

Drafted by, recording requested  
by and when recorded return to:

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One West Fourth Street  
Winston-Salem, NC 27101

STATE OF ALABAMA

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MODIFICATION AGREEMENT

COUNTY OF JEFFERSON

)

(Grandview Loan #701074)

THIS MODIFICATION AGREEMENT ("Modification Agreement" or "Agreement") is made and entered into as of the 1st day of August, 2004, among METROPOLITAN LIFE INSURANCE COMPANY, a New York corporation ("Lender" or "Beneficiary"); and QUAIL 600 LIMITED PARTNERSHIP, an Alabama limited partnership (the "Borrower" or "Grantor");

#### PRELIMINARY STATEMENTS

A. Reference is hereby made to the following documents (collectively, as modified, the "Grandview Loan Documents"):

(i) Promissory Note dated December 9, 1998 made by Quail 600 Limited Partnership to the order of Metropolitan Life Insurance Company in the principal face amount of \$10,025,000.00 ("Note");

(ii) Mortgage, Security Agreement and Fixture Filing dated December 9, 1998 by Quail 600 Limited Partnership to Metropolitan Life Insurance Company recorded as Instrument No. 9815/9458, Judge of Probate, Jefferson County, Alabama ("Mortgage");

(iii) Assignment of Leases dated December 9, 1998 by Quail 600 Limited Partnership in favor of Metropolitan Life Insurance Company recorded as Instrument No. 9815/9467, Judge of Probate, Jefferson County, Alabama (the "Assignment of Rents");

(iv) Unsecured Indemnity Agreement dated December 9, 1998 from Quail 600 Limited Partnership in favor of Metropolitan Life Insurance Company;

(v) Cross-Collateralization/Cross-Default Agreement and Modification dated December 9, 1998 between Quail 600 Limited Partnership, Metropolitan Life Insurance Company, and The Fidelity Company, Trustee, recorded as Instrument No. 9815/9486, Judge of Probate, Jefferson County, Alabama and as Instrument No. 1998/49413, Judge of Probate, Shelby County,

Alabama, as modified by the Modification to Cross-Default/Cross-Collateralization Agreement dated January \_\_\_\_, 2003 (the "Cross-Collateralization Agreement").

B. The Lender and the Borrower now desire to provide for the modification of the Grandview Loan Documents and the modification and extension of certain other documents in the manner hereinafter set forth, it being specifically understood that except as herein modified and amended, the terms and provisions of such documents shall remain unchanged and continue in full force and effect as therein written.

## AGREEMENT

NOW, THEREFORE, the Lender and Borrower, in consideration of the Preliminary Statements and for the purposes stated therein, and for other valuable consideration, receipt of which is hereby acknowledged, do hereby agree as follows:

1. Recitals. The Recitals are incorporated herein by reference and shall be deemed a part of this Agreement.

2. Expenses. Borrower shall pay all expenses incurred by Lender in connection with the preparation, execution, and implementation of this Agreement and the Amendment Documents including, without limitation, all title, escrow and reasonable attorneys' fees and expenses.

3. Modifications. The Cross Collateralization Agreement, the Mortgage, the Assignment of Rents and all other loan documents relating to the Grandview Loan are hereby amended (x) to reflect the following amendments to the applicable notes and other documents which are secured thereby or referred to therein and (y) such that any references therein to any of the applicable notes and other documents which are secured thereby or referred to therein shall be deemed to include the various amendments and supplements and additional documents described below in this Section:

(i) Meadowbrook Loan. The Meadowbrook Loan (the "Meadowbrook Loan") in the original principal amount of \$2,625,000.00 has been paid and canceled.

