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**FIRST AMENDMENT TO ALABAMA MORTGAGE, SECURITY AGREEMENT
AND ASSIGNMENT OF LEASES AND RENTS¹**

Tate
Baird
5/25/98
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THIS FIRST AMENDMENT TO MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF LEASES AND RENTS is made as of December 9, 1998 (this "Amendment"), between **QUAIL 600 LIMITED PARTNERSHIP**, an Alabama limited partnership, having its principal office and place of business at 3595 Grandview Parkway, Suite 400, Birmingham, Alabama 35243 (hereinafter referred to as "Mortgagor") and **SIP DIVERSIFIED HOLDINGS, INC.**, a Delaware corporation, having its principal office and place of business at 913 North Market Street, Suite 208, Wilmington, Delaware 19801-3052 (together with its successors, being referred to herein as "Mortgagee"), recites and provides as follows:

WITNESSETH:

WHEREAS, pursuant to the terms of that certain Note Purchase Agreement (the "Original Note Purchase Agreement") dated as of October 1, 1996 (the "Original Closing Date"), between the Mortgagor and Southern Indiana Properties, Inc., an Indiana corporation ("SIPI"), the Mortgagor issued and sold to SIPI, and SIPI purchased from the Mortgagor, a promissory note in the original principal amount of \$4,830,000.00 (the "Original Note") to finance acquisition, improvement and refinancing costs for certain office buildings located in Charlotte, North Carolina and Birmingham, Alabama (together with the related real estate and all other improvements, the "Initial Properties");

WHEREAS, in connection with the transactions contemplated by the Original Note Purchase Agreement Mortgagor granted SIPI a certain Alabama Mortgage, Security Agreement and Assignment of Rents, dated as of October 1, 1996, and recorded as Instrument # 1996-32644 in the Office of the Judge of Probate of Shelby County, Alabama (the "Original Mortgage");

WHEREAS, subsequent to the issuance and purchase of the Original Note, SIPI assigned all of its right, title and interest in and to the Original Note, the Original Note Purchase Agreement, the Original Mortgage and all other agreements, instruments and documents related thereto (collectively the "Other Original Documents") to Mortgagee, and provided record notice of such assignment by means of a Notice of Assignment of Alabama Mortgage, Security Agreement and Assignment of Leases and Rents, dated as of June 5, 1998 and recorded as Instrument # 1998-24237 in said Probate Office;

WHEREAS, the Mortgagor has entered into an agreement to purchase an office building located in Birmingham, Alabama known as Grandview I (together with the related real estate and other improvements thereon, the "Grandview Property"; the Initial Properties and the Grandview Property being collectively referred to herein as the "Properties");

This document was prepared by and return to: Roger G. Bowers, Hunton & Williams,
951 East Byrd Street, Richmond, Virginia 23219.

01/21/1999-02751
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SHELBY COUNTY JUDGE OF PROBATE
009 CRH 29.50

Inst # 1999-02751

CANADA Title

WHEREAS, Mortgagee has agreed to provide financing in the amount of \$3,341,000.00 to Mortgagor to be used solely for the purpose of acquiring the Grandview Property. Such financing shall occur upon Mortgagor's sale and Mortgagee's purchase of a Promissory Note dated as of the date hereof, made payable by Mortgagor to Mortgagee in the original principal amount of \$3,341,000.00 (the "Grandview Note"). (The Grandview Note and the Amended and Restated Note (as defined below) are hereinafter referred to collectively as the "Notes.");

WHEREAS, in connection with the issuance and sale of the Grandview Note, Mortgagee and the Mortgagor have agreed to amend and restate the Original Note and increase the indebtedness evidenced thereby from \$4,830,000.00 to \$5,005,485.07 (as so amended and restated and as may be hereafter amended, restated and modified from time to time, the "Amended and Restated Note"), amend and restate the Original Note Purchase Agreement (as so amended and restated and as may be hereafter amended, restated and modified from time to time, the "Amended and Restated Note Purchase Agreement"), and amend the Other Original Documents (as so amended and as may be hereafter amended and modified from time to time, the "Other Amended Documents");

