
SOUTHLAND LOG HOMES OF ALABAMA, LLC,
Mortgagor

and

SLH FUNDING CORP.,
Lender

MORTGAGE, ASSIGNMENT OF LEASES AND
RENTS, SECURITY AGREEMENT AND FIXTURE FILING
securing the maximum aggregate
principal sum of \$36,500,000

Dated as of February 14, 2005

Location: Intersection of Amphitheater Road and
Oak Mountain State Park Road
Pelham, Alabama
Tax Parcel#: 58-10-9-31-4-001-007.005
County: Shelby

THIS DOCUMENT PREPARED BY
AND UPON RECORDATION RETURN TO:

Parker, Hudson, Rainer & Dobbs LLP
1500 Marquis Two Tower
285 Peachtree Center Avenue, NE
Atlanta, GA 30303 Atlanta, Georgia 30303
Attention: Robert A. Crosby, Esq.
(404) 523-5300

20050415000177270 2/25 \$1508.75
Shelby Cnty Judge of Probate, AL
04/15/2005 08:06:11AM FILED/CERT

**MORTGAGE, ASSIGNMENT OF LEASES
AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING**

STATE OF ALABAMA)

COUNTY OF SHELBY)

THIS MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING as amended, supplemented or otherwise modified from time to time, this ("Mortgage"), is made as of the 14th day of February, 2005, by **SOUTHLAND LOG HOMES OF ALABAMA, LLC**, an Alabama limited liability company, having an office at 7521 Broad River Road, Irmo, South Carolina 29063 ("Mortgagor"), to **SLH FUNDING CORP.**, a Delaware corporation, having an office at c/o Global Securitization Services, LLC, 445 Broad Hollow Road, Suite 239, Melville, New York 11747, (together with its successors and assigns "Lender").

RECITALS:

WHEREAS, Mortgagor is the fee owner of the real property and improvements described in Schedule A attached hereto;

WHEREAS, Southland Log Homes, Inc. ("Borrower") has entered into (a) a Working Capital Murabaha Facility Agreement with Lender (as may be amended, supplemented or otherwise modified from time to time, the "Facility Agreement"); (b) a Lease Financing and Purchase Option Agreement with Lender (as may be amended, supplemented or otherwise modified from time to time, the "Lease Agreement"); and (c) certain related documents, including, without limitation, the Lease Documents and the Supplemental Agreement (each as defined in the Lease Agreement), dated on or about February 14, 2005 (collectively, together with the Facility Agreement and the Lease Agreement, the "Facility Documents"), providing for (i) the lease of certain personal property from Lender and (ii) a commodities purchase agreement pursuant to which the aggregate maximum amount of Borrower's obligations shall be up to THIRTY-SIX MILLION FIVE HUNDRED THOUSAND DOLLARS (\$36,500,000) (the "Facility Obligations"). Lender's continued willingness to provide financial accommodations to Borrower under the Facility Documents and make available to Borrower the credit facilities provided for therein is conditioned on Borrower, among other things, securing the obligations of Borrower under the Facility Documents by delivering this Mortgage.

WHEREAS, the Facility Obligations are due and payable on the Termination Date as defined in the Facility Agreement, if not sooner in accordance with the terms and conditions of the Facility Agreement and the other Facility Documents;

WHEREAS, as a condition to entering into the transactions contemplated by the Facility Documents, Lender required Mortgagor to guaranty the Facility Obligations pursuant to that certain Continuing Guaranty Agreement dated February 14, 2005, executed by Mortgagor and certain other subsidiaries of Borrower in favor of Lender (the "Subsidiary Guaranty");

WHEREAS, Lender's continued willingness to provide financial accommodations to Borrower under the Facility Documents and make available to Borrower the credit facilities provided for therein is conditioned on Mortgagor, among other things, securing the obligations of Mortgagor under the Subsidiary Guaranty by delivering this Mortgage;

WHEREAS, Borrower and Mortgagor are collectively engaged in a common enterprise and are mutually dependent on each other in the conduct of their respective business as an integrated operation; and

WHEREAS, the financial accommodations provided to Borrower under the Facility Documents are of substantial benefit to Mortgagor.