(ii) Quail Plaza. Certain terms of the Quail Plaza Loan (as hereinafter defined) have been modified, all pursuant to an Amendment to Note of even date herewith between Metropolitan Life Insurance Company and The Quails, LLC which amends the following described instruments:

Amended and Restated Promissory Note dated September 30, 1996, made by Quail 600 Limited Partnership to the order of Metropolitan Life Insurance Company in the principal face amount of \$5,100,000.00, as assumed by The Quails, LLC pursuant to and amended by the Modification and Assumption Agreement 2 dated as of May 4, 2001 among Metropolitan Life Insurance Company, Quail 600 Limited Partnership and The Quails, LLC recorded in the Office of the Register of Deeds of Mecklenburg County, North Carolina, in Book 12206, Page 937. The Maturity Date of the aforesaid Note is December 1, 2008. The loan evidenced by the foregoing described note, as assumed and modified, as aforesaid, shall be defined herein as the "Quail Plaza Loan".



(iii) Quail Commons. Certain terms of the Quail Commons Loan (as hereinafter defined) have been modified, all pursuant to an Amendment to Note of even date herewith between Metropolitan Life Insurance Company and The Quails, LLC which amends the following described instruments:

Amended and Restated Promissory Note dated September 30, 1996, made by Quail 600 Limited Partnership to the order of Metropolitan Life Insurance Company in the principal face amount of \$4,725,000.00, as assumed by The Quails, LLC pursuant to and amended by the Modification and Assumption Agreement 1 dated as of May 4, 2001 among Metropolitan Life Insurance Company, Quail 600 Limited Partnership and The Quails, LLC recorded in the Office of the Register of Deeds of Mecklenburg County, North Carolina, in Book 12206, Page 919. The Maturity Date of the aforesaid Note is December 1, 2008. The loan evidenced by the foregoing described note, as assumed and modified, as aforesaid, shall be defined herein as the "Quail Commons Loan".

(iv) Grandview. The following described note known as the Grandview Loan (as hereinafter defined) has not been modified:

Promissory Note dated September 9, 1998 executed by Quail 600 Limited Partnership to the order of Metropolitan Life Insurance Company in the original principal face amount of \$10,025,000.00. The loan evidenced by the foregoing described Note shall be defined herein as the "Grandview Loan".

(v) Other Amendment Documents. Certain amendments and modifications are being made pursuant to the terms and provisions of the amendment documents, supplements or additional instruments (collectively, the "Amendment Documents") which are described on Exhibit A hereto.

4. Cross-Default/Cross-Collateralization; Release of Quails.

(a) Cross-Default/Cross-Collateralization. The parties confirm that all of the "Loan Documents" (as described in the Cross-Collateralization Agreement) and the instruments described in paragraph 3 above, all as amended by the Amendment Documents, remain subject to cross-default and cross-collateralization, all as contemplated by the Cross-Collateralization Agreement.

(b) Release of Quails.

(i) Definitions.

"Quail Commons Property" shall mean that certain real property and improvements commonly known as "Quail Commons" located in Mecklenburg County, North Carolina and more particularly described in that certain Amended and Restated Deed of Trust and Security Agreement by Quails 600 Limited Partnership to The Fidelity Company, Trustee, for the benefit of Metropolitan Life Insurance Company dated September 30, 1996 and recorded in Book 8766, Page 49, Mecklenburg County Registry, as amended, and which remains subject to such Deed of Trust.



“Quail Plaza Property” shall mean that certain real property and improvements commonly known as “Quail Plaza” located in Mecklenburg County, North Carolina and more particularly described in that certain Amended and Restated Deed of Trust and Security Agreement by Quails 600 Limited Partnership to The Fidelity Company, Trustee, for the benefit of Metropolitan Life Insurance Company dated September 30, 1996 and recorded in Book 8766, Page 1, Mecklenburg County Registry, as amended, and which remains subject to such Deed of Trust.

“Grandview Property” shall mean that certain real property and improvements commonly known as “Grandview” located in Jefferson County, Alabama, and more particularly described in that certain Mortgage, Security Agreement and Fixture Filing by Quails 600 Limited Partnership, as mortgagor, to Metropolitan Life Insurance Company, as mortgagee, dated December 9, 1998, recorded December 14, 1998 under Instrument No. 9815/9458, Judge of Probate, Jefferson County, Alabama.