WHEREAS, Mortgagor and Mortgagee have agreed to amend and modify the Original Mortgage to confirm that the Original Mortgage continues to secure the existing indebtedness of Mortgagor to Mortgagee evidenced by the Amended and Restated Note and to provide that the Original Mortgage shall serve as additional security for the additional financing evidenced by the Grandview Note;

WHEREAS, in connection with the issuance and sale of the Grandview Note, Mortgagor has agreed to grant Mortgagee a mortgage on the Grandview Property (the "Grandview Mortgage") as additional security for Mortgagor's obligation arising under the Notes, the Amended and Restated Note Purchase Agreement and the Other Amended Documents;

WHEREAS, Mortgagor is justly indebted to Mortgagee, in lawful money of the United States of America in the principal sum of \$8,346,485.07, which indebtedness is comprised of the \$3,341,000.00 principal indebtedness evidenced by the Grandview Note and the \$5,005,485.07 principal indebtedness evidenced by the Amended and Restated Note, and is to be paid by Mortgagor in accordance with the terms and provisions of the Notes;

WHEREAS, the principal amounts advanced by Mortgagee to Mortgagor pursuant to the Notes and the Amended and Restated Note Purchase Agreement shall be payable, with interest thereon (including Additional Interest), in the manner and according to the terms and conditions specified in the Amended and Restated Note Purchase Agreement, all of which are incorporated herein by reference; and

WHEREAS, the payment of the Notes and all other Secured Obligations owing from time to time by Mortgagor to Mortgagee are secured by the Original Mortgage, as amended by this Amendment (hereinafter the "Mortgage"), the Deed of Trust (as defined in the Amended and Restated Note Purchase Agreement), the Grandview Mortgage and the Pledge Agreement (as defined in the Amended and Restated Note Purchase Agreement) (the Mortgage together with the

Deed of Trust, the Grandview Mortgage and the Pledge Agreement are referred to herein as the "Security Documents").

NOW, THEREFORE, for and in consideration of the premises and the covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor and Mortgagee do hereby agree to amend the Original Mortgage as follows:

1. Definitional Amendments to Original Mortgage. Any and all references in the Original Mortgage to (a) "Southern Indiana Properties, Inc." shall mean and refer to "SIP Diversified Holdings, Inc., a Delaware corporation, together with its successors and assigns," (b) "Note" and "Notes" shall each mean and refer to collectively (i) the Amended and Restated Note and (ii) the Grandview Note, (c) "Note Purchase Agreement" shall mean and refer to the Amended and Restated Note Purchase Agreement dated as of December 9, 1998 by and between Mortgagor and Mortgagee, (d) "Security Documents" shall have the meaning set forth in this Amendment and (e) "Mortgage" shall mean the Original Mortgage, as amended by this Amendment.

2. Right to Remedy Defaults. Section 12 of the Original Mortgage is hereby amended and restated in its entirety as follows:

12. Right to Remedy Defaults. Mortgagee may (but shall be under no obligation to), at any time after the occurrence and during the continuation of a default under the First Mortgage Documents (as defined in the Note Purchase Agreement), (1) advance or disburse funds for the performance of any term, representation, warranty, covenant, condition or obligation of Mortgagor giving rise to such default or (2) purchase the First Mortgage Notes (as defined in the Note Purchase Agreement) pursuant to the terms of the Subordination Agreement (as defined in the Note Purchase Agreement). In the event that Mortgagor should (a) fail to pay taxes, assessments, water and sewer charges or other lienable claims (except in case of contest as aforesaid) or insurance premiums, (b) fail to make necessary repairs, (c) permit waste, or (d) otherwise fail to comply with its obligations hereunder or under the Note Purchase Agreement, either or both of the Notes, the Security Documents or any other document executed in connection with this Mortgage, then Mortgagee, at its election and without notice to Mortgagor, shall have the right to make any payment or expenditure which Mortgagor should have made, or which Mortgagee reasonably deems advisable to protect the security of this Mortgage or the Mortgaged Property, without prejudice to any of Mortgagee's rights or remedies available hereunder or otherwise, at law or in equity. Mortgagee shall be the sole judge of the necessity of such payment and of the amount necessary to be paid with respect thereto. Mortgagee shall endeavor to give notice to Mortgagor prior to taking any such action or causing any such action to be taken, but Mortgagee shall not have any liability to any Person for the failure to give such notice. All such sums, as well as costs, advanced by Mortgagee pursuant to this Section 12 shall constitute Secured Obligations and shall be due immediately from Mortgagor to Mortgagee, shall be secured hereby, and shall bear interest at the Fixed Rate, as defined in the Notes.

