I, Deirdre L. Parker, a Notary Public in and for said County in said State, hereby certify that JOHN T. FEENEY, whose name as Assistant Vice President of The Sanwa Bank, Limited, a Japanese banking corporation acting by and through its New York Branch, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of such instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this 28th day of December, 1988.

Deirdre L. Parker

Notary Public

My commission expires: July 31, 1990

[NOTORIAL SEAL]

DEIRDRE L. PARKER
Notary Public, State of New York
No. [REDACTED]
Qualified in Suffolk County
Certificate Filed in New York County
Commission Expires July 31, 1990

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EXHIBIT A

Property Description

PARCEL 1

Being a part of the Southwest Quarter of the Northeast Quarter of Section 36, Township 18 South, Range 2 West, Shelby County, Alabama, and being more particularly described as follows:

Commence at the Southeast corner of the Southwest Quarter of the Northeast Quarter of Section 36, Township 18 South, Range 2 West, Shelby County, Alabama and run West along the South line of said quarter-quarter section for a distance of 263.21 feet to the Point of Beginning; thence continue West along the last described course a distance of 696.06 feet; thence 90 degrees 00 minutes right and in a Northerly direction for a distance of 95.00 feet; thence 45 degrees 00 minutes left and in a Northwesterly direction for a distance of 127.00 feet; thence 43 degrees 30 minutes right and in a Northerly direction for a distance of 75.00 feet to a Point situated on the Southeasterly right-of-way line of a proposed road and said Point of curve of a curve to the right said curve to the right having a radius of 610.14 feet and a central angle of 37 degrees 16 minutes 38 seconds; thence 72 degrees 00 minutes right to the chord of said curve to the right and run Northeasterly along the Southeasterly right-of-way line of the proposed road and the arc of said curve to the right for a distance of 396.96 feet to the end of said curve to the right and the beginning of a curve to the left, said curve to the left having a radius of 319.43 feet and a central angle of 25 degrees 30 minutes 50 seconds; thence Northeasterly along the Southeasterly right-of-way line of proposed road and the arc of said curve for a distance of 142.24 feet; thence 101 degrees 28 minutes 36 seconds right from the chord of last stated curve and in a Southerly direction for a distance of 117.17 feet; thence 82 degrees 08 minutes 06 seconds left and in an Easterly direction for a distance of 65.46 feet; thence 71 degrees 05 minutes 09 seconds left and in a Northeasterly direction for a distance of 61.78 feet to a Point on the approximate lake shore; thence 99 degrees 36 minutes 57 seconds right and in a Southeasterly direction along the approximate lake shore for a distance of 57.08 feet; thence 19 degrees 26 minutes 40 seconds right and in a Southeasterly direction along the approximate lake shore for a distance of 73.28 feet; thence 0 degrees 38 minutes 40 seconds right and in a Southeasterly direction along the approximate lake shore for a distance of 81.94 feet;

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thence 25 degrees 42 minutes 01 seconds left and in a Southeasterly direction along the approximate lake shore for a distance of 50.71 feet; thence 24 degrees 37 minutes 55 seconds right and in a Southeasterly direction along the approximate lake shore for a distance of 94.93 feet; thence 17 degrees 49 minutes 50 seconds right and in a Southeasterly direction along the approximate lake shore for a distance of 52.74 feet; thence 74 degrees 12 minutes 26 seconds right and in a Southwesterly direction for a distance of 83.74 feet to the Point of Beginning.

PARCEL 2

ALSO A NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS DESCRIBED AS FOLLOWS:

Being a part of the Southwest Quarter of the Northeast Quarter and the Southeast Quarter of the Northwest Quarter, Section 36, Township 18 South, Range 2 West, Shelby County, Alabama, more particularly described as follows:

Commence at the Southeast corner of the Southwest Quarter of the Northeast Quarter of said Section; thence run West along the South line of said Southwest Quarter of the Northeast Quarter for a distance of 1020.17 feet; thence 62 degrees 50 minutes 45 seconds left and in a Southwesterly direction for a distance of 54.50 feet to a Point on the Northeasterly right-of-way line of U.S. Highway No. 280, said right-of-way being in a curve to the right, curving Northerly, said curve to the right having a radius of 5639.58 feet and a central angle of 2 degrees 23 minutes 16 seconds; thence 92 degrees 28 minutes 13 seconds right to the chord of said curve to the right and run in a Northeasterly direction along the Northeasterly right-of-way line of U.S. Highway No. 280 and the arc of said curve to the right for a distance of 235.02 feet to the Point of Beginning, said Point being the Point of intersection of the Northeasterly right-of-way line of U.S. Highway No. 280 with the Southeasterly right-of-way line of a proposed road, said proposed road right-of-way being in a curve to the right, curving Northeasterly, said curve to the right having a radius of 377.81 feet and a central angle of 22 degrees 27 minutes 01 seconds; thence 101 degrees 00 minutes 43 seconds right from the chord of the U.S. Highway No. 280 curve to the chord of the curve of the proposed road and run Northeasterly along the Southeasterly right-of-way line of the proposed road and the arc of the curve for a distance of 148.04 feet to the end of said curve; thence at tangent to said curve continue Northeasterly along the Southeasterly right-of-way line of the proposed road for a distance of 130.32 feet to the beginning of a curve to the right, said curve to the right having a radius of 610.14 feet and a central angle of 18 degrees 38 minutes 19 seconds; thence Northeasterly along the arc of said curve and the Southeasterly right-of-way line of the proposed road for a distance of 198.48 feet to the end of curve; thence 90 degrees 00 minutes left from the tangent of said curve and in a Northwesterly direction for a distance of 60.00 feet to a Point on the Northwesterly right-of-way line of proposed road, said Point being situated on a curve to the left and curving Southwesterly, said curve having a radius of 670.14 feet and a central angle of 18 degrees 38 minutes 19 seconds; thence continue Southwesterly along the Northwesterly right-of-way line of the proposed road and the arc of said curve to the left for a distance of 218.00 feet to the end of said curve; thence 90 degrees 00 minutes right from the tangent of said curve in a Northwesterly direction for a distance of 15.00 feet; thence 90 degrees 00 minutes left and in a Southwesterly direction along the Northwesterly right-of-way line of proposed road for a distance of 179.92

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feet to the beginning of a curve to the left, said curve to the left having a radius of 422.57 feet and a central angle of 17 degrees 23 minutes 48 seconds; thence continue Southwesterly along the Northwesterly right-of-way line of the proposed road and the arc of said curve for a distance of 128.30 feet to the end of said curve and the Point of Intersection of the Northwesterly right-of-way line of the proposed road with the Northeasterly right-of-way line of U.S. Highway No. 280, the Northeasterly right-of-way line of U.S. Highway No. 280 being in a curve to the left, curving Southeasterly, said curve having a radius of 5639.58 feet and a central angle of 0 degrees 54 minutes 54 seconds; thence Southeasterly along the arc of said curve to the left and the Northeasterly right-of-way line of U.S. Highway No. 280 for a distance of 90.06 feet to the Point of Beginning.

THE ABOVE DESCRIBED "NON EXCLUSIVE EASEMENT" SHALL TERMINATE UPON THE COMPLETION OF THE ROAD - WAY TO BE CONSTRUCTED THEREON, AND UPON THE DEDICATION TO AND ACCEPTANCE BY SHELBY COUNTY, ALABAMA, AS A DEDICATED PUBLIC STREET.

PARCEL 3

ALSO A SLOPE EASEMENT FOR INGRESS AND EGRESS TO THE LAKESHORE DESCRIBED AS FOLLOWS:

Commence at the Southeast corner of the Southwest Quarter of the Northeast Quarter of Section 36, Township 18 South, Range 2 West, Shelby County, Alabama, and run West along the South line of said Quarter - Quarter Section for a distance of 263.21 feet; thence 145 degrees 18 minutes 42 seconds right and in a Northeasterly direction for a distance of 83.74 feet; thence 74 degrees 12 minutes 26 seconds left and in a Northwesterly direction for a distance of 52.74 feet; thence 17 degrees 49 minutes 50 seconds left and in a Northwesterly direction for a distance of 94.93 feet; thence 24 degrees 37 minutes 55 seconds left and in a Northwesterly direction for a distance of 50.71 feet; thence 25 degrees 42 minutes 01 seconds right and in a Northwesterly direction for a distance of 81.94 feet; thence 0 degrees 38 minutes 40 seconds left and in a Northwesterly direction for a distance of 73.28 feet; thence 19 degrees 26 minutes 40 seconds left and in a Northwesterly direction for a distance of 57.08 feet; thence 99 degrees 36 minutes 57 seconds left and in a Southwesterly direction for a distance of 61.78 feet to the Point of Beginning of the slope easement herein described; thence 71 degrees 05 minutes 09 seconds right and in a Westerly direction for a distance of 65.46 feet; thence 82 degrees 08 minutes 06 seconds right and in a Northerly direction for a distance of 45.00 feet; thence 99 degrees 11 minutes 54 seconds right and in an Easterly direction for 86.23 feet; thence 107 degrees 34 minutes 51 seconds right and in a Southwesterly direction for a distance of 45.00 feet to the Point of Beginning.

PARCEL 4

Also, A Non-Exclusive Sign Easement, being more particularly described as follows:

Commence at the Southeast corner of the Southwest Quarter of the Northeast Quarter of Section 36, Township 18 South, Range 2 West, Shelby County, Alabama and run West along the south line of said Quarter-Quarter Section for a distance of 1020.17 feet; thence 62 degrees 50 minutes 45 seconds left and in a Southwesterly direction for a distance of 54.50 feet to a point on the Northeasterly right-of-way line of U.S. Highway No. 280, said right-of-way line

[CONTINUED FROM PREVIOUS PAGE]

being in a curve to the right, curving Northerly, said curve to the right having a radius of 5639.58 feet and a central angle of 3 degrees 18 minutes 10 seconds; thence 92 degrees 55 minutes 40 seconds right to the chord of said curve to the right and run Northwesterly along the Northeasterly right-of-way line of U.S. Highway No. 280, and the arc of said curve to the right for a distance of 325.08 feet to the point of beginning, said point being the point of intersection of the Northeasterly right-of-way line of U.S. Highway No. 280 and the northwesterly right-of-way line of a proposed road; thence continue northwesterly along the northeasterly right-of-way line of U.S. Highway No. 280 and the arc of a curve to the right having a radius of 5639.58 feet and a central angle of 0 degrees 09 minutes 10 seconds for a distance of 15.04 feet thence 90 degrees 00 minutes right from the tangent of said curve to the right for a distance of 21.49 feet; thence 95 degrees 17 minutes 24 seconds right and in a Southeasterly direction for a distance of 16.48 feet to a point on the Northwesterly right-of-way line of a proposed road, said point being situated on a curve to the left, curving Southerly, said curve to the left having a radius of 422.57 feet and a central angle of 2 degrees 42 minutes 42 seconds; thence run Southwesterly along the Northwesterly right-of-way line of the proposed road and the arc of said curve to the left for a distance of 20.00 feet to the point of beginning. Situated in the Probate Office of Shelby County, Alabama.

Birmingham, AL

EXHIBIT B

BOOK 220 PAGE 240

1. All taxes for the year 1989 and subsequent years not yet due and payable.
2. Mineral and mining rights and rights incident thereto recorded in Volume 4, page 394, on September 6, 1881 in the Probate Office of Shelby County, Alabama.
3. Easement to construct and fill granted to Andress Engineering as recorded in Volume 339, page 360 on April 22, 1982 in the Probate Office of Shelby County, Alabama.
4. Lakeshore Easement as recorded in Real 66, page 140 on April 1, 1986 in the Probate Office of Shelby County, Alabama.
5. Right of way for electric utilities to Alabama Power Company as recorded in Real 38, page 730 on January 2, 1985 in the Probate Office of Shelby County, Alabama.
6. Rights of other parties in and to the use of the slope easement described in Real 86, page 142, corrected by Real 184, page 240 recorded May 13, 1988 in the Probate Office of Shelby County, Alabama.
7. Rights of other parties in and to the use of the sign easement described in Real 66, page 144, corrected by Real 184, page 242 recorded May 13, 1988 in the Probate Office of Shelby County, Alabama.
8. Rights of other parties in and to the use of the easement for ingress and egress described in Real 66, page 146, corrected by Real 184, page 244 recorded May 13, 1988 in the Probate Office of Shelby County, Alabama.