“Remaining Quails Property” shall mean whichever of the Quail Commons Property or the Quail Plaza Property, as the case may be, that remains as collateral for the payment and performance of the remaining Quail Plaza Loan, Quail Commons Loan and/or Grandview Loan, as the case may be, following a release as contemplated by subparagraph 4(b)(ii) below.

(ii) Release. The Lender agrees to release either the Quail Plaza Property or the Quails Common Property, as the case may be, from the lien of the applicable loan documents, as amended, subject to strict compliance with the following conditions:

(aa) The release shall be made only in connection with a bona-fide arms-length sale of the Quail Plaza Property and/or the Quail Commons Property, as the case may be, to an unrelated third party purchaser.

(bb) There shall then exist (x) no default or event of default or (y) no event or condition which, with the passage of time or notice or both, would constitute a default or event of default, under any of the Loan Documents, the Cross-Collateralization Agreement, the Amendment Documents or any of the other documents or instruments described in or contemplated by paragraph 4(a) above (collectively, the “Loan Documents”).

(cc) The loan to value ratio of the Remaining Quails Property, as determined by Lender, following the applicable release, shall not be greater than 65.7%.

(dd) The Lender shall receive a written request for release at least sixty days prior to each applicable release, together with a non-refundable processing fee of \$5,000.00 for each applicable request for release hereunder, which processing fee shall be deemed earned and will be non-refundable, whether or not the applicable release is consummated.

(ee) The Lender shall receive in connection with such release, the following minimum amounts which shall be applied first, to the outstanding balance of the applicable Quail Plaza Loan or Quail Commons Loan, as the case may be, being released, second, to the application of the outstanding balance of the applicable Quail Plaza Loan or Quail Commons Loan, as the case may be, not being released, if any, and third, except as otherwise provided below, to the outstanding balance of the Grandview Loan:



Quail Plaza Property Release: The Lender shall receive the greater of (x) \$5,320,000.00 or (y) 60% of the applicable sales price or (z) all sums outstanding and owing under the Quail Plaza Loan.

Quail Commons Property Release: The Lender shall receive the greater of (x) \$4,929,000.00 or (y) 73% of the applicable sales price or (z) all sums outstanding and owing under the Quail Commons Loan.

Provided, however, that if both the Quail Plaza Loan and the Quail Commons Loan are paid in full in connection with a sale pursuant to this paragraph, then as long as Borrower has satisfied all of the other conditions in this Release paragraph 4(b)(ii) (including, without limitation, paragraph cc above regarding loan to value ratios), then Lender shall allow the excess proceeds to be paid over to the Borrower instead of being applied to the Grandview Loan.

(ff) The Lender shall receive the applicable prepayment fee, if any, for the application of the principal payments as described above.

(gg) The Lender shall be paid all of its costs and expenses in connection with such release, including, without limitation, the fees and expenses of Lender's outside counsel in reviewing and/or preparing the applicable release and/or amendment documentation and also including, without limitation, the cost of a MAI appraisal, if required by Lender.

5. No Impairment of Security, Etc. It is mutually agreed by and between the parties hereto that this Modification Agreement shall become a part of the Grandview Loan Documents by reference and that nothing herein contained shall impair the security now held for the indebtedness, nor shall waive, annul, vary or affect any provision, condition, covenant or agreement contained in the Grandview Loan Documents, except as herein amended, nor affect or impair any rights, powers or remedies under the Grandview Loan Documents, as hereby amended, or any of them. Furthermore, the Lender does hereby reserve all rights and remedies it may have as against all parties who may hereafter become secondarily liable for the repayment of the applicable indebtedness.

6. No Novation. The execution and delivery hereof shall not constitute a novation or modification of the lien, encumbrance or security title of the Mortgage, which Mortgage shall retain its priority as originally filed for record.

7. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of any assignee or the respective heirs, executors, administrators, successors and assigns of the parties hereto.

8. Counterparts. This Modification Agreement may be executed in multiple counterparts and/or by the use of multiple signature pages, each of which shall constitute an original but all of which, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto under seal and delivered as of the day and year first above written.