3. Subordination. Section 38 of the Original Mortgage is hereby amended and restated in its entirety as follows:

38. Subordination. Notwithstanding anything herein to the contrary, so long as the lien of the First Mortgage (as defined in the Note Purchase Agreement) has not been released or otherwise terminated, the lien of this Mortgage shall be subordinate to the lien of the First Mortgage in accordance with the Amended and Restated Subordination Agreement, dated as of December 9, 1998 among Mortgagor, Mortgagee and First Mortgagee (as amended the "Subordination Agreement"). In the case of any inconsistency between the Loan Documents (as defined in the Note Purchase Agreement), and the Subordination Agreement, the Subordination Agreement shall govern.

4. Non-Recourse Obligation. Section 40 of the Original Mortgage is hereby amended and restated in its entirety as follows:

40. Non-Recourse Obligation. Except as expressly provided in this Section 40, notwithstanding any other provision in this Mortgage or any other Loan Document to the contrary (except to the extent the parties to any other Loan Document shall override this Section 40 with express reference thereto), this Mortgage is a non-recourse obligation and Mortgagee, as evidenced by its acceptance of delivery hereof, agrees that the Mortgagor, its partners, employees, agents and representatives, shall not be personally liable for payment of any amounts due under this Mortgage or any other Loan Document and, upon the occurrence of an Event of Default, Mortgagee shall look solely to the Mortgaged Property and the other collateral pledged to Mortgagee for the satisfaction of all amounts due under this Mortgage and the other Loan Documents. No property of the Mortgagor or the partners of the Mortgagor, other than the Mortgaged Property, the property encumbered by the Grandview Mortgage and the Deed of Trust and the Pledged Collateral (as defined in the Pledge Agreement), shall be subject to levy, execution or enforcement for the satisfaction of the Mortgagee's remedies under this Mortgage and the other Loan Documents and Mortgagee will not make any claim or institute any action or proceeding against the Mortgagor, its partners, employees, agents or representatives in connection with this Mortgage or any other Loan Document. Notwithstanding the foregoing, Mortgagee may give such notices and take such other actions as may be necessary to foreclose the liens of this Mortgage, the Grandview Mortgage, the Deed of Trust and the Pledge Agreement (subject to the rights of the First Mortgagee under the Subordination Agreement), and the Mortgagor, the general partners of the Mortgagor and their respective properties shall be personally liable for any and all damages arising out of any fraud, breach of trust, breach of warranty or misrepresentation committed by the Mortgagor or any partner thereof.

5. Ratification of Mortgage. Mortgagor hereby fully ratifies and reaffirms its obligations to Mortgagee pursuant to the Original Mortgage, as amended hereby, and acknowledges and agrees that its liability under, and the lien and priority of, the Original Mortgage, as amended hereby,

have not been impaired or released by any event whatsoever occurring prior to and including the date hereof (including, without limitation, the assignment by SIPI to Mortgagee described in the recitals hereto and the execution and delivery of this Amendment) or by any modification, release, alteration or extension of the terms of the indebtedness of Mortgagor to Mortgagee. Mortgagor further acknowledges and agrees that as of the date hereof, it has no claim, defense, right of offset or counterclaim, whether at law or in equity, to the enforcement of its obligations to Mortgagee pursuant to the Original Mortgage, as amended hereby. Mortgagor acknowledges that except as expressly amended by this Amendment the terms and provisions of the Original Mortgage are hereby ratified and confirmed and that the Mortgage remains in full force and effect.

6. No Event of Default; Representations and Warranties. Mortgagor represents and warrants that as of the date hereof (i) no default or event that with notice, the passage of time or both would constitute a default has occurred and is continuing under the Mortgage or the Other Amended Documents to which Mortgagor is a party and (ii) all of the representations and warranties of Mortgagor contained in the Mortgage and the Other Amended Documents to which Mortgagor is a party are true and correct to the extent such representations and warranties continue to be applicable.

