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LOAN NO. 2001-44286-021252

**MORTGAGE, SECURITY AGREEMENT  
AND  
FIXTURE FILING  
BETWEEN**

**PELHAM INDUSTRIAL ENTERPRISES TEN, L.L.C.  
("BORROWER")**

**AND**

**JEFFERSON-PILOT LIFE INSURANCE COMPANY  
("LENDER")**

**DATED:** October 11, 2001

**LOAN AMOUNT:** \$3,200,000.00

**PROPERTY ADDRESS:** 309 and 313 Cahaba Valley Parkway,  
Pelham, Alabama 35124

THIS INSTRUMENT IS ALSO TO BE INDEXED IN THE INDEX OF FINANCING STATEMENTS.

THE NAMES OF THE DEBTOR AND THE SECURED PARTY, THE MAILING ADDRESS OF THE SECURED PARTY FROM WHICH INFORMATION CONCERNING THE SECURITY INTEREST MAY BE OBTAINED, THE MAILING ADDRESS OF THE DEBTOR AND A STATEMENT INDICATING THE TYPES, OR DESCRIBING THE ITEMS, OF COLLATERAL, ARE DESCRIBED HEREIN, IN COMPLIANCE WITH THE REQUIREMENTS OF THE UNIFORM COMMERCIAL CODE.

Inst # 2001-44286

10/12/2001-44286  
09:57 AM CERTIFIED  
SHELBY COUNTY JUDGE OF PROBATE  
039 CH 4928.00

Cahaba Title

This Mortgage secures the indebtedness of that certain Promissory Note of even date herewith executed by BORROWER and payable to the order of LENDER in the principal sum of Three Million Two Hundred Thousand and No/100 Dollars (\$3,200,000.00) ("Note") with interest thereon and all late charges, loan fees, commitment fees, and prepayment premiums, maturing October 1, 2021.

## **MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING**

THIS MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING ("Mortgage") is made as of this 11<sup>th</sup> day of October, 2001 from PELHAM INDUSTRIAL ENTERPRISES TEN, L.L.C., an Alabama limited liability company whose mailing address is 2101 Highland Avenue, Suite 700, Birmingham, Alabama 35205 (herein "BORROWER") to JEFFERSON-PILOT LIFE INSURANCE COMPANY, a North Carolina corporation, whose mailing address is P. O. Box 20407, Greensboro, North Carolina 27420, as Grantee (herein "LENDER").

BORROWER, in consideration of the indebtedness herein recited, hereby irrevocably grants, bargains, sells, conveys, transfers and assigns, to LENDER, its successors and assigns, with right of entry and possession, all of BORROWER'S estate, right, title and interest in, to and under that certain real property located in Shelby County, Alabama, more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Land");

TOGETHER with all of BORROWER'S now or hereafter acquired estate, right, title and interest in, to and under all buildings, structures, improvements and fixtures now existing or hereafter erected on the Land and all right, title and interest, if any, of BORROWER in and to the streets and roads, opened or proposed, abutting the Land to the center lines thereof, and strips within or adjoining the Land, the air space and right to use said air space above the Land, all rights of ingress and egress on or within the Land, all easements, rights and appurtenances thereto or used in connection with the Land, including, without limitation, air, lateral support, alley and drainage rights, all revenues, income, rents, cash or security deposits, advance rental deposits, and other benefits thereof or arising from the use or enjoyment of all or any portion thereof (subject however to the rights and authorities given herein to BORROWER to collect and apply such revenues, and other benefits), all interests in and rights, royalties and profits in connection with all minerals, oil and gas and other hydrocarbon substances thereon or therein, and water stock, all options to purchase or lease, all development or other rights relating to the Land or the operation thereof, or used in connection therewith, including all BORROWER'S right, title and interest in all fixtures, attachments, partitions, machinery, equipment, building materials, appliances and goods of every nature whatever now or hereafter located on, or attached to, the Land, all of which, including replacements and additions thereto, shall, to the fullest extent permitted by law and for the purposes of this Mortgage, be deemed to be real property and, whether affixed or annexed thereto or not, be deemed conclusively to be real property; and BORROWER agrees to execute and deliver, from time to time, such further instruments and documents as may be required by LENDER to confirm the legal operation and effect of this Mortgage on any of the foregoing. All of the foregoing property described in this

section (the "Improvements"), together with the Land, shall be hereinafter referred to as the "Property."

TOGETHER with all of BORROWER'S now existing or hereafter acquired right, title and interest in the following:

(A) All equipment, inventory, goods, instruments, appliances, furnishings, machinery, tools, raw materials, component parts, work in progress and materials, and all other tangible personal property of whatsoever kind, used or consumed in the improvement, use or enjoyment of the Property now or any time hereafter owned or acquired by BORROWER, and all products thereof whether in possession of BORROWER or whether located on the Property;

(B) To the extent such general intangibles are assignable, all general intangibles relating to design, development, operation, management and use of the Property, including, but not limited to, (1) all names under which or by which the Property may at any time be owned and operated or any variant thereof, and all goodwill in any way relating to the Property and all service marks and logotypes used in connection therewith, (2) all permits, licenses, authorizations, variances, land use entitlements, approvals, consents, clearances, and rights obtained from governmental agencies issued or obtained in connection with the Property, (3) all permits, licenses, approvals, consents, authorizations, franchises and agreements issued or obtained in connection with the construction, use, occupation or operation of the Property, (4) all materials prepared for filing or filed with any governmental agency, and (5) the books and records of BORROWER relating to construction, or operation of the Property.

(C) All shares of stock or partnership interest or other evidence of ownership of any part of the Property that is owned by BORROWER in common with others, including all water stock relating to the Property, if any, and all documents or rights of membership in any owners' or members' association or similar group having responsibility for managing or operating any part of the Property; provided, however, that the foregoing shall not include any ownership interests in the BORROWER;

(D) All accounts, deposit accounts, tax and insurance escrows held pursuant to this Mortgage, accounts receivable, instruments, documents, documents of title, general intangibles, rights to payment of every kind, all of BORROWER'S rights, direct or indirect, under or pursuant to any and all construction, development, financing, guaranty, indemnity, maintenance, management, service, supply and warranty agreements, commitments, contracts, subcontracts, insurance policies, licenses and bonds now or anytime hereafter arising from construction on the Land or the use or enjoyment of the Property to the extent such are assignable;



(E) All of BORROWER'S interest in and to all causes of action, claims, compensation, proceeds and recoveries for any damage or injury to the Property or any part thereof or for any loss or diminution in value of the Property;

(F) All condemnation proceeds and insurance proceeds related to the Property;

(G) All articles of personal property now or hereafter attached to, placed upon for an indefinite term or used in connection with the Land, appurtenances to the Land, and the Improvements together with all goods and other property which are or at any time become so related to the Property that an interest in them arises under real estate law as fixtures.

TOGETHER with all additions to, substitutions for and the products of all of the above, and all proceeds therefrom, whether cash proceeds or noncash proceeds, received when any such property (or the proceeds thereof) is sold, exchanged, leased, licensed, or otherwise disposed of, whether voluntarily or involuntarily. Such proceeds shall include any of the foregoing specifically described property of BORROWER acquired with cash proceeds. Together with, and without limiting the above items, all Goods, Accounts, Documents, Instruments, Money, Chattel Paper and General Intangibles arising from or used in connection with the Property, as those terms are defined in the Uniform Commercial Code from time to time in effect in the state in which the Property is located. (All of the foregoing, including such products thereof, are collectively referred to as "Collateral".)

The personal property in which LENDER has a security interest includes goods which are or shall become fixtures on the Property. This Mortgage is intended to serve as a fixture filing pursuant to the terms of the applicable provisions of the Uniform Commercial Code of the state in which the Property is located. This filing is to be recorded in the real estate records of the appropriate city, town or county in which the Property is located. In that regard, the following information is provided:

Name of Debtor: Pelham Industrial Enterprises Ten, L.L.C.

Address of Debtor: See Section 4.02 hereof.

Name of Secured Party: Jefferson-Pilot Life Insurance Company

Address of Secured Party: See Section 4.02 hereof.

BORROWER warrants and agrees that there is no financing statement or chattel mortgage covering the foregoing Collateral, the Property, or any part thereof, on file in any public office.

HOWEVER, THIS IS A MORTGAGE AND THIS CONVEYANCE IS MADE FOR THE FOLLOWING USES AND FOR THE PURPOSE OF SECURING IN SUCH ORDER OF PRIORITY AS LENDER MAY ELECT:

(A) The repayment of the indebtedness evidenced by that certain Promissory Note ("Note") of even date herewith with a maturity date of October 1, 2021 executed by BORROWER and payable to the order of LENDER, in the principal sum of THREE MILLION TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$3,200,000.00) with interest thereon, as provided therein and all late charges, loan fees, commitment fees, Prepayment Premiums (as described in the Note), and all extensions, renewals, modifications, amendments and replacements thereof;

(B) The payment of all other sums which may be advanced by or otherwise be due to LENDER under any provision of this Mortgage or under any other instrument or document referred to in clause (C) below, with interest thereon at the rate provided herein or therein;

(C) The performance of each and every covenant and agreement of BORROWER contained (1) herein, in the Note, or in any note evidencing a Future Advance (as hereinafter defined), and (2) in the obligations of BORROWER upon any and all pledge or other security agreements, loan agreements, disbursement agreements, supplemental agreements (the foregoing shall not include the Commitment Letter between BORROWER and LENDER), assignments (both present and collateral) and all instruments of indebtedness or security now or hereafter executed by BORROWER in connection with any indebtedness referred to in clauses (A), (B) or (D) of this section or for the purpose of supplementing or amending this Mortgage or any instrument secured hereby (all of the foregoing in this clause (C), as the same may be amended, modified or supplemented from time to time, being referred to hereinafter as "Related Agreements") and all costs and expenses, including reasonable attorneys' fees, with respect to all such documents, including, without limitation, the negotiation and drafting of any loan settlement or workout agreement; and

(D) The repayment of any other loans or advances, with interest thereon, hereafter made to BORROWER (or any successor in interest to BORROWER as the owner of the Property or any part thereof) by LENDER when the promissory note evidencing the loan or advance specifically states that said note is secured by this Mortgage, together with all extensions, renewals, modifications, amendments and replacements thereof (herein and in the Related Agreements, "Future Advance").

TO HAVE AND TO HOLD the Property to the use, benefit, and behoof of LENDER, forever, in Fee Simple.

BORROWER warrants that BORROWER has good title to the Property, is lawfully seized and possessed of the Property and every part thereof, and has the right to convey the

same; that the Property is unencumbered except as may be expressly provided in the Permitted Exceptions described in Exhibit B attached hereto and incorporated herein by this reference (the "Permitted Exceptions"); and, except for such Permitted Exceptions, that BORROWER will forever warrant and defend title to the Property unto LENDER against the claims of all persons whomsoever.

## **ARTICLE I**

### **COVENANTS OF BORROWER**

To protect the security of this Mortgage, BORROWER covenants and agrees as follows:

1.01. **Performance of Obligations Secured.** Subject to any applicable cure periods set forth in the Note, BORROWER shall promptly pay when due the principal of and interest on the indebtedness evidenced by the Note, the principal of and interest on any Future Advance, any Prepayment Premium and late charges provided for in the Note or in any note evidencing a Future Advance, and shall further perform fully and in a timely manner all other obligations of BORROWER contained herein or in the Note or in any note evidencing a Future Advance or in any of the Related Agreements.