LENDER:

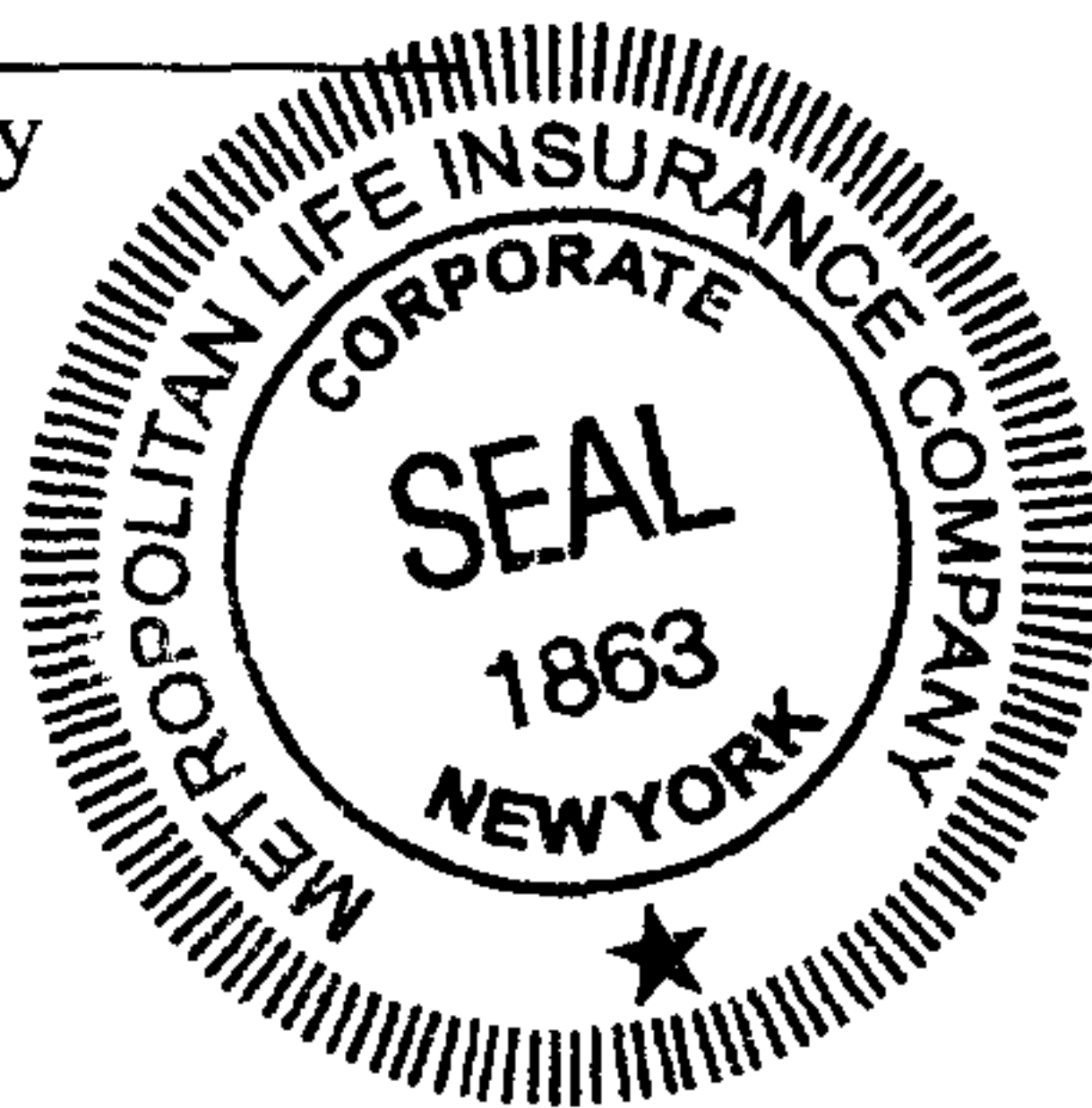
METROPOLITAN LIFE INSURANCE COMPANY,  
a New York corporation