GRANTING CLAUSE

NOW THEREFORE, Mortgagor, for the purpose of securing all obligations and indebtedness of Mortgagor hereunder and under the Subsidiary Guaranty, including, without limitation, the amounts guaranteed under the Subsidiary Guaranty which are advanced to or for the account, use or benefit of Borrower from time to time pursuant to the Facility Agreement or pursuant to any of the other Facility Documents or any other papers evidencing, securing or otherwise relating to any of the Indebtedness, and in accordance with Section 35-10-26, as amended, Alabama Code of 1975, all future advances and readvances that may subsequently be made to Borrower by the Lender, evidenced by the Facility Documents, or any other promissory notes, and all renewals and extensions thereof; provided, however, that nothing contained herein shall create an obligation on the part of the Lender to make future advances or readvances to Borrower (other than as set forth in the Facility Agreement)(collectively the "Secured Obligations"), hereby irrevocably mortgages, pledges, warrants, gives, grants, assigns, bargains, sells, releases, transfers, aliens, enfeoffs and conveys to Lender with power of sale all of Mortgagor's right, title and interest in and to the following property:

(A) THE LAND: The following described premises situated in Shelby County, Alabama, to wit: The land described in detail in Schedule "A" (the "Land") which is attached hereto and incorporated herein and made a part of this document for all purposes;

(B) THE IMPROVEMENTS: TOGETHER WITH (1) all the buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Land, and (2) all fixtures of every nature whatsoever including, but without limiting the generality of the foregoing, all heating, electrical, mechanical, lighting, lifting, plumbing, ventilating, air conditioning and air-cooling fixtures, systems, machinery, apparatus and equipment, refrigerating, incinerating and power fixtures, systems, machinery, apparatus and equipment, loading and unloading fixtures, systems, machinery, apparatus and equipment, escalators,

elevators, boilers, communication systems, switchboards, sprinkler systems and other fire prevention and extinguishing fixtures, systems, machinery, apparatus and equipment, and all engines, motors, dynamos, machinery, wiring, pipes, pumps, tanks, conduits and ducts constituting a part of any of the foregoing, now or hereafter owned by Mortgagor and located in or on, or attached to, and used or intended to be used in connection with or with the operation of, the Land, buildings, structures or other improvements, or in connection with any construction being conducted or which may be conducted thereon, and owned by Mortgagor, and all extensions, additions, improvements, betterments, renewals, substitutions and replacements to any of the foregoing, and all of the right, title and interest of Mortgagor in and to any such fixtures subject to any lien, security interest or claim, which, to the fullest extent permitted by law, shall be conclusively deemed fixtures and a part of the real property encumbered hereby (hereinafter called the "Improvements");

(C) EASEMENTS: TOGETHER WITH all right, title and interest, if any, of Mortgagor in and to the streets and roads abutting said land to the center lines thereof, and strips and gores within or adjoining said land, the airspace and all development rights with respect thereto and right to use said airspace and development rights above said land, all easements, rights-of-way, gores of land, streets, ways, alleys, passages, sewer rights, water courses, water rights and powers, drainage, mineral, oil, gas and timber rights, air rights, conduits and wires and all other facilities furnishing services to, and all appurtenances whatsoever, in any way belonging, relating or appertaining to any of the property described in paragraphs (A) and (B) hereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by Mortgagor;