1.02. **Insurance.** For all times during the period there remains any indebtedness under the Note, or any and all other indebtedness (including, without limitation, Future Advances) secured by this Mortgage, BORROWER shall keep the Property insured against all risks or hazards as LENDER may require. Such insurance shall be in policy form, amount and coverage satisfactory to LENDER, including, but not limited to:

(A) Fire and extended coverage property damage insurance, including, but not limited to, all risk insurance in an amount equal to the full replacement value of the Improvements, without coinsurance or deducting for depreciation, containing a waiver of subrogation clause and a deductible amount acceptable to LENDER;

(B) Public liability insurance, in such form, amount and deductible satisfactory to LENDER, and naming LENDER c/o LENDER'S servicing agent, if any, as additional insured covering LENDER'S interest in the Property;

(C) Business interruption or rent loss insurance endorsement in an amount at least equal to twelve (12) months' anticipated gross rental income or twelve (12) months' gross business earnings, whichever is applicable;

(D) Flood insurance if any part of the Property is now or is hereafter determined by the Secretary of Housing and Urban Development (HUD) or the Director of the Federal Emergency Management Agency (FEMA) to be in a "Special Flood Hazard Area," such insurance providing coverage at least equivalent to that provided under the National Flood



Insurance Program (NFIP), in the Special Flood Hazard Area, provided that the aggregate amount of flood insurance must equal, at a minimum, the lesser of the insurable value of all buildings or the indebtedness evidenced by the Note; or, if only part of the Property is in a Special Flood Hazard Area, the insurable buildings exposed to flood hazards must be covered by flood insurance in an aggregate amount equal to a minimum of the lesser of the insurable value of the exposed building or that prorated portion of the unpaid indebtedness on the entire Property determined by the ratio of square foot area of the exposed buildings to the square footage of all buildings comprising the Property.

(E) "Dram shop" insurance if alcoholic beverages are sold on the Property;

(F) Boiler and machinery insurance when risks covered thereby are present and LENDER requires such insurance; and

(G) Earthquake insurance if LENDER requires such insurance.

The insurance coverages described in Subsections (A), (C), (D), (F) and (G) above shall name LENDER c/o LENDER'S servicing agent, if any, under a standard noncontributory mortgagee clause or otherwise directly insure LENDER'S interest in the Property. All policies of insurance required under this Section 1.02 shall be with a company or companies satisfactory to LENDER and authorized to do business in the state in which the Property is located. All policies of insurance shall provide that they will not be canceled or modified without thirty (30) days' prior written notice to LENDER. Originals of the above mentioned insurance policies satisfactory to LENDER shall be delivered to and held by LENDER. Originals of all renewal and replacement policies shall be delivered to LENDER at least thirty (30) days before the expiration of the expiring policies. If any renewal or replacement policy is not obtained as required herein, LENDER is authorized to obtain the same in BORROWER'S name, in which event BORROWER shall, on demand of LENDER, repay such premium or premiums to LENDER and such repayment shall be secured by the lien of this Mortgage. LENDER shall not by the fact of failing to obtain any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of insurance contracts, solvency of insurance companies, or payment or defense of lawsuits, and BORROWER hereby expressly assumes full responsibility therefor and all liability, if any, with respect thereto. If BORROWER fails to maintain the level of insurance required under this Mortgage, then BORROWER shall indemnify LENDER to the extent that a casualty occurs and insurance proceeds would have been available had such insurance been maintained.

### 1.03. Casualty Awards.

(A) In the event of loss under any policies referenced in Section 1.02, BORROWER shall give immediate written notice to the insurance carrier and to LENDER. In the event any such loss occurs, LENDER shall be entitled to receive and retain all insurance proceeds to be applied by LENDER, at LENDER'S option, either (i) upon any indebtedness

secured hereby in such order as LENDER may determine or (ii) to payment for the replacing, repairing or restoring the improvements partially or totally destroyed to a condition and upon such terms of payment as may be satisfactory to LENDER.

(B) BORROWER hereby assigns to LENDER all monies recoverable under each such insurance policy and authorizes each insurance company to make payment for all such losses directly to LENDER instead of to LENDER and BORROWER jointly. In the event any insurance company fails to disburse insurance proceeds directly and solely to LENDER but disburses instead either to BORROWER alone or to BORROWER and LENDER jointly, BORROWER agrees immediately to transfer and endorse such proceeds to LENDER, and upon any failure of BORROWER to do so, LENDER may execute such transfers and endorsements for and in the name of BORROWER and BORROWER hereby irrevocably appoints LENDER as BORROWER'S agent and attorney-in-fact (which appointment is coupled with an interest) for such purposes. BORROWER shall cooperate with LENDER in obtaining for LENDER the benefits of any insurance or other proceeds lawfully or equitably payable to LENDER in connection with the transaction contemplated by the Loan Documents and the collection of any indebtedness or obligation of BORROWER to LENDER incurred thereunder. At LENDER'S option, LENDER shall be entitled and BORROWER hereby authorizes LENDER at BORROWER'S expense, to take all necessary and proper steps (including, without limitation, the engaging, at BORROWER'S expense, of appraisers to conduct independent appraisals on behalf of LENDER and the engaging, at BORROWER'S expense, of attorneys and other professionals and consultant) to obtain any insurance or other proceeds, and LENDER is hereby authorized and entitled to compromise or adjust any loss under any such insurance policy.

(C) Upon any foreclosure of this Mortgage or any sale of the Property in lieu thereof, LENDER shall become the owner of all insurance policies on the Property, and BORROWER hereby irrevocably appoints LENDER as its attorney-in-fact, which appointment is coupled with an interest, to assign each such policy in such event.

#### 1.04. Escrow Fund for Casualty Proceeds.

(A) Notwithstanding anything to the contrary in Section 1.03(A) above, LENDER agrees to make available to BORROWER for restoration of the Property any net insurance proceeds received by LENDER under this Mortgage as a result of any partial casualty loss provided an uncured Event of Default does not then exist and if no condition then exists which will, with the passage of time, the giving of notice or both, constitute an Event of Default, and provided further, that (x) BORROWER demonstrates to LENDER that the Property can be restored to an economically feasible operation, (y) such proceeds are sufficient to complete the rebuilding or restoration or, if insufficient, that BORROWER has funds which, together with the available proceeds, are sufficient to complete such rebuilding or restoration and (z) BORROWER satisfies such other conditions to the use of such proceeds to reimburse BORROWER as LENDER may impose thereon. If LENDER or its agent makes such proceeds available to reimburse BORROWER for the cost of the rebuilding or restoration of the



Improvements on the Property, such proceeds shall be made available in the manner and under the conditions that the LENDER may require, including, without limitation, (i) that in the event such proceeds shall be insufficient to restore or rebuild the Improvements, BORROWER shall deposit promptly with LENDER or its agent funds which, together with such proceeds, shall be sufficient in LENDER'S judgment to restore and rebuild the Property; (ii) that BORROWER shall use its best efforts to obtain a waiver of the right of subrogation from any insurer under such policies of insurance who, at that time, claims that no liability exists as to BORROWER or the then owner or the insured under such policies; (iii) that the excess of such proceeds above the amount necessary to complete such restoration and to compensate BORROWER for all other losses shall be applied at LENDER'S option on account of the indebtedness or obligation hereby secured (in inverse order of maturity without payment of any prepayment premium); (iv) BORROWER shall have delivered to LENDER and LENDER 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; (v) BORROWER shall have furnished to LENDER for LENDER'S approval a detailed budget and cost breakdown for said restoration work signed by BORROWER and describing the nature and type of expenses and amounts thereof estimated by BORROWER for said restoration work including, but not limited to, the cost of material and supplies, architect and designer fees, general contractor's fees, and the anticipated monthly disbursement schedule, and LENDER shall have given to BORROWER written approval of such budget and cost breakdown (if BORROWER determines that its actual expenses differ from its estimated budget, it will so advise LENDER promptly); (vi) in LENDER'S reasonable judgment, such restoration work can be completed prior to the maturity of the Note; and (vii) BORROWER shall have furnished to LENDER evidence satisfactory to LENDER that all leases of the Property in effect immediately prior to such damage with a term of at least two (2) years, or substitute leases satisfactory to LENDER, will remain in full force and effect subject only to abatement of rent during the repair period in accordance with the provisions of said leases. In the event any of the conditions described above are not or cannot be satisfied, then such proceeds shall be disposed of as otherwise provided in this Section 1.04. Under no circumstances shall LENDER become obligated to take any action to restore the Property.

(B) All proceeds released or applied by the LENDER or its agent to the restoration of the Improvements pursuant to the provisions of this Section 1.04 shall be released and/or applied on the cost of restoration (including within the term "restoration" any repair, reconstruction or alteration) as such restoration progresses, in amounts which shall equal ninety percent (90%) of the amounts from time to time certified by an architect approved by LENDER to have been incurred in such restoration of any and all of said property (i.e., 90% of the total amount expended by the contractor for the project under a contract approved by LENDER and billed by the contractor to BORROWER) and performed by a contractor reasonably satisfactory to LENDER and who shall furnish such corporate surety bond, if any, as may be reasonably required by LENDER, in accordance with the plans and specifications therefore previously approved by LENDER and the remaining ten percent (10%) upon completion of such restoration and delivery to LENDER of evidence reasonably satisfactory to LENDER that no mechanics'

lien exists with respect to the work of such restoration; that the restoration work has been completed in accordance with the plans and specifications for said work approved by LENDER; that all of the leases referred to in the preceding paragraph are in full force and effect, with all tenants in occupancy and paying full lease rental thereunder; and that all governmental approvals required for the completion of said restoration work have been obtained and the same are in form and substance reasonably satisfactory to LENDER.

(C) If within a reasonable period of time after the occurrence of any loss or damage to the Property which constitutes less than a total loss, BORROWER shall not have submitted to LENDER and received LENDER'S approval of plans and specifications for the repair, restoration or rebuilding of such loss or damage or shall not have obtained approval of such plans and specifications from all governmental authorities whose approval is required, or if, after such plans and specifications are approved by LENDER and by all such governmental authorities, BORROWER shall fail to commence promptly such repair, restoration or rebuilding, or if thereafter BORROWER fails to carry out diligently such repair, restoration or rebuilding or is delinquent in the payment to mechanics, materialmen or others of the costs incurred in connection with such work, or if any other condition of this Section 1.04 is not satisfied within a reasonable period of time after the occurrence of any such loss or damage, then LENDER, in addition to all other rights herein set forth, and, after giving BORROWER at least thirty (30) days' written notice of the nonfulfillment of one or more of the foregoing conditions may, failing BORROWER'S fulfillment of said conditions within said thirty (30) day period, or failing BORROWER'S commencement of fulfillment of said conditions within said thirty (30) day period and thereafter diligently pursuing the same, at LENDER'S option, (i) may declare that an event of default has occurred and/or apply all proceeds to the payment of any indebtedness hereby secured, and/or (ii) LENDER, or any lawfully appointed receiver of the Property, may at their respective options, perform or cause to be performed such repair, restoration or rebuilding, and may take such other steps as they deem advisable to carry out such repair, restoration or rebuilding, and may enter upon the Property for any of the foregoing purposes, and BORROWER hereby waives, for itself and all others holding under it, any claim against LENDER and such receiver (other than a claim based upon the alleged gross negligence or intentional misconduct of LENDER or any such receiver) arising out of anything done by them or any of them pursuant to this Section 1.04, and LENDER may in its discretion apply any proceeds held by it to reimburse itself and/or such receiver for all amounts expended or incurred by it in connection with the performance of such work, including attorney's fees, and any excess costs shall be paid by BORROWER to LENDER and BORROWER'S obligation to pay such excess costs shall be secured by the lien of this Indenture and shall bear interest at the rate specified in Section 3.11.