Exhibit C

Schedule of Related Mortgages

BOOK 220 PAGE 241

1. Mortgage and Security Agreement (Open-End Future Advance) from the Borrower to the Bank with respect to the Inn located at #3 Greenhill Parkway at U.S. Hwy. 280, Birmingham, Alabama 35243.
2. Deed of Trust, Assignment of Rents and Security Agreement from the Borrower to Continental Land Title Company as trustee for the benefit of the Bank with respect to the Inn located at 700 West Kimberly, Placentia, California 92670.
3. Mortgage and Security Agreement from the Borrower to the Bank with respect to the Inn located at 525 N.W. 77th Street, Boca Raton, Florida 33487.
4. Mortgage and Security Agreement from the Borrower to the Bank with respect to the Inn located at 8365 Dix Ellis Trail, Jacksonville, Florida 32256.
5. Mortgage and Security Agreement from the Borrower to the Bank with respect to the Inn located at 7230 Plantation Road, Pensacola, Florida 32504.
6. Mortgage and Security Agreement from the Borrower to the Bank with respect to the Inn located at 5050 Ulmerton Road, Clearwater, Florida 34620.
7. Act of Collateral Real and Collateral Chattel Mortgage and Collateral Assignment of Leases and of Incorporeal Rights from the Borrower to the Bank with respect to the Inn located at 1001 Gould Drive, Bossier City, Louisiana 71111.
8. Deed of Trust and Security Agreement from the Borrower to Henry Chatham as trustee for the benefit of the Bank with respect to the Inn located at 881 East River Place, Jackson, Mississippi 39202.
9. Mortgage and Security Agreement from the Borrower to the Bank with respect to the Inn located at 1698 Galisteo Street, Santa Fe, New Mexico 87501.
10. Deed of Trust and Security Agreement from the Borrower to John Erwin as trustee for the benefit of the Bank with respect to the Inn located at 8503 U.S. Hwy. 29, Charlotte, North Carolina 28213.

11. Deed of Trust and Security Agreement from the Borrower to John Erwin as trustee for the benefit of the Bank with respect to the Inn located at 2000 Veasley Street, Greensboro, North Carolina 27407.
12. Open-End Mortgage and Security Agreement from the Borrower to the Bank with respect to the Inn located at 120 Montrose West Avenue, Akron, Ohio 44321.
13. Mortgage and Security Agreement from the Borrower to the Bank with respect to the Inn located at 600 West Swedesford Road, Berwyn, Pennsylvania 19312.
14. Mortgage and Security Agreement from the Borrower to the Bank with respect to the Inn located at 150 Stoneridge Drive, Columbia, South Carolina 29221.
15. Mortgage and Security Agreement from the Borrower to the Bank with respect to the Inn located at 9011 Fairforest Road, Spartanburg, South Carolina 29305.
16. Mortgage and Security Agreement from the Borrower to Richard C. Raines as trustee for the benefit of the Bank with respect to the Inn located at 6141 Poplar Pike, Memphis, Tennessee 38119.
17. Deed of Trust and Security Agreement from the Borrower to Keith Short as trustee for the benefit of the Bank with respect to the Inn located at 2551 South Loop 289, Lubbock, Texas 79423.

STATE OF ALABAMA
I CERTIFY THIS
INSTRUMENT WAS FILED

89 JAN -3 AM 11:57

Thomas H. [Signature]
JUDGE OF PROBATE

1. Deed Tax \$ _____
2. Mtg. Tax 10,718.70
3. Recording Fee 125.00
4. Indexing Fee 1.00
TOTAL 10,844.70