7. Acknowledgment of Mortgagor. Mortgagor acknowledges and agrees that the Original Mortgage, as amended by this Amendment, secures the obligations arising under the Amended and Restated Note, the Grandview Note and any and all other Secured Obligations, and that the principal amount secured by such lien is \$8,346,485.07 as of the date hereof. Further Mortgagor acknowledges responsibility for payment of any taxes or costs related to this Amendment, as provided in Section 9(a) of the Mortgage.

8. Severability. The provisions of this Amendment are severable and if any clause or provision of this Amendment shall be held to be invalid, illegal or unenforceable in whole or in part under any rule of law or public policy, all other provisions of this Amendment shall nevertheless remain in full force and effect.

9. Captions. The captions in this Amendment are used for means of reference only and shall not affect in any way the interpretation or construction of this Amendment.

10. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Alabama without regard to principles of conflicts of laws.

11. Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts together shall constitute one and the same instrument.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

MORTGAGOR:

QUAIL 600 LIMITED PARTNERSHIP

By: Daniel Realty Investment
Corporation - MB600, an Alabama
corporation and its general partner

By: 
Its: Vice President
Se.

SIP DIVERSIFIED HOLDINGS, INC.

By: _____
Joan L. Dobrzynski
President

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

MORTGAGOR:

QUAIL 600 LIMITED PARTNERSHIP

By: Daniel Realty Investment
Corporation - MB600, an Alabama
corporation and its general partner

By: _____
Its: Vice President

SIP DIVERSIFIED HOLDINGS, INC.

By: Joan L. Dobrzynski
Joan L. Dobrzynski
President

STATE OF Alabama
County OF Jefferson

SS:

as General Partner of Quail 600 Limited Partnership,

I, the undersigned authority, a Notary Public in and for said County, in said State, hereby certify that John C. Gunkel, whose name as Vice President of Daniel Realty Investment Corporation - MB600, an Alabama corporation, 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 the instrument, ~~in capacity as such Vice President~~ ^{as, as such officer} and with full authority, executed the same voluntarily for and as of said corporation ~~on the day the same bears date.~~

Given under my hand this the 4th day of December, 1999, ^{the act} in its capacity as General Partner of ~~MB600~~ said partnership.

Carol Williams
Notary Public

My Commission Expires: 9/25/2002

STATE OF _____
_____ OF _____

SS:

I, the undersigned authority, a Notary Public in and for said County, in said State, hereby certify that Joan L. Dobrzynski, whose name as President of SIP Diversified Holdings, Inc., a Delaware corporation, 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 the instrument, in capacity as such President and with full authority, executed the same voluntarily for and as of said corporation on the day the same bears date.

Given under my hand this the ____ day of _____, 199__.

Notary Public

My Commission Expires: _____

STATE OF _____

SS: _____

OF _____

I, the undersigned authority, a Notary Public in and for said County, in said State, hereby certify that _____, whose name as Vice President of Daniel Realty Investment Corporation - MB600, an Alabama corporation, 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 the instrument, in capacity as such Vice President and with full authority, executed the same voluntarily for and as of said corporation on the day the same bears date.

Given under my hand this the _____ day of _____, 199__.

Notary Public

My Commission Expires: _____

STATE OF Delaware

SS: _____

County OF New Castle

I, the undersigned authority, a Notary Public in and for said County, in said State, hereby certify that Joan L. Dobrzynski, whose name as President of SIP Diversified Holdings, Inc., a Delaware corporation, 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 the instrument, in capacity as such President and with full authority, executed the same voluntarily for and as of said corporation on the day the same bears date.

Given under my hand this the 4 day of Dec, 1998.

Notary Public

My Commission Expires: 5/3/2001

State of Alabama - Jefferson County
I certify this instrument filed on:

1998 DEC 14 A.M. 11:04

Recorded and \$ _____ Mtg. Tax
and \$ _____ Deed Tax and Fee Amt.

\$ 27.50 Total \$ 27.50
GEORGE R. REYNOLDS, Judge of Probate



9815/9493

STATE OF ALABAMA - JEFFERSON COUNTY
I hereby certify that no mortgage tax or deed tax has been collected on this instrument.

Judge of Probate

INS Tax Collected 02751

01/21/1999-02751
08:24 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
009 CRH 29.50