1.05. Condemnation Awards. BORROWER shall promptly notify LENDER of any action or proceeding relating to any condemnation or other taking of the Property or any part thereof, and BORROWER shall appear in and prosecute any such action or proceeding unless otherwise directed or consented to by LENDER in writing. At LENDER'S option, LENDER shall be entitled, and BORROWER hereby authorizes LENDER at BORROWER'S expense, to



take all necessary and proper steps (including, without limitation, the engaging, at BORROWER'S expense, of appraisers to conduct independent appraisals on behalf of LENDER and the engaging of attorneys and other professionals and consultants) to appear in, prosecute, compromise and discharge any such action or proceeding. As further security for the payment of the indebtedness and performance of the obligations, covenants and agreements secured hereby, BORROWER hereby assigns to LENDER all judgments, awards or damages or settlements hereafter made resulting from condemnation proceedings or in lieu of any taking of the Property or any part thereof under the power of eminent domain, or for any damage, whether caused by such taking or otherwise, to the Property, including the improvements thereon, or any part thereof, or of any streets appurtenant thereto, including any award for change of grade of streets. LENDER shall have the right either (i) to apply any such sums or any part thereof so received after payment of all of its expenses, including costs and reasonable attorneys' fees, to the indebtedness secured hereby or (ii) apply all or any part of any amount received to the restoration or repair of the Property, in such manner as it elects.

1.06. Taxes, Liens and Other Items.

(A) BORROWER shall pay any and all taxes, bonds, assessments, fees, liens, charges, fines, impositions and any accrued interest or penalty thereon, and any and all other items which are attributable to or affect the Property by making payment when due directly to the payee thereof and promptly furnish copies of paid receipts for these to LENDER, unless such payments are to be made by LENDER as otherwise provided herein. BORROWER shall promptly discharge or bond any lien or encumbrance on the Property whether said lien or encumbrance has or may attain priority over this Mortgage or not. This Mortgage shall be the sole encumbrance on the Property and, if with the consent of LENDER it is not the sole encumbrance, then it shall be prior to any and all other liens or encumbrances on the Property. Provided that the priority of this Mortgage is not in any way affected, BORROWER may in good faith protest the payment of any tax or lien which it believes is unwarranted or excessive ("Contested Sum") and may defer payment of such tax pending conclusion of such contest if legally permitted to do so and provided LENDER'S security is not jeopardized in LENDER'S sole opinion. During such contest, BORROWER shall not be deemed in default hereunder if (i) prior to the delinquency of the Contested Sum, BORROWER deposits with LENDER or LENDER'S nominee cash or other security in form reasonably satisfactory to LENDER, adequate to cover the payment of such Contested Sum and any obligation, whether matured or contingent, of BORROWER or LENDER therefor, together with interest, costs and penalties thereon, and (ii) BORROWER promptly causes to be paid any amounts adjudged to be due, together with all costs, penalties and interest thereon, on or before such judgment becomes final and before any writ or order is issued under which the Property could be sold pursuant to such judgment. Notwithstanding the foregoing, BORROWER shall immediately upon the request of LENDER pay any such Contested Sum, regardless of such contest, if in the reasonable opinion of LENDER, the Property shall be in jeopardy or in danger of being forfeited or foreclosed.

(B) As further security for the payment of the Note and the payment of real estate taxes, regular or special assessments and insurance premiums, BORROWER shall be required to deposit, with each payment on the Note, an amount which shall, when multiplied by the number of loan payments due under the Note each year, be sufficient, in the estimation of LENDER (as determined each year) to pay all such charges not less than thirty (30) days prior to the date on which such items become due and payable. LENDER shall be furnished evidence to allow it to estimate such amounts, including paid receipts, assessment notices and tax receipts. All funds so deposited (i) shall be held free of any liens or claims on the part of creditors of the BORROWER; and (ii) shall not be, or deemed to be, a trust fund; and such funds shall, until applied to the payment of the aforesaid items, as hereinafter provided, be held by LENDER without interest (except to the extent required under applicable law) and may be commingled with other funds of LENDER. All funds so deposited shall be applied to the payment of the aforesaid items only upon the satisfaction of the following conditions: (1) no Event of Default or event, which, with notice or the passage of time or both, could become an Event of Default, shall have occurred; (2) LENDER shall have sufficient funds to pay the full amounts of such items (which funds may include amounts paid solely for such purpose by BORROWER in addition to the escrowed funds); and (3) BORROWER shall have furnished LENDER with prior written notification that such items are due and with the bills and invoices therefor in sufficient time to pay the same before any penalty or interest attaches, and shall have deposited any additional funds as LENDER may determine as necessary to pay such items.

(C) If for any reason the funds on deposit with LENDER under this Section 1.06 shall not be sufficient to pay all charges specified herein within the time specified in this Section 1.06, then BORROWER shall, within ten (10) days after demand by LENDER, deposit sufficient sums so that LENDER may pay all such charges in full, together with any penalty and interest thereon. If the funds on deposit with LENDER shall from time to time exceed the amounts needed to pay all charges specified herein, then such excess shall be held by LENDER for further payments of such charges as specified in this Section 1.06.

(D) LENDER expressly disclaims any obligation to pay the aforesaid items unless and until BORROWER complies with all of the provisions set forth in Subsections 1.06(A) and (B). Payments of all charges specified herein will, at the discretion of LENDER, be made as the same become due and payable even though subsequent owners of the Property may benefit therefrom. LENDER may, in refunding any part of the funds deposited hereunder as a result of the Note being paid in full, or for any other reason at the discretion of LENDER, pay the amount being refunded to whoever is represented to be the owner of the Property or any portion thereof at the time such refund is made. BORROWER hereby pledges any and all monies now or hereafter deposited pursuant to Subsection 1.06(B) as additional security for the Note and Related Agreements. If any Event of Default shall have occurred, or if the Note shall be accelerated as herein provided, all funds so deposited may, at LENDER'S option, be applied as determined solely by LENDER or to cure said Event of Default or as provided in this Section 1.06. In no event shall BORROWER claim any credit against the principal and interest due hereunder for any payment or deposit for any of the aforesaid items.



1.07. Acceleration Upon Sale or Encumbrance. If BORROWER shall (A) sell or convey the Property or any part thereof, or any interest in the Property or in BORROWER; (B) be divested of its title to the Property or any interest therein; (C) further encumber the Property or the ownership interests in the BORROWER; (D) enter into any lease giving the tenant any option to purchase the Property or any part thereof; (E) encumber, grant a security interest in, transfer, permit the transfer of, or change or permit the change in: (1) the ownership of interests in the BORROWER or (2) the amount of the general partnership interests in: BORROWER or the general partners of the BORROWER or the beneficiary thereof, or (F) file any notices, or commence any procedures or actions which, if completed, would result in the Property being converted to a condominium or cooperative form of ownership, without the prior written consent of LENDER, then LENDER shall have the right, at its option, to declare the indebtedness secured by this Mortgage, irrespective of the maturity date specified in the Note, immediately due and payable. Except as expressly consented to in writing by LENDER, BORROWER shall not permit any additional encumbrances on the Property. **(Continued on Exhibits "D" and "E" attached hereto and by reference made a part hereof.)**

1.08. Preservation and Maintenance of Property. BORROWER shall hire competent and responsive property managers who shall be reasonably acceptable to LENDER. BORROWER or its property manager, if applicable, shall keep the Property and every part thereof in good condition and repair, in accordance with sound property management practices and shall promptly and faithfully comply with and obey all laws, ordinances, rules, regulations, requirements and orders of every duly constituted governmental authority or agent having jurisdiction with respect to the Property. BORROWER shall not permit or commit any waste, impairment, or deterioration of the Property, nor commit, suffer or permit any act upon or use of the Property in violation of law or applicable order of any governmental authority, whether now existing or hereafter enacted, or in violation of any covenants, conditions or restrictions affecting the Property or bring or keep any article in the Property or cause or permit any condition to exist thereon which would be prohibited by or invalidate the insurance coverage required to be maintained hereunder. BORROWER shall not make any structural modifications or improvements whatsoever to the Property which will diminish its utility, adversely affect its appearance or reduce its quality or value without the prior written consent of LENDER. BORROWER shall not remove or demolish the Improvements or any portion thereof without the prior written consent of LENDER. Subject to Sections 1.03 and 1.05, BORROWER shall promptly restore any portion of the Property which may be damaged or destroyed. BORROWER shall promptly bond or discharge any mechanics' liens against the Property.

Unless required by applicable law or unless LENDER has otherwise first agreed in writing, BORROWER shall not make or allow any changes which will adversely affect the value of the Property to be made in the nature of the occupancy or use of the Property or any part thereof for which the Property or such part was intended at the time this Mortgage was delivered. BORROWER shall not initiate or acquiesce in any change which will adversely affect the value of the Property in any zoning or other land use classification now or hereafter in effect and

affecting the Property or any part thereof without in each case obtaining LENDER'S prior written consent thereto.

1.09. Offset Certificates. BORROWER, within ten (10) days upon request in person or within fifteen (15) days upon request by mail, shall furnish a written statement duly acknowledged and notarized, of all amounts due on any indebtedness secured hereby or secured by any of the Related Agreements, whether for principal or interest on the Note or otherwise, and stating whether any offsets or defenses exist against the indebtedness secured hereby and covering such other matters with respect to any such indebtedness as LENDER may reasonably require.

1.10. Protection of Security, Costs and Expenses. BORROWER and its property manager, if applicable, shall appear in and defend any action or proceeding purporting to affect the security of this Mortgage or any additional or other security for the obligations secured hereby, or the rights or powers of the LENDER, and shall pay all costs and expenses reasonably and actually incurred, including, without limitation, cost of evidence of title and reasonable, actual attorneys' fees, in any such action or proceeding in which LENDER may appear, and in any suit brought by LENDER to foreclose this Mortgage or to enforce or establish any other rights or remedies of LENDER hereunder or under any other security for the obligations secured hereby. If BORROWER fails to perform any of the covenants or agreements contained in this Mortgage, or if any action or proceeding is commenced which affects LENDER'S interest in the Property or any part thereof, including eminent domain, code enforcement, or proceedings of any nature whatsoever under any federal or state law, whether now existing or hereafter enacted or amended, relating to bankruptcy, insolvency, arrangement, reorganization or other form of debtor relief, or to a decedent, then LENDER may, but without obligation to do so and without notice to or demand upon BORROWER, perform such covenant or agreement and compromise any encumbrance, charge or lien which in the judgment of LENDER appears to be prior or superior hereto. BORROWER shall further pay all expenses of LENDER actually incurred (including reasonable and actual fees and disbursements of counsel) incident to the protection or enforcement of the rights of LENDER hereunder, and enforcement or collection of payment of the Note or any Future Advance whether by judicial or nonjudicial proceedings, or in connection with any bankruptcy, insolvency, arrangement, reorganization or other debtor relief proceeding of BORROWER, or otherwise. Subject to the provisions of Exhibit "A" attached to the Note, any amounts disbursed by LENDER pursuant to this Section 1.10 shall be additional indebtedness of BORROWER secured by this Mortgage and each of the Related Agreements as of the date of disbursement and shall bear interest at the Default Rate set forth in the Note, from demand until paid. All such amounts shall be payable by BORROWER within ten (10) days of LENDER'S demand. Nothing contained in this section shall be construed to require LENDER to incur any expense, make any appearance, or take any other action.