By: Victor W. Turner  
Title: Vice President

Attest:

Kathy B. Atkinson  
Assistant Secretary

[Corporate Seal]



STATE OF Georgia )  
 )  
COUNTY OF Fulton )

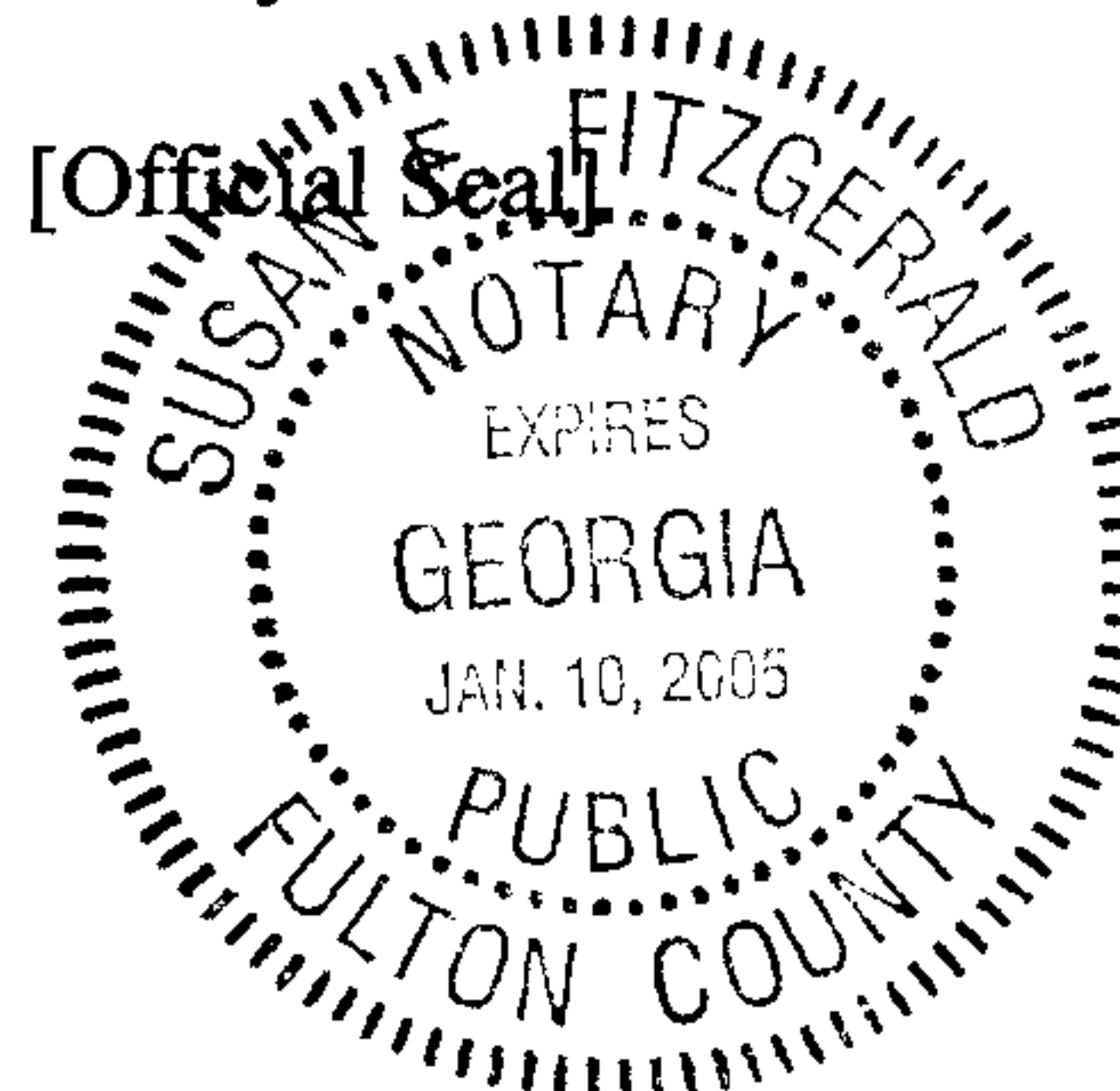
I, Susan E. Fitzgerald, a Notary Public in and for said county in said state, hereby certify that Victor W. Turner, whose name as Vice President of METROPOLITAN LIFE INSURANCE COMPANY, a New York corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, s/he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Witness my hand and official seal, this the 11<sup>th</sup> day of August, 2004.