(D) TOGETHER WITH (i) all the estate, right, title and interest of Mortgagor of, in and to all judgments, insurance proceeds, awards of damages and settlements hereafter made resulting from condemnation proceedings or the taking of the property described in paragraphs (A), (B) and (C) hereof or any part thereof under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the property described in paragraphs (A), (B) and (C) hereof or any part thereof, or to any rights, appurtenant thereto, and all proceeds of any sales or other dispositions of the property described in paragraphs (A), (B) and (C) hereof or any part thereof; and Lender is hereby authorized to collect and receive said awards and proceeds and to give proper receipts and acquittances therefor, and (if it so elects) to apply the same toward the payment of the Secured Obligations in accordance with the terms of the Facility Documents, notwithstanding the fact that the amount owing thereon may not then be due and payable, (ii) all contract rights, general intangibles, actions and rights in action, including without limitation all rights to insurance proceeds and unearned premiums arising from or relating to the property described in paragraphs (A), (B), and (C) above; and (iii) all proceeds, products, replacements, additions, substitutions, renewals and accessions of and to the property described in paragraphs (A), (B) and (C);

(E) TOGETHER WITH all rents, income and other benefits to which Mortgagor may now or hereafter be entitled from the property described in paragraphs (A), (B) and (C) hereof to be applied against the Secured Obligations; provided, however, that, subject to this Paragraph E and Articles II and III, Lender hereby gives Mortgagor a revocable license, so long as no Event of Default (as hereinafter defined) has occurred and is continuing

hereunder, and is continuing to collect, retain, use and enjoy such rents, income and other benefits as they become due and payable, but not in advance thereof. The foregoing assignment shall be fully operative without any further action on the part of either party and specifically Lender shall be entitled, at its option upon the occurrence of an Event of Default, for so long as such Event of Default continues, to all rents, royalties, issues, profits, revenue, income and other benefits from the property described in paragraphs (A), (B) and (C) hereof whether or not Lender takes possession of the property described in paragraphs (A), (B) and (C) hereof. Upon the occurrence of an Event of Default, the revocable license hereby given to Mortgagor to collect such rents, royalties, issues, profits, revenues, income and other benefits from the property described in paragraphs (A), (B) and (C) hereof shall automatically terminate without further action by Lender, and such license shall be permanently revoked and shall not be reinstated upon a cure of the default without Lender's specific consent.

The foregoing provisions hereof shall constitute an absolute and present assignment of the rents, income and other benefits from the property described in (A), (B) and (C) above, subject, however, to the revocable license given to Mortgagor to collect, retain, use and enjoy such rents, income and other benefits as hereinabove provided; and the existence or exercise of such license of Mortgagor shall not operate to subordinate this assignment to any subsequent assignment, in whole or in part, by Mortgagor, and any such subsequent assignment by Mortgagor shall be subject to the rights of Lender hereunder;

(F) TOGETHER WITH all right, title and interest of Mortgagor in and to any and all leases, subleases, underlettings, concession agreements, licenses and other occupancy agreements (collectively, the "Leases") which now or hereafter may affect the property described in paragraphs (A), (B) and (C) hereof, together with all security therefor and all monies payable thereunder, and all books and records which contain payments made under the Leases and all security therefor, subject, however, to the conditional permission hereinabove given to Mortgagor to collect, retain, use and enjoy the rents, income and other benefits arising under any of the Leases. Lender shall have the right, at any time and from time to time, to notify any lessee of the rights of Lender as provided by this paragraph; and

(G) TOGETHER WITH all contracts and agreements now or hereafter entered into relating to any part of the Land or the Improvements or any other portion of the Property and all revenue, income and other benefits thereof, including, without limitation, management agreements, franchise agreements, service contracts, maintenance contracts, equipment leases, personal property leases, or the use of customer lists or other information, and any contracts or documents relating to construction on any part of the Land or the Improvements or other portions of the Property (including plans, drawings, surveys, tests, reports, bonds and governmental approvals) or to the management or operation of any part of the Land or Improvements.

All of the property described in paragraphs (A), (B), (C), (D), (E), (F) and (G) above, and each item of property therein described, is herein referred to as the "Property". The term Property is intended to expressly exclude all items of personal property in which Lender has obtained and/or perfected a security interest under separate instruments.