**1.11. BORROWER'S Covenants Respecting Collateral.**

(A) BORROWER shall execute and deliver financing and continuation statements covering the Collateral from time to time and in such form as LENDER may require to perfect and continue the perfection of LENDER'S security interest with respect to such property, and BORROWER shall pay all reasonable costs and expenses of any record searches for financing statements LENDER may require.

(B) Without the prior written consent of LENDER, BORROWER shall not create or suffer to be created any other security interest in the Collateral, including replacements and additions thereto.

(C) Without the prior written consent of LENDER or except in the ordinary course of business, BORROWER shall not sell, transfer or encumber any of the Collateral, or remove any of the Collateral from the Property unless BORROWER shall promptly substitute and replace the property removed with similar property of at least equivalent value on which LENDER shall have a continuing security interest ranking at least equal in priority to LENDER'S security interest in the property removed; provided, however, that BORROWER may in the ordinary course of business incur purchase money indebtedness for the acquisition or replacement of equipment used at or in connection with the Property.

(D) BORROWER shall (1) upon reasonable notice (unless an emergency or Event of Default exists) permit LENDER and its representatives to enter upon the Property to inspect the Collateral and BORROWER'S books and records relating to the Collateral and make extracts therefrom and to arrange for verification of the amount of Collateral, under procedures acceptable to LENDER, directly with BORROWER'S debtors or otherwise at BORROWER'S expense; (2) promptly notify LENDER of any attachment or other legal process levied against any of the Collateral and any information received by BORROWER relative to the Collateral, BORROWER'S debtors or other persons obligated in connection therewith, which may in any way affect the value of the Collateral or the rights and remedies of LENDER in respect thereto; (3) reimburse LENDER within ten (10) days of LENDER'S demand for any and all costs actually incurred, including, without limitation, reasonable and actual attorneys' and accountants' fees, and other expenses incurred in collecting any sums payable by BORROWER under any obligation secured hereby, or in the checking, handling and collection of the Collateral and the preparation and enforcement of any agreement relating thereto; (4) notify LENDER of each location at which the Collateral is or will be kept, other than for temporary processing, storage or similar purposes, and of any removal thereof to a new location, including, without limitation, each office of BORROWER at which records relating to the Collateral are kept; (5) provide, maintain and deliver to LENDER originals of the policies of insurance and certificates of insurance insuring the Collateral against loss or damage by such risks and in such amounts, from and by such companies as LENDER may require and with loss payable to LENDER, and in the event LENDER takes possession of the Collateral, the insurance policy or policies and any unearned or returned premium thereon shall at the option of LENDER become the sole property

of LENDER; and (6) do all acts necessary to maintain, preserve and protect all Collateral, keep all Collateral in good condition and repair and prevent any waste or unusual or unreasonable depreciation thereof.

(E) Until LENDER exercises its right to collect proceeds of the Collateral pursuant hereto, BORROWER will collect with diligence any and all proceeds of the Collateral. If an Event of Default exists, any proceeds received by BORROWER shall be held in trust for LENDER, and BORROWER shall keep all such collections separate and apart from all other funds and property so as to be capable of identification as the property of LENDER and shall deliver to LENDER such collections at such time as LENDER may request in the identical form received, properly endorsed or assigned when required to enable LENDER to complete collection thereof.

(F) LENDER shall have all the rights and remedies granted to a secured party under the Uniform Commercial Code of the state in which the Collateral is located, as well as all other rights and remedies available at law or in equity. During the continuance of any Event of Default hereunder or under the Note, LENDER shall have the right to take possession of all or any part of the Collateral, to receive directly or through its agent(s) collections of proceeds of the Collateral (including notification of the persons obligated to make payments to BORROWER in respect of the Collateral), to release persons liable on the Collateral and compromise disputes in connection therewith, to exercise all rights, powers and remedies which BORROWER would have, but for the security agreement contained herein, to all of the Collateral and proceeds thereof, and to do all other acts and things and execute all documents in the name of BORROWER or otherwise, deemed by LENDER as necessary, proper and convenient in connection with the preservation, perfection or enforcement of its rights hereunder.

(G) After any Event of Default hereunder or under the Note, BORROWER shall, at the request of LENDER, assemble and deliver the collateral and books and records pertaining to the Property at a place designated by LENDER, and LENDER may, with reasonable notice to BORROWER (unless an emergency or Event of Default exists), enter onto the Property and take possession of the Collateral. It is agreed that public or private sales, for cash or on credit to a wholesaler or retailer or investor, or user of collateral of the types subject to the security agreement, or public auction, are all commercially reasonable since differences in the sales prices generally realized in the different kinds of sales are ordinarily offset by the differences in the costs and credit risks of such sales. The proceeds of any sale of the Collateral shall be applied first to the expenses of LENDER actually incurred in retaking, holding, preparing for sale, or selling the Collateral or similar matters, including reasonable and actual attorneys' fees, and then, to the indebtedness secured by the Collateral in such order as LENDER shall solely determine.



#### **1.12. Covenants Regarding Financial Statements.**

(A) BORROWER shall keep accurate books and records in accordance with generally accepted accounting principles consistently applied (or other basis of accounting practices prescribed or permitted by LENDER), in which full, true and correct entries shall be promptly made as to all operations of the Property and shall permit all such books and records to be inspected and copied by LENDER, its designees or its representatives during customary business hours. BORROWER shall deliver or cause to be delivered to LENDER (i) within 90 days of the end of each calendar year, financial statements of all guarantors of the Loan, and (ii) within 90 days after the close of its financial year a statement of condition or balance sheet of BORROWER relating solely to the Property as at the end of such year and an annual operating statement showing in reasonable detail all income and expenses of BORROWER with respect to the Property, both certified as to accuracy by either an independent certified public accountant acceptable to LENDER (if requested by LENDER) or the senior financial officer or partner of BORROWER; and a current list of all persons then occupying portions of the Property under their Leases, the rentals payable by such tenants and the unexpired terms of their Leases, certified as to their accuracy by a representative of BORROWER acceptable to LENDER, and in form and substance satisfactory to LENDER.

(B) In the event such statements are not in a form reasonably acceptable to LENDER or BORROWER fails to furnish such statements and reports, then LENDER, consistent with the requirements of this Section 1.12, shall have the immediate and absolute right to audit the respective books and records of the Property and BORROWER at the expense of BORROWER.

#### **1.13 Environmental Covenants.**

(A) BORROWER represents and warrants and covenants and agrees that (i) BORROWER has not used and will not use and, to the best of BORROWER'S knowledge, no prior owner or current or prior tenant, subtenant, or other occupant of all or any part of the Property has used or is using Hazardous Material (as that term is hereinafter defined) on, from or affecting the Property in any manner that violates any Hazardous Material Laws (as that term is hereinafter defined) applicable to BORROWER or to the Property; (ii) to the best of BORROWER'S knowledge, no Hazardous Materials have been disposed of on the Property nor have any Hazardous Materials migrated onto the Property, in either event in violation of any Hazardous Material Laws applicable to BORROWER or to the Property; and (iii) BORROWER will not permit or suffer any such violation of any Hazardous Material Laws applicable to BORROWER or to the Property.

For purposes of this Mortgage, "Hazardous Materials" means and includes asbestos or any substance containing asbestos, polychlorinated biphenyls, any explosives, radioactive materials, chemicals known or suspected to cause cancer or reproductive toxicity, pollutants, effluents, contaminants, emissions, infectious wastes, any petroleum or petroleum-derived waste

or product or related materials and any items defined as hazardous, special or toxic materials, substances or waste under any Hazardous Material Law, or any material which shall be removed from the Property pursuant to any administrative order or enforcement proceeding or in order to place the Property in a condition that is suitable for ordinary use. "Hazardous Material Laws" collectively means and includes any present and future local, state, federal or international law or treaty applicable to the Property or to the BORROWER and relating to public health, safety or the environment including, without limitation, the Resource Conservation and Recovery Act, as amended ("RCRA"), 42 U.S.C. §6901 et seq., the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 U.S.C. §9601 et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. §1801 et seq., the Clean Water Act, 33 U.S.C. §1251 et seq., the Clean Air Act, as amended, 42 U.S.C. §7401 et seq., the Toxic Substances Control Act, 15 U.S.C. §2601 et seq., the Safe Drinking Water Act, 42 U.S.C. §300f et seq., the Uranium Mill Tailings Radiation Control Act, 42 U.S.C. §7901 et seq., the Occupational Safety and Health Act, 29 U.S.C. §655 et seq., the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §135 et seq., the National Environmental Policy Act, 42 U.S.C. §4321 et seq., the Noise Control Act, 42 U.S.C. §4901 et seq., and the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. §11001 et seq., and the amendments, regulations, orders, decrees, permits, licenses or deed restrictions now or hereafter promulgated thereunder.

(B) BORROWER represents and warrants that to the best of its knowledge that no generation, treatment, storage or disposal of any Hazardous Materials has occurred or is occurring on the Property in violation of any Hazardous Material Laws applicable to BORROWER or to the Property, and that BORROWER will not permit or suffer any such generation, treatment, storage or disposal of Hazardous Materials on the Property in violation of any Hazardous Material Laws applicable to BORROWER or the Property, or permit any lien under the laws of the state in which the Property is located to attach to the Property or any portion thereof or any interest therein as a result of any such Hazardous Materials activity. BORROWER represents and warrants that it has not received any notice from any governmental agency or any tenant of the Property with regard to such Hazardous Materials, and has received no notice that the environmental and ecological condition of the Property is in violation of any Hazardous Material Laws applicable to BORROWER or the Property.

(C) BORROWER represents and warrants to the best of BORROWER'S knowledge and belief (i) that the Property does not contain, and has not in the past contained, any asbestos containing material in friable form in violation of any Hazard Material Laws applicable to BORROWER or to the Property, and (ii) that there is no current or potential airborne contamination of the Property by asbestos fiber, including any potential contamination that would be caused by maintenance or tenant finish activities in the improvements in violation of any Hazardous Material Laws applicable to BORROWER or to the Property.

(D) In the event that any investigation, site monitoring, containment, clean-up, removal, restoration or other remedial work of any kind or nature (hereinafter referred to as the



“Remedial Work”) is required under any Hazardous Material Laws applicable to BORROWER or to the Property, because of, or in connection with, the current or future presence, suspected presence, release or suspected release of a Hazardous Material in or about the air, soil, ground water, surface water or soil vapor at, on, about, under or within the Property (or any portion thereof), BORROWER shall within the time periods required by the applicable Hazardous Material Laws, commence and thereafter diligently prosecute to completion, all such Remedial Work. All Remedial Work shall be performed by contractors reasonably approved in advance by LENDER and under the supervision of a consulting engineer reasonably approved by LENDER. All costs and expenses of such Remedial Work shall be paid by BORROWER including, without limitation, LENDER’S reasonable attorneys’ fees and costs incurred in connection with monitoring or review of such Remedial Work. In the event BORROWER shall fail to timely prosecute to completion such Remedial Work, LENDER may, but shall not be required to, cause such Remedial Work to be performed and all costs and expenses thereof, or incurred in connection therewith, shall be immediately due and payable by BORROWER to LENDER and shall become part of the indebtedness.