My commission expires:

January 10, 2005

Susan E. Fitzgerald  
Notary Public





BORROWER:

QUAIL 600 LIMITED PARTNERSHIP,  
an Alabama limited partnership

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

By: B. D. P.  
Vice President

Attest:

A. H. Ell  
Assistant Secretary

[Corporate Seal]

STATE OF Alabama )  
COUNTY OF Jefferson )

I, June B. Allen a Notary Public in and for said county  
in said state, hereby certify that Brian D. Parker, whose  
name as Vice President of DANIEL REALTY INVESTMENT CORPORATION-MB 600,  
an Alabama corporation, as sole general partner of QUAIL 600 LIMITED PARTNERSHIP, an Alabama  
limited partnership, is signed to the foregoing instrument, and who is known to me, acknowledged before  
me on this day that, being informed of the contents of said instrument, s/he, as such officer and with full  
authority, executed the same voluntarily for and as the act of said corporation, acting in its capacity as  
general partner of said partnership.

Witness my hand and official seal, this the 9th day of August, 2004.

My commission expires:

10/23/2004

June B. Allen  
Notary Public

[Official Seal]

## EXHIBIT A

### Amendment Documents

#### A. Quail Plaza Amendment Documents (Quail Plaza Loan No. 700760):

1. Modification Agreement dated as of August 1, 2004 among Metropolitan Life Insurance Company, The Quails, LLC, and The Fidelity Company, Trustee.
2. Amendment to Note dated as of August 1, 2004 among Metropolitan Life Insurance Company and The Quails, LLC.
3. Guaranty Agreement dated as of August 1, 2004 executed by Daniel Realty Company in favor of Metropolitan Life Insurance Company.
4. Consent of Liable Parties dated as of August 1, 2004 by and among Metropolitan Life Insurance Company, Quail 600 Limited Partnership, and Daniel Realty Investment Corporation – MB600.

#### B. Quail Commons Amendment Documents (Quail Commons Loan No. 700762):

1. Modification Agreement dated as of August 1, 2004 among Metropolitan Life Insurance Company, The Quails, LLC, and The Fidelity Company, Trustee.
2. Amendment to Note dated as of August 1, 2004 among Metropolitan Life Insurance Company and The Quails, LLC.
3. Guaranty Agreement dated as of August 1, 2004 executed by Daniel Realty Company in favor of Metropolitan Life Insurance Company.
4. Consent of Liable Parties dated as of August 1, 2004 by and among Metropolitan Life Insurance Company, Quail 600 Limited Partnership, and Daniel Realty Investment Corporation – MB600.

#### C. Grandview Amendment Documents (Grandview Loan No. 701074):

1. Modification Agreement dated as of August 1, 2004 among Metropolitan Life Insurance Company and Quail 600 Limited Partnership.
2. Consent of Indemnitor dated as of August 1, 2004 by and among Metropolitan Life Insurance Company and Daniel Realty Company.

#### D. General Amendment Documents

1. Amended and Restated Letter of Credit Agreement dated as of August 1, 2004 by and among Metropolitan Life Insurance Company, Quail 600 Limited Partnership, and The Quails, LLC.
2. Amendment and Ratification of Subordination Agreement dated as of August 1, 2004 by and among Metropolitan Life Insurance Company, as Senior Lender, Southern Indiana Properties, Inc., successor by merger with SIP Diversified Holdings, Inc., as Junior Lender, Quail 600 Limited Partnership, and The Quails, LLC.