TO HAVE AND TO HOLD the same, together with all privileges, hereditaments, easements and appurtenances thereunto belonging to the Lender and the Lender's successors and assigns to secure the Secured Obligations and should the Secured Obligations be paid when the same shall be due and payable under the Facility Documents and the Subsidiary Guaranty, and should the Mortgagor timely and fully discharge the Secured Obligations, then this Mortgage shall cease and be void, and shall be surrendered and cancelled by Lender in accordance with the laws of the State in which the Property is located.

ARTICLE I

DEFINITIONS

1.1 Defined Terms. Capitalized terms used herein, unless otherwise defined herein, shall have the meaning ascribed thereto in the Facility Agreement.

ARTICLE II

COVENANTS OF MORTGAGOR

Mortgagor covenants and agrees with Lender, or any successor to Lender under the Facility Documents, as follows:

2.1 Performance under the Subsidiary Guaranty. Mortgagor shall cause to be performed, observed and complied with all provisions hereof and of the Subsidiary Guaranty, and will promptly pay when due to Lender all sums required to be paid by Mortgagor under the Subsidiary Guaranty and pursuant to the provisions of this Mortgage when payment shall become due.

2.2 General Representations, Covenants and Warranties. Mortgagor represents and covenants that (a) subject only to the rights of others provided in the instruments described in Schedule "B" attached hereto and incorporated herein and made a part hereof, Mortgagor is seized of an indefeasible estate in fee simple in, and has good title to, the Land and Improvements, and has good right, full power and lawful authority to mortgage and pledge the same as provided herein; the Property is free and clear of all liens, security interests, charges and encumbrances whatsoever except those described in Schedule "B", and Permitted Liens as defined in the Facility Agreement (collectively, the **"Permitted Exceptions"**); (b) Mortgagor will maintain and preserve the lien of this Mortgage until the Termination Date as defined in the Facility Agreement; (c) this Mortgage is a valid and binding obligation of Mortgagor enforceable in accordance with its terms (subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditor's rights generally) and the execution and delivery hereof does not contravene any contract or agreement to which Mortgagor is a party or by which Mortgagor or any of its properties may be bound and, to Mortgagor's knowledge, does not contravene any law, order, decree, rule or regulation to which Mortgagor is subject; (d)

there are presently no leases, subleases, underlettings, concession agreements, licenses or other occupancy agreements affecting, or any other parties in possession other than Mortgagor at, the Property; (e) all costs arising from construction of any improvements and the purchase of all equipment located on the Property have been paid; (f) the Property has frontage on, and direct access for ingress and egress to, the street(s); (g) electric, gas, sewer, water facilities and any other utilities required for the normal operation of all buildings located on the Property are, and at all times hereafter shall be, available in sufficient capacity to service the Property satisfactorily, and any easements necessary to the furnishing of such utility service by Mortgagor have been obtained and duly recorded; (h) as of the date hereof, no portion of the Property has been damaged, destroyed or injured by fire or other casualty which is not now fully restored; (i) as of the date hereof, Mortgagor has not received any notice of any taking through condemnation or otherwise of the Property or any portion thereof and Mortgagor has no knowledge that any such taking through condemnation or otherwise is contemplated; and (j) Mortgagor is a business, and the transaction reflected in, and effectuated by, this Mortgage, the Subsidiary Guaranty and the Facility Documents is made solely to carry on a business. Mortgagor fully warrants and will forever defend the Lender against the claims of all persons whosoever claiming an interest in the Property or any part thereof, other than those claims relating to the Permitted Exceptions, and Mortgagor agrees that the foregoing covenant shall not be extinguished by any foreclosure of this Mortgage but shall run with the Land.

2.3 Compliance with Laws. Mortgagor covenants and warrants that, to Mortgagor's knowledge, the Property presently complies with, and the Property will continue to comply with, all applicable restrictive covenants, applicable zoning and subdivision ordinances and building codes, all applicable health and environmental laws and regulations and all other applicable laws, rules and regulations as set forth in the Facility Documents.

2.4 Taxes and Other Charges. Mortgagor shall pay promptly when due all taxes, assessments, governmental charges or rates, levies, imposed upon or against the Property as set forth in the Facility Documents.