(E) BORROWER shall provide LENDER with prompt written notice (a) upon BORROWER’S becoming aware of any release or threat of release of any Hazardous Materials upon, under or from the Property in violation of any Hazardous Material Laws applicable to BORROWER or to the Property, (b) upon BORROWER’S receipt of any notice from any federal, state, municipal or other governmental agency or authority in connection with any Hazardous Materials located upon or under or emanating from the Property; and (c) upon BORROWER’S obtaining knowledge of any incurrence of expense, for which BORROWER or the Property could be liable, by any governmental agency or authority in connection with the assessment, containment or removal of any Hazardous Materials located upon or under or emanating from the Property.

(F) Nothing in this Section 1.13 shall create a liability or obligation on the part of BORROWER with regard to any violation of Hazardous Material Laws resulting solely from either (i) the actions of LENDER or its agents, or (ii) circumstances in no way caused by matters occurring prior to LENDER’S acquiring the Property pursuant to foreclosure of the lien of this Mortgage or acceptance of a deed in lieu of foreclosure.

## **ARTICLE II**

### **EVENTS OF DEFAULT**

Each of the following shall constitute an event of default (“Event of Default”) hereunder:

#### **2.01. Monetary and Performance Defaults.**

(A) Failure to make any payment of any installment of principal or interest due under the Note, or payment of any other sum due under the Note (other than the final payment

and Prepayment Premium), under this Mortgage or under any of the other Related Agreements to LENDER or any other party, including without limitation, payment of escrow deposits, if any, within ten (10) days from the date when such payment is due; or

(B) Failure to make the final payment or the Prepayment Premium due under the Note when such payment is due whether at maturity, by reason of acceleration, as part of a prepayment or otherwise (the defaults in (A) and (B) hereinafter "Monetary Default"); or

(C) Breach or default in the performance of any of the covenants or agreements of BORROWER contained herein or in any Related Agreement ("Performance Default"), if such Performance Default shall continue for thirty (30) days or more after written notice to BORROWER from LENDER specifying the nature of the Performance Default; provided, however, that if such Performance Default is of a nature that it cannot be cured within the thirty (30) day period, then BORROWER shall not be in default if it commences good faith efforts to cure the Performance Default within the thirty (30) day period, demonstrates continuous diligent efforts to cure the Performance Default in a manner satisfactory to LENDER and, within a reasonable period, not to exceed ninety (90) days after the date of the original written notice of the Performance Default, completes the cure of such Performance Default.

## **2.02 Bankruptcy, Insolvency, Dissolution.**

(A) Any court of competent jurisdiction shall sign an order (1) adjudicating BORROWER, or any person, partnership or corporation holding a controlling ownership interest in BORROWER or in any partnership comprising BORROWER, or any guarantor (which term when used in this Mortgage shall mean guarantor of payment of the indebtedness) bankrupt or insolvent (as used herein, "controlling interest" shall mean fifty percent [50%] or more ownership interest in BORROWER), (2) appointing a receiver, trustee or liquidator of the Property or of a substantial part of the property of BORROWER, or any person, partnership or corporation holding a controlling ownership interest in BORROWER, or in any partnership comprising BORROWER, or any guarantor, or (3) approving a petition for, or effecting an arrangement in bankruptcy, or any other judicial modification or alteration of the rights of LENDER or of other creditors of BORROWER, or any person, partnership or corporation holding a controlling ownership interest in BORROWER, or in any partnership comprising BORROWER or any guarantor; or

(B) BORROWER, any partnership or corporation holding a controlling ownership interest in BORROWER or in any partnership comprising BORROWER, shall (1) apply for or consent to the appointment of a receiver, trustee or liquidator for it or for any of its property, (2) as debtor, file a voluntary petition in bankruptcy, or petition or answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it and any proceeding under



such law, (3) admit in writing an inability to pay its debts as they mature, or (4) make a general assignment for the benefit of creditors; or

(C) An involuntary petition in bankruptcy is filed against BORROWER or any person, partnership or corporation holding a controlling ownership interest in BORROWER or in any partnership comprising BORROWER and the same is not vacated or stayed within 60 days of the filing date.

2.03 Misrepresentation. BORROWER, and in each case as applicable, any general partner of BORROWER, any guarantor of the indebtedness, or any party acting in or on behalf of BORROWER, makes or furnishes a representation, warranty, statement, certificate, schedule and/or report to LENDER in or pursuant to this Mortgage or any of the Related Agreements which is false or misleading in any material respect as of the date made or furnished.

2.04 Process Against the Property. The levy of any execution, attachment, sequestration or other writ against the Property or any part thereof.

2.05 Foreclosure or Maturity of Other Liens. If the holder of any lien or security interest on the Property, other than LENDER (whether or not LENDER has consented to the existence of such lien or security interest and without hereby implying LENDER'S consent to the existence, placing, creating or permitting of any such lien or security interest) institutes or completes foreclosure or other proceedings for the enforcement of its remedies with respect to such lien or security interest, or accelerates maturity of such lien or security interest for any reason.

2.06 Prohibited Transfer. The Property, any interest in the Property, or any interest in BORROWER is transferred, sold, assigned or conveyed, unless specifically permitted herein.

### **ARTICLE III**

#### **REMEDIES**

Upon the occurrence of any Event of Default, LENDER shall have the following rights and remedies set forth in Sections 3.01 through 3.12:

3.01 Acceleration. Notwithstanding the stated maturity date in the Note, LENDER may without notice or demand other than notice required by applicable law, declare the entire principal amount of the Note and/or any Future Advances then outstanding and accrued and unpaid interest thereon, and all other sums or payments required thereunder including, but not limited to the Prepayment Premium described in the Note, to be due and payable immediately, and, at LENDER'S option, subject to the provisions of Exhibit "A" attached to the Note, (i) to bring suit therefor, or (ii) to bring suit for any delinquent payment of or upon the indebtedness, or (iii) to take any steps and institute any and all other proceedings in law or in equity that

LENDER deems necessary to enforce payment of the indebtedness and performance of other obligations secured hereunder and to protect the lien of this Mortgage.

3.02 Entry. Irrespective of whether LENDER exercises the option provided in Section 3.01 above, LENDER in person or by agent or by court-appointed receiver (and LENDER shall have the right to the immediate appointment of such a receiver without regard to the adequacy of the security and BORROWER hereby irrevocably consents to such appointment and waives notice of any application therefor) may, at its option, without any action on its part being required, without in any way waiving such Event of Default, with or without the appointment of a receiver, or an application therefor:

(A) take possession of, conduct tests of, manage or hire a manager to manage, lease and operate the Property or any part thereof, on such terms and for such period of time as LENDER may deem proper, with full power to make, from time to time, all alterations, renovations, repairs or replacements thereto as may seem proper to LENDER;

(B) with or without taking possession of the Property, collect and receive all Rents and Profits, notify tenants under the Leases or any other parties in possession of the Property to pay Rents and Profits directly to LENDER, its agent or a court-appointed receiver and apply such Rents and Profits to the payment of:

(1) all costs and expenses incident to taking and retaining possession of the Property, management and operation of the Property, keeping the Property properly insured and all alterations, renovations, repairs and replacements to the Property;

(2) all taxes, charges, claims, assessments, and any other liens which may be prior in lien or payment to this Mortgage or the Note, and premiums for insurance for the Property, with interest on all such items; and

(3) the indebtedness secured hereby together with all costs and attorneys' fees, in such order or priority as to any of such items as LENDER in its sole discretion may determine, any statute, law, custom or use to the contrary notwithstanding;

(C) exclude BORROWER, its agents and servants, wholly from the Property;

(D) have joint access with BORROWER to the books, papers and accounts of BORROWER relating to the Property, at the expense of BORROWER;

(E) commence, appear in and/or defend any action or proceedings purporting to affect the interests, rights, powers and/or duties of LENDER hereunder, whether brought by or against BORROWER or LENDER; and



(F) pay, purchase, contest or compromise any claim, debt, lien, charge or encumbrance which in the judgment of LENDER may affect or appear to affect the interest of LENDER or the rights, powers and/or duties of LENDER hereunder. The receipt by LENDER of any Rents and Profits pursuant to this Mortgage after the institution of foreclosure or other proceedings under the Mortgage shall not cure any such Event of Default or affect such proceedings or any sale pursuant thereto. After deducting the expenses and amounts set forth above in this Section 3.02 as well as just and reasonable compensation for all LENDER'S employees and other agents (including, without limitation, reasonable and actual attorneys' fees and management and rental commissions) engaged and employed in the operation of the Property, the moneys remaining, shall be applied to the indebtedness secured hereby in such order as LENDER shall determine. Whenever all amounts due on the Note and under this Mortgage shall have been paid and all Events of Default have been cured and any such cure has been accepted by LENDER, LENDER shall surrender possession to BORROWER. The same right of entry, however, shall exist if any subsequent Event of Default shall occur; provided, however, LENDER shall not be under any obligation to make any of the payments or do any of the acts referred to in this Section 3.02.

**3.03 Judicial Action.** Subject to the provisions of Exhibit "A" attached to the Note, LENDER may bring an action in any court of competent jurisdiction to foreclose this instrument or to enforce any of the covenants and agreements hereof. The Property may be foreclosed in parts or as an entirety.

**3.04 Foreclosure.** LENDER may elect to cause the Property or any part thereof to be foreclosed in any manner permitted by applicable law at one or more public sale or sales at the usual place for conducting sales at the courthouse of the county in which the Land or any part of the Land is situated, to the highest bidder for cash, in order to pay the indebtedness secured hereby, and all expenses of sale and of all proceedings in connection therewith, including attorneys' fees, after advertising the time, place and terms of each sale in accordance with the laws of the state in which the Land is located, all other notice, including judicial notice, being hereby waived by BORROWER. If the Land is situated in more than one county, then notices shall be given in both or all of such counties, and the Property may be sold in either county, and such notices shall designate the county where the Property will be sold. Upon the expiration of such time and the giving of such notice of sale, and without the necessity of any demand on BORROWER, LENDER, at the time and place specified in the notice of sale, shall sell the Property or any part thereof. The foregoing notwithstanding, LENDER may sell, or cause to be sold, any tangible or intangible personal property or any part thereof, and which constitutes a part of the security hereunder, in the foregoing manner, or as may otherwise be provided by law. If the indebtedness secured hereby is now or hereafter further secured by any chattel mortgages, pledges, contracts of guaranty, assignments of lease or other security instruments, LENDER may at its option exhaust the remedies granted under any of said security instruments either concurrently or independently, and in such order as LENDER may determine. LENDER may, from time to time, postpone any sale hereunder by public announcement thereof at the time and place noticed therefor or by giving notice of the time and place of the postponed sale in the

manner required by law. If the Property consists of several lots, parcels or items of property, LENDER may designate the order in which such lots, parcels or items shall be offered for sale or sold. Any person, including BORROWER or LENDER, may purchase at any sale hereunder, and LENDER shall have the right to purchase at any sale hereunder by crediting upon the bid price the amount of all or any part of the indebtedness hereby secured plus interest, late charges, prepayment fees, and reasonable attorneys' fees, as herein provided. Should LENDER desire that more than one sale or other disposition of the Property be conducted, LENDER may, at its option, cause the same to be conducted simultaneously, or successively, on the same day, or at such different times and in such order as LENDER may deem to be in its best interests, and no such sale shall terminate or otherwise affect the security of this Mortgage on any part of the Property not sold until all indebtedness secured hereby has been fully paid. In the event of default of any purchaser, LENDER shall have the right to resell the Property as set forth above. Upon any sale hereunder, LENDER shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the property so sold in fee simple, with or without any covenant or warranty whatever, express or implied, whereupon such purchaser or purchasers shall be let into immediate possession; and the recitals of facts in any such deed or deeds such as default, the giving of notice of default and notice of sale, and other facts affecting the regularity or validity of such sale or disposition, shall be conclusive proof of the truth of such facts and any such deed or deeds shall be conclusive against all persons as to such facts recited therein. BORROWER hereby constitutes and appoints LENDER the agent and attorney-in-fact of BORROWER to make such recitals, sale and conveyance, and thereby to divest BORROWER of all right, title and equity that BORROWER may have in and to the Property and to vest the same in the purchaser or purchasers at such sale or sales. The conveyance to be made by LENDER, or its assigns, (and in the event of a deed in lieu of foreclosure, then as to such conveyance) shall be effective, to the extent permitted by applicable law, to bar all right, title and interest, equity or redemption, including all statutory redemption, homestead, dower, courtesy, and all other exemptions of BORROWER, or its successors in interest, in and to the Property. The aforesaid agency hereby granted is coupled with an interest and is irrevocable by death or otherwise.

**3.05 Rescission of Notice of Default.** LENDER, from time to time before any such public sale or deed in lieu of foreclosure, may rescind any such notice of breach or default and of election to cause the Property to be sold. LENDER may evidence such rescission, among other methods, by executing and delivering to BORROWER a written notice of such rescission, which notice, when recorded, shall also constitute a cancellation of any prior declaration of default and demand for sale or such documents as may be required by the laws of the state in which the Property is located. The exercise by LENDER of such right of rescission shall not constitute a waiver of any breach or Event of Default then existing or subsequently occurring, or impair the right of LENDER to execute and deliver to BORROWER, as above provided, other declarations of default and demand for sale, and notices of breach or default, and of election to cause the property to be sold to satisfy the obligations hereof, nor otherwise affect any provision, agreement, covenant or condition of the Note and/or of this Mortgage or any of the rights, obligations or remedies of the parties hereunder.



**3.06 LENDER'S Remedies Respecting Collateral.** LENDER may realize upon the Collateral, enforce and exercise all of the BORROWER'S rights, powers, privileges and remedies in respect of the Collateral, dispose of or otherwise deal with the Collateral in such order as LENDER may in its discretion determine, and exercise any and all other rights, powers, privileges and remedies afforded to a secured party under the laws of the state in which the Property is located as well as all other rights and remedies available at law or in equity.

**3.07 Proceeds of Sales.** The proceeds of any sale made under or by virtue of this Article III, together with all other sums which then may be held by LENDER under this Mortgage, whether under the provisions of this Article III or otherwise, shall be applied as follows:

(A) To the payment of the costs, fees and expenses of sale and of any judicial proceedings wherein the same may be made, including the cost of evidence of title in connection with the sale and to the payment of all expenses, liabilities and advances made or incurred by LENDER under this Mortgage, together with interest on all advances made by LENDER at the interest rate applicable under the Note, but limited to any maximum rate permitted by law to be charged by LENDER;

(B) To the payment of any and all sums expended by LENDER under the terms hereof, not then repaid, with accrued interest at the Default Rate set forth in the Note, and all other sums (except advances of principal and interest thereon) required to be paid by BORROWER pursuant to any provisions of this Mortgage, or the Note, or any of the Related Agreements, including, without limitation, all expenses, liabilities and advances made or incurred by LENDER under this Mortgage or in connection with the enforcement thereof, together with interest thereon as herein provided; and

(C) To the payment of the entire amount then due, owing or unpaid for principal and interest upon the Note, and any other obligation secured hereby, with interest on the unpaid principal at the rate set forth therein from the date of advancement thereof until the same is paid in full; and then

(D) The remainder, if any, to the person or persons, including the BORROWER, legally entitled thereto.

**3.08 Condemnation and Insurance Proceeds.** All condemnation proceeds, insurance proceeds and any interest earned thereon shall be paid over either by the condemning authority, insurance company or escrow agent to LENDER and shall be applied in the sole and absolute discretion of LENDER and without regard to the adequacy of its security under this Mortgage (A) to the payment or prepayment of all or any portion of the Note including the Prepayment Premium described in the Note; (B) to the reimbursement of expenses incurred by LENDER in connection with the restoration of the Property; or (C) to the performance of any of the covenants contained in this Mortgage as LENDER may determine. Any prepayment of the

Note or portion thereof pursuant to LENDER'S election under this section shall be subject to the Prepayment Premium described in the Note.

3.09 Setoff. LENDER may apply any balances in each and every account held by LENDER, including, but not limited to, the escrow account referred to in section 1.06, in satisfaction of the indebtedness secured hereby.

3.10 Other Remedies. LENDER shall, in addition to the remedies set forth in this Article III and in Exhibit C attached hereto and incorporated herein by this reference ("Applicable State Law Provisions"), have all other remedies available to it at law or in equity.

3.11 Acceleration Interest. In addition to any default rate of interest which may be due under the Note, BORROWER shall pay interest on all sums (other than the sums due under the Note) due hereunder or under any other Loan Document at a rate (hereinafter referred to as the "Default Rate") equal to the lesser of (i) the Contract Rate of the Note plus four percent (4%) per annum compounded monthly, or (ii) the maximum rate permitted by law, from and after the first to occur of the following events: If LENDER elects to cause the acceleration of the Indebtedness; if a petition under Title 11, United States Code, shall be filed by or against BORROWER or if BORROWER shall seek or consent to the appointment of a receiver or trustee for itself or for any of the Property, file a petition seeking relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, make a general assignment for the benefit of creditors, or be unable to pay its debts as they become due; if a court shall enter an order, judgment or decree appointing, with or without the consent of BORROWER, a receiver or trustee for it or for any of the Property or approving a petition filed against BORROWER which seeks relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, and any such order, judgment or decree shall remain in force, undischarged or unstayed, sixty (60) days after it is entered; or if all sums due hereunder are not paid on the Maturity Date as set forth in the Note.

3.12 Late Charge. In addition to any late charge which may be due under the Note, in the event any sums (other than sums due under the Note) due hereunder or under any other Loan Document, are not paid by BORROWER when due, without regard to any cure or grace period, BORROWER shall pay to LENDER for the month during which such payment is not made when due and for each month or fraction thereof that such sum remains unpaid, a late charge equal to the lesser of four percent (4%) of such installment or the maximum amount allowed by applicable law, as the reasonable estimate by LENDER and BORROWER of a fair approximation of the expense incurred by LENDER due to the failure of BORROWER to make timely payments, and such amount shall be secured hereby. Such late charge shall be paid without prejudice to the right of LENDER to collect any other amounts provided to be paid or to declare an Event of Default under this Mortgage or any other Loan Document.

3.13 Waiver of Marshalling, Rights of Redemption, Homestead and Valuation.



(A) BORROWER, for itself and for all persons hereafter claiming through or under it or who may at any time hereafter become holders of liens junior to the lien of this Mortgage, hereby expressly waives and releases all rights to direct the order in which any of the Property shall be sold in the event of any sale or sales pursuant hereto and to have any of the Property and/or any other property now or hereafter constituting security for any of the indebtedness secured hereby marshalled upon any foreclosure of this Mortgage or of any other security for any of said indebtedness.

(B) To the fullest extent permitted by law, BORROWER, for itself and all who may at any time claim through or under it, hereby expressly waives, releases and renounces all rights of redemption from any foreclosure sale, all rights of homestead, exemption, monitoring reinstatements, forbearance, appraisement, valuation, stay and all rights under any other laws which may be enacted extending the time for or otherwise affecting enforcement or collection of the Note, the debt evidenced thereby, or this Mortgage.

3.14 Remedies Cumulative. No remedy herein conferred upon or reserved to LENDER is intended to be exclusive of any other remedy herein or by law provided, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of LENDER to exercise any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver of any Event of Default or any acquiescence therein. Every power and remedy given by this Mortgage to LENDER may be exercised separately, successively or concurrently from time to time as often as may be deemed expedient by LENDER. If there exists additional security for the performance of the obligations secured hereby, LENDER, at its sole option, and without limiting or affecting any of its rights or remedies hereunder, may exercise any of the rights and remedies to which it may be entitled hereunder either concurrently with whatever rights and remedies it may have in connection with such other security or in such order as it may determine. Any application of any amounts or any portion thereof held by LENDER at any time as additional security or otherwise, to any indebtedness secured hereby shall not extend or postpone the due dates of any payments due from BORROWER to LENDER hereunder or under the Note, or under any of the Related Agreements, or change the amounts of any such payments or otherwise be construed to cure or waive any default or notice of default hereunder or invalidate any act done pursuant to any such default or notice.

## ARTICLE IV

### MISCELLANEOUS

4.01 Severability. In the event any one or more of the provisions contained in the Mortgage shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Mortgage, but this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein, but only to the extent that it is invalid, illegal or unenforceable.

#### 4.02 Notices.

(A) All notices expressly provided hereunder to be given by LENDER to BORROWER and all notices, demands and other communications of any kind or nature whatever which BORROWER may be required or may desire to give to or serve on LENDER shall be in writing and shall be (1) hand-delivered, effective upon receipt, (2) sent by United States Express Mail or by private overnight courier, effective upon receipt, or (3) served by registered or certified mail, return receipt requested, to the appropriate address set forth below, or at such other place as the BORROWER or LENDER, as the case may be, may from time to time designate in writing by ten (10) days' prior written notice thereof. Any such notice or demand served by registered or certified mail, return receipt requested, shall be deposited in the United States mail, with postage thereon fully prepaid and addressed to the party so to be served at its address above stated or at such other address of which said party shall have theretofore notified in writing, as provided above, the party giving such notice. Service of any such notice or demand so made shall be deemed effective on the day of actual delivery as shown by the addressee's return receipt or the expiration of three (3) business days after the date of mailing, whichever is the earlier in time. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice has been received shall also constitute receipt. Any notice required to be give by LENDER shall be equally effective if given by LENDER'S agent, if any.

(B) BORROWER hereby requests that any notice, demand, request or other communication (including any notice of an Event of Default and notice of sale as may be required by law) desired to be given or required pursuant to the terms hereof be addressed to BORROWER as follows:

Pelham Industrial Enterprises Ten, L.L.C.  
2101 Highland Avenue  
Suite 700  
Birmingham, Alabama 35205

With a copy to: Berkowitz, Lefkovits, Isom & Kushner  
SouthTrust Tower, Suite 1600  
420 North Twentieth Street  
Birmingham, Alabama 35203  
Attn: Chervis Isom, Esq.

All notices and other communications to LENDER shall be addressed as follows:

Jefferson-Pilot Life Insurance Company  
100 North Greene Street  
Greensboro, N.C. 27401  
Attn: Manager of Mortgage Loan Department



With a copy to:       Jefferson-Pilot Life Insurance Company  
P. O. Box 21008  
Greensboro, N.C. 27420  
Attn:                 Legal Department

**4.03   BORROWER Not Released; Certain LENDER Acts.**

(A)     Extension of the time for payment or modification of the terms of payment of any sums secured by this Mortgage granted by LENDER to any successor in interest of BORROWER shall not operate to release, in any manner, the liability of BORROWER. LENDER shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify the terms of payment of the sums secured by this Mortgage by reason of any demand made by BORROWER. Without affecting the liability of any person, including BORROWER, for the payment of any indebtedness secured hereby, or the legal operation and effect of this Mortgage on the remainder of the Property for the full amount of any such indebtedness and liability unpaid, LENDER is empowered as follows: LENDER may from time to time and without notice or consent (1) release any person liable for the payment of any of the indebtedness; (2) extend the time or otherwise alter the terms of payment of any of the indebtedness; (3) accept additional or personal property of any kind as security therefor, whether evidenced by deeds of trust, mortgages, security agreements or any other instruments of security; or (4) alter, substitute or release any property securing the indebtedness.

(B)     LENDER may, at any time, and from time to time, (1) consent to the making of any map or plan of the Property or any part thereof, (2) join in granting any easement or creating any restriction thereon, (3) join in any subordination or other agreement affecting this Mortgage or the legal operation and effect or charge hereof, or (4) reconvey, without any warranty, all or part of the Property from the lien of this Mortgage.

**4.04   Inspection.**     Upon reasonable prior notice and subject to the inspection rights of tenants under the Leases, LENDER may at any reasonable time make or cause to be made entry upon and make inspections, reappraisals, surveys, construction and environmental testing of the Property or any part thereof in person or by agent, all at LENDER'S sole cost and expense; provided, however, if an Event of Default has occurred and is continuing under the Note, this Mortgage or any other Loan Document, such inspections, reappraisals, surveys, construction and environmental testing shall be at BORROWER'S sole cost and expense and, provided further, that BORROWER shall engage, at its sole cost and expense, a qualified environmental engineering or consulting firm acceptable to LENDER, to perform environmental testing of the Property at any time upon the request of LENDER, such request being made by LENDER on its good faith belief that Hazardous Materials may be present on the Property or that BORROWER has violated any Hazardous Material Laws.

4.05 Release or Reconveyance or Cancellation. Upon the payment in full of all sums secured by this Mortgage, LENDER shall cancel this Mortgage and shall surrender this Mortgage and all notes evidencing indebtedness secured by this Mortgage to BORROWER. The duly recorded cancellation shall constitute a reassignment of the Leases by the LENDER to the BORROWER and BORROWER shall pay all costs of recordation, if any.

4.06 Statute of Limitations. BORROWER hereby expressly waives and releases to the fullest extent permitted by law, the pleading of any statute of limitations as a defense to any and all obligations secured by this Mortgage.

4.07 Interpretation. Wherever used in this Mortgage, unless the context otherwise indicates a contrary intent, or unless otherwise specifically provided herein, the word "BORROWER" shall mean and include both BORROWER and any subsequent owner or owners of the Property, and the word "LENDER" shall mean and include not only the original LENDER hereunder but also any future owner and holder, including pledgees, of the Note or other obligations secured hereby. In this Mortgage whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the neuter includes the feminine and/or masculine, and the singular number includes the plural. In this Mortgage, the use of the word "including" shall not be deemed to limit the generality of the term or clause to which it has reference, whether or not limiting language (such as "without limitation," or "but not limited to," or words of similar import) is used with reference thereto.

4.08 Captions. The captions and heading of the Articles and sections of this Mortgage are for convenience only and are not to be used to interpret, define or limit the provisions hereof.

4.09 Consent. The granting or withholding of consent by LENDER to any transaction as required by the terms hereof shall not be deemed a waiver of the right to require consent to future or successive transactions. BORROWER covenants and agrees to reimburse LENDER promptly on demand for all reasonable legal and other expenses incurred by LENDER or its servicing agent in connection with all requests by BORROWER for consent or approval under this Mortgage.

4.10 Delegation to Subagents. Wherever a power of attorney is conferred upon LENDER hereunder, it is understood and agreed that such power is conferred with full power of substitution, and LENDER may elect in its sole discretion to exercise such power itself or to delegate such power, or any part thereof, to one or more subagents.

4.11 Successors and Assigns. All of the grants, obligation, covenants, agreements, terms, provisions and conditions herein shall run with the land and shall apply to, bind and inure to the benefit of, the heirs, administrators, executors, legal representatives, successors and assigns of BORROWER (but this shall not permit any assignment prohibited hereby) and the endorsees, transferees, successors and assigns of LENDER. In the event BORROWER is



composed of more than one party, the obligations, covenants, agreements, and warranties contained herein as well as the obligations arising therefrom are and shall be joint and several as to each such party.

4.12 Governing Law; Jurisdiction and Venue. THIS MORTGAGE IS INTENDED TO BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF. IN ANY LITIGATION IN CONNECTION WITH OR TO ENFORCE THIS MORTGAGE OR ANY OF THE OTHER LOAN DOCUMENTS, THE BORROWER HEREBY IRREVOCABLE CONSENTS AND CONFERS PERSONAL JURISDICTION ON THE STATE COURTS OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED, OR ON THE UNITED STATES DISTRICT COURT OR THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT IN WHICH THE PROPERTY IS LOCATED. BORROWER EXPRESSLY WAIVES ANY OBJECTIONS AS TO VENUE IN ANY SUCH COURTS AND AGREES THAT SERVICE OF PROCESS MAY BE MADE ON THE BORROWER BY MAILING A COPY OF THE SUMMONS AND COMPLAINT BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE BORROWER'S ADDRESS. NOTHING CONTAINED HEREIN SHALL, HOWEVER, PREVENT LENDER FROM BRINGING ANY ACTION OR EXERCISING ANY RIGHTS WITHIN ANY OTHER STATE OR JURISDICTION OR FROM OBTAINING PERSONAL JURISDICTION BY ANY OTHER MEANS AVAILABLE BY APPLICABLE LAW.

4.13 Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING THAT RELATES TO OR ARISES OUT OF THE NOTE, THIS MORTGAGE OR UNDER ANY OF THE OTHER LOAN DOCUMENTS OR THE ACTS OR FAILURE TO ACT OF OR BY LENDER IN THE ENFORCEMENT OF ANY OF THE TERMS OR PROVISIONS OF THE NOTE, THIS MORTGAGE, OR ANY OF THE OTHER LOAN DOCUMENTS.

4.14 Changes in Taxation. If, after the date of this Mortgage, any law is passed by the state in which the Property is located or by any other governing entity, imposing upon LENDER any tax against the Property, or changing in any way the laws for the taxation of mortgages or deeds of trust, debts secured by mortgages or deeds of trust so that an additional or substitute tax is imposed on LENDER or the holder of the Note, BORROWER shall reimburse LENDER for the amount of such taxes within ten (10) days after receipt of written notice from LENDER. Provided, however, that such requirement of payment shall be ineffective if BORROWER is permitted by law to pay the whole of such tax in addition to all other payments required hereunder, without any penalty or charge thereby accruing to LENDER and if BORROWER in fact pays such tax prior to the date upon which payment is required by such notice.

**4.15 Maximum Interest Rate.** No provision of this Mortgage or of the Note or of any note evidencing a Future Advance shall require the payment or permit the collection of interest in excess of the maximum non-usurious rate permitted by applicable law. In the event such interest does exceed the maximum legal rate, it shall be cancelled automatically to the extent that such interest exceeds the maximum legal rate and if theretofore paid, credited on the principal amount of the Note or, if the Note has been prepaid, then such excess shall be rebated to BORROWER.

**4.16 Payment on Account.** Acceptance by LENDER of any payment in an amount less than the amount then due on the indebtedness evidenced by the Note or due hereunder or under any other Loan Document shall be deemed an acceptance on account only, and the failure to pay the entire amount then due under the Note, hereunder, and under any other Loan Document shall be and continue to be a default. Until the entire amount due under all Loan Documents has been paid in full, LENDER shall be entitled to exercise all rights and remedies conferred upon it in this instrument upon the occurrence of an Event of Default.

**4.17 Assignment of Instrument.** LENDER shall have the right in its sole discretion at any time during the term of this Mortgage to sell, assign, syndicate or otherwise transfer and/or dispose of all or any portion of its interest in the Loan, and BORROWER hereby permits LENDER to submit to LENDER'S assignees the financial data and all other information being furnished by BORROWER to LENDER under the terms of this instrument.

**4.18 Subrogation.** To the extent that proceeds of the indebtedness secured hereby are used to pay any outstanding lien, charge or encumbrance affecting the Property, such proceeds having been advanced by LENDER, LENDER shall be subrogated to all rights, interest and liens owned or held by any owner or holder of such outstanding liens, charges and encumbrances, irrespective of whether such liens, charges or encumbrances are released of record; provided, however, that the terms and provisions hereof shall govern the rights and remedies of LENDER and shall supersede the terms, provisions, rights, and remedies under the lien or liens to which LENDER is subrogated hereunder.

**4.19 No Waiver.** Any failure by LENDER to insist upon the strict performance by BORROWER of any of the terms and provisions hereof shall not be deemed to be a waiver of any of the terms and provisions hereof, and LENDER, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by BORROWER of any and all of the terms and provisions hereof to be performed by BORROWER.

**4.20 Deed Extension.** The lien hereof shall remain in full force and effect during any postponement or extension of the time of payment of the indebtedness secured hereby, or of any part thereof, and any number of extensions or modifications hereof, or any additional notes taken by LENDER, shall not affect the lien hereof or the liability of BORROWER or of any subsequent obligor to pay the principal indebtedness unless and until such lien or liability be expressly released in writing by LENDER.



**4.21 Indemnification.** BORROWER shall indemnify and hold LENDER harmless from and against all obligations, liabilities, losses, costs, expenses, fines, penalties or damages (including attorneys' fees) which LENDER may incur by reason of this Mortgage or with regard to the Property prior to the exercise of any remedies under this Mortgage. BORROWER shall defend LENDER against any claim or litigation involving LENDER for the same, and should LENDER incur such obligation, liability, loss, cost, expense, fine, penalty or damage, then BORROWER shall reimburse LENDER upon demand. Any amount owed LENDER under this provision shall bear interest at the Default Rate set forth herein and shall be secured hereby. Notwithstanding the foregoing, BORROWER shall not indemnify LENDER (i) for the consequences of any gross negligence or willful misconduct of LENDER (including any default of LENDER under any of the Loan Documents), or (ii) as to any income or franchise taxes imposed upon LENDER under the jurisdiction wherein LENDER holds the Note.

**4.22 Time of Essence.** Time is of the essence of the obligations of BORROWER in this Mortgage and each and every term, covenant and condition made herein by or applicable to BORROWER.

**4.23 Reproduction of Documents.** This Mortgage and all documents relating thereto, specifically excluding the Note but including, without limitation, consents, waivers and modifications which may hereafter be executed, financial and operating statements, certificates and other information previously or hereafter furnished to LENDER, may be reproduced by LENDER by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process, and LENDER may destroy any original document ("Master") so reproduced. BORROWER agrees and stipulates that any such reproduction is an original and shall be admissible in evidence as the Master in any judicial or administrative proceeding (whether or not the Master is in existence and whether or not such reproduction was made or preserved by LENDER in the regular course of business).

**4.24 Separate Absolute Assignment of Rents and Profits and Collateral Assignment of Leases.** The indebtedness secured hereby is additionally secured by, inter alia, an Absolute Assignment of Rents and Profits and Collateral Assignment of Leases of even date herewith executed by BORROWER herein, as Assignor, to LENDER, as Assignee.

**4.25 Discontinuance of Proceedings.** In case LENDER shall have proceeded to enforce any right, power or remedy under this Mortgage by foreclosure, entry or otherwise or in the event LENDER commences advertising of the intended exercise of the sale under power provided hereunder, and such proceeding or advertisement shall have been withdrawn, discontinued or abandoned for any reason, or shall have been determined adversely to LENDER, then in every such case (i) BORROWER and LENDER shall be restored to their former positions and rights, (ii) all rights, powers and remedies of LENDER shall continue as if no such proceeding had been taken, (iii) each and every Default declared or occurring prior or subsequent to such withdrawal, discontinuance or abandonment shall and shall be deemed to be a continuing

Default and (iv) neither this Mortgage, nor the Note, nor the indebtedness secured hereby, nor any other instrument concerned therewith, shall be or shall be deemed to have been reinstated or otherwise BORROWER hereby expressly waives the benefit of any statute or rule of law now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the above.

4.26 Modifications. This Mortgage may not be amended or modified orally, but only by an agreement in writing signed by the party against whom enforcement of any amendment or modification is sought. The provisions of this Mortgage shall extend and be applicable to all renewals, amendments, extensions, consolidations, and modifications of the other Loan Documents, and any and all references herein to the Loan Documents shall be deemed to include any such renewals, amendments, extensions, consolidations or modifications thereof.

4.29 Exhibits. Exhibits A, B, C, D and E are attached hereto and incorporated herein by reference.

IN WITNESS WHEREOF, the undersigned has executed this Mortgage under seal as of the day and year first hereinabove written.

Signed, sealed and delivered  
in the presence of:

  
\_\_\_\_\_  
Witness

PELHAM INDUSTRIAL ENTERPRISES  
TEN, L.L.C., an Alabama limited liability  
Company

By:  (SEAL)  
\_\_\_\_\_  
MARC A. EASON, Member

STATE OF ALABAMA           )  
  )  
COUNTY OF Shelby        )

I, Debi B. Forenberry, a Notary Public in and for said County in said State, hereby certify that Marc A. Eason, whose name as Member of Pelham Industrial Enterprises Ten, L.L.C., an Alabama limited liability company, 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, he, as such Member and with full authority, executed the same voluntarily for and as the act of said limited liability company.

GIVEN under my hand and official notarial seal this the 11<sup>th</sup> day of October, 2001.

  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:

6-4-04



EXHIBIT "A"

Parcel I

Lot 8, of Cahaba Valley Business Park, Resurvey No. 5, as recorded in Map Book 28 page 124 in the Judge of Probate Office of Shelby County, Alabama, situated in Section 31, Township 19 South, Range 2 West, Shelby County, Alabama and being more particularly described as follows:

Part of Block 3, of Cahaba Valley Park North as recorded in Map Book 13 page 140 in the Office of the Judge of Probate of Shelby County, Alabama, being more particularly described as follows: Commence at the Northeast corner of the NW 1/4 of the NE 1/4 of Section 31, Township 19 South, Range 2 West, Shelby County, Alabama said 1/4 1/4 section corner being 1331.88 feet measured (1331.96 feet record) west of the Northeast corner of Section 31, Township 19 South, Range 2 West, said point being the Northeast corner of said Block 3 of Cahaba Valley Park North and the Northeast corner of the survey of the Alagasco site by Joseph A. Miller, Jr. dated 3-2-95 and the Northwest corner of the survey of the Drivers Mart Site by Joseph A. Miller Jr. dated 12-18-96; thence run West along the North line of said NW 1/4 of the NE 1/4 of said Section 31 and along the North line of said Block 3 and the North line of said Alagasco Site for 588.83 feet to a point on the East right of way line of Cahaba Valley Parkway North, said point being 60.08 feet East of the Northwest corner of said Block 3; thence 92 deg. 39 min. 22 sec. left and run Southerly along the east right of way line of said Cahaba Valley Parkway North and along the West property line of the Alagasco Site for 427.54 feet to the NW corner of Lot 5 of Cahaba Valley Business Park Resurvey No. 2, as recorded in Map Book 23 page 42 in the Office of the Probate Judge of Shelby County, Alabama; thence continue Southerly along the last stated course and along the East right of way of said Cahaba Valley Parkway North and along the West line of said Lot 5 for 365.33 feet to the SW corner of said Lot 5 and the NW corner of Cahaba Valley Business Park Phase 6, thence continue Southerly along the Last stated course and along the west line said Phase 6 of Cahaba Valley Business Park for 295.46 feet to the SW corner of said Phase 6, said point also being the NW corner of Phase 7 of Cahaba Valley Business Park; thence continue Southerly along the last stated course and along said right of way line and along the west line of said Phase 7, for 9.48 feet to the beginning of a curve to the left said curve subtending a central angle of 14 deg. 40 min. 52 sec. and having a radius of 1359.64 feet; thence run Southerly along the arc of said curve and along said right of way line and along the west line of said Phase 7 for 348.38 feet to the end of said curve and the SW corner of said Phase 7 and the point of beginning of the parcel herein described; thence from tangent of said curve turn 89 deg. 09 min. 26 sec. left and run Northeasterly along the South line of said Phase 7, for 30.55 feet to the beginning of a curve to the right said curve subtending a central angle of 07 deg. 51 min. 56 sec. and having a radius of 1070.97 feet; thence run Northeasterly along the arc of said curve and along the South line of said Phase 7 for 147.02 feet the end of said curve; thence at tangent to said curve run Northeasterly along the South line of said Phase 7, for 417.85 feet to a point on the Southwest line of said Drivers Mart Survey; thence 26 deg. 58 min. 00 sec. right and run Southeasterly along the Southwest line of said Drivers Mart survey for 135.90 feet; thence 20 deg. 33 min. 00 sec. right and run Southeasterly along the Southwest line of said Drivers Mart

Survey for 174.53 feet; thence 08 deg. 30 min. 00 sec. right and run Southeasterly along the SW line of said Drivers Mart Survey for 37.46 feet to a point on the North line of the Shelby Medical Center Baptist Medical Centers Resurvey as recorded in Map Book 18 page 27 in the Probate Office of Shelby County, Alabama; thence 105 deg. 32 min. 07 sec right and run Southwesterly along the North line of said resurvey for 766.37 feet to the NW corner of said resurvey, said point being on the East right of way line of Cahaba Valley Parkway; thence 96 deg. 45 min. 37 sec. right to become tangent to a curve to the left said curve subtending a central angle of 06 deg. 44 min. 26 sec. and having a radius of 199.44 feet; thence run Northwesterly along the arc of said curve and along said right of way line for 23.46 feet to the end of said curve; thence at tangent to said curve run Northwesterly along said right of way line for 214.33 feet to the beginning of a curve to the right said curve subtending a central angle of 09 deg. 41 min. 00 sec. and having a radius of 1359.64 feet; thence run Northwesterly along the arc of said curve and along right of way line for 229.75 feet to the end of said curve and the point of beginning.

Parcel II

Beneficial terms and conditions of the Grant of Easement by and between Pelham Industrial Enterprises Nine, LLC and Pelham Industrial Ten, LLC dated 9-20-01 by Inst. #2001-41572 in Probate Office, as amended.

All being situated in Shelby County, Alabama.

**EXHIBIT "B"**

Those matters set forth in Schedule B, Part II of First American Title Insurance Company Commitment No. 135743 being "marked" in conjunction with the closing of the loan referenced herein.

ATLANTA 279344v1



### **EXHIBIT "C"**

1. In regard to the foreclosure remedies set forth in Section 3.04 of this Mortgage, the usual place for conducting sales at the courthouse of the county in which the Land or any part of the Land is situated, shall be deemed to refer to the front door or main door of the courthouse. The advertisement notice of the foreclosure sale shall be published for three (3) consecutive weeks in a newspaper in the county in which the Land or any part of the Land is situated. Any postponement of a foreclosure sale pursuant to the provisions of said Section 3.04, shall be announced at the time and place of the original sale, and the notice of the new sale date shall be republished once at least eight (8) days prior to the new sale date.
2. In addition to the waivers set forth in Section 3.13 of this Mortgage, Borrower hereby expressly waives and releases all rights to direct that the Property be sold en masse or in parcels.
3. The indemnification provisions of Section 4.21 shall specifically include mortgage taxes, whenever due, and costs associated with bonds for future advances.

## **EXHIBIT "D"**

LENDER may condition its consent to any sale or transfer of the Property upon LENDER'S approval of the purchaser's or purchasers' creditworthiness, management experience and reputation, location and performance of the Property, and any other factors LENDER, in its discretion, may consider, and further upon the payment of an assumption fee and an increase in the rate of the interest under the Note, as LENDER requires in its sole discretion. Notwithstanding anything to the contrary herein or in any other Loan Document contained, as long as no Event of Default, or event which, with notice or the passage of time or both, could result in an Event of Default, has occurred hereunder or under the Note, LENDER shall permit one bona fide transfer of the Property to another borrowing entity without a change in the loan terms; provided, however, that no such transfer shall be valid or permitted hereunder unless: (i) LENDER receives sixty (60) days prior written notice of such proposed transfer and approves the financial terms of the proposed transfer; (ii) the proposed transferee has been approved in writing by LENDER in its sole discretion (taking into consideration such factors as transferee's creditworthiness, real estate experience, references, financial strength and managerial abilities); (iii) LENDER is paid a transfer fee in the amount of one percent (1%) of the outstanding principal balance of the Note on the date of transfer; (iv) BORROWER pays all fees and expenses of LENDER in connection with such transfer and assumption, including the reasonable fees of LENDER's attorney; (v) LENDER approves the management agreement and the management company to be employed by the proposed transferee; and (vi) such proposed transferee executes an Assumption Agreement for the purpose of assuming all obligations of BORROWER under the NOTE, this Mortgage and the other Related Agreements, with the same degree of liability as BORROWER, provided, however, that such Assumption Agreement shall provide that the liability of the transferee shall relate to matters arising from and after the date of the assumption, and that with the exception of liability arising under the Environmental Indemnity Agreement between BORROWER and LENDER of even date herewith, the liability of BORROWER shall relate to matters occurring prior to the date of the assumption. Any transfer of all or any portion of the Property which does not strictly comply with the terms and conditions of the foregoing shall be a default hereunder and shall entitle LENDER to exercise all remedies and rights provided in this Mortgage. This one-time right of transfer shall apply to the BORROWER named herein and not to any subsequent owner of the Property.



### **EXHIBIT "E"**

Notwithstanding the foregoing restrictions on transfers of ownership interests in BORROWER, the following transfers are hereby permitted without the prior written consent of LENDER and shall not affect the one-time transfer and shall not give LENDER the right to declare the indebtedness due and payable prior to the maturity date specified in the Note:

- (A) A non-managing member's interests in a limited liability company BORROWER, may be transferred, without the consent of LENDER, to family members or a trust or family partnership or limited liability company for family members of such members for estate planning purposes; and in case of death of a member of the BORROWER, in which event a transfer under any will, trust or applicable law of descent arising because of a death of such individual shall be permitted.
- (B) As used in this Exhibit "E", "family" shall mean and include only the spouse, issue (whether natural or adopted), grandchildren, sibling or parent of a member. Notwithstanding any provision of Section 1.07 to the contrary, no transfer shall be permitted under Section 1.07 without the prior written consent of LENDER to or for the benefit of a separated or divorced spouse by agreement, court order, or otherwise. Any transfer of a member's interest made pursuant to this provision shall be made only in such manner as to provide control of such member's interest by a competent legal entity or adult, and so as not to vest control of any member's interest in any minor or other legally incompetent person.

ATLANTA 270895v2

Inst # 2001-44286

10/12/2001-44286  
09:57 AM CERTIFIED

SHELBY COUNTY JUDGE OF PROBATE  
039 CH 4928.00