2.4.1 Discharge of Liens. Mortgagor at all times shall keep the Property free from the liens of mechanics, laborers, contractors, subcontractors and materialmen and free from any and all other liens, claims, charges or encumbrances of any kind or nature whatsoever, other than the Permitted Exceptions and except as permitted by the Facility Documents.

2.4.2 Taxes Affecting Lender's Interest. If any state, federal, municipal, or other governmental law, order, rule or regulation, passed subsequent to the date hereof, in any manner changes or modifies existing laws governing the taxation of mortgages or debts secured by mortgages, or the manner of collecting taxes so as to materially adversely affect Lender's security in the Property, then, at the option of Lender, after forty-five (45) days prior written notice to Mortgagor, Mortgagor shall be required to deposit sufficient funds equal to the then fair market value of the Property into a cash collateral account maintained at a bank or financial institution satisfactory to Lender for application to the Obligations and upon receipt of such proceeds, subject to collection, Lender shall release the lien of this Mortgage on the Property.

2.4.3 No Credit Against the Indebtedness Secured Hereby. Mortgagor shall not claim, demand or be entitled to receive any credit, against the Secured Obligations for so much of the taxes, assessments or similar impositions assessed against the Property or any part thereof or that are applicable to the Secured Obligations or to Lender's interest in the Property. No deduction shall be claimed from the taxable value of the Property or any part thereof by reason of the Facility Agreement, this Mortgage or any other Facility Document.

2.4.4 Insurance. Mortgagor will maintain policies of insurance in accordance with the provisions of Section 15 of the Lease Agreement. Following any casualty, the proceeds shall be applied in accordance with the Lease Agreement.

2.4.5 Additional Fees. Mortgagor will pay all taxes, filing and recording fees, and all expenses incident to the execution and acknowledgment of this Mortgage and any mortgage supplemental hereto, and all federal, state, county and municipal stamp taxes and other taxes, duties, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage and any mortgage supplemental hereto.

2.5 Condemnation. Following any condemnation, Mortgagor shall notify Lender, and any proceeds shall be applied, in accordance with Section 14 of the Lease Agreement. Mortgagor shall, if reasonably requested by Lender file or defend its claim in respect of such proceeding and prosecute same with due diligence to its final disposition and shall cause any awards or settlements to be paid over directly to Lender for disposition pursuant to the terms of this Mortgage or the Lease Agreement. Mortgagor may be the nominal party in such proceeding but Lender shall be entitled to participate in same and to be represented therein by counsel of its own choice, and Mortgagor will deliver or cause to be delivered to Lender such instruments as may be reasonably requested by it from time to time to permit such participation.

2.6 Care of the Property. Mortgagor shall maintain the Property in accordance with the terms of the Security Agreement (as defined in the Facility Agreement) and the Facility Documents.

2.7 Restriction on Transfer of the Property. Mortgagor may not sell, transfer, or otherwise convey any interest in the Property or mortgage, pledge or otherwise encumber the Property except as may be permitted in the Facility Documents.

2.8 Further Assurances. At any time and from time to time, upon Lender's request, Mortgagor shall make, execute and deliver, or cause to be made, executed and delivered, to Lender and where appropriate shall cause to be recorded or filed, and from time to time thereafter to be re-recorded and refiled at such time and in such offices and places as shall be reasonably deemed desirable by Lender, any and all such further mortgages, instruments of further assurance, certificates and other documents as Lender may consider necessary or desirable in order to effectuate, complete, or perfect, or to continue and preserve the obligations of Mortgagor under this Mortgage and the Subsidiary Guaranty, and the lien of this Mortgage as a lien upon all of the Property, whether now owned or hereafter acquired by Mortgagor, subject only to the Permitted Exceptions.

2.9 Security Agreement and Financing Statements. This Mortgage constitutes not only a real property mortgage, but also a "security agreement" and a "fixture filing" within the meaning of the Uniform Commercial Code of the state where the Property is located (the "UCC"). Mortgagor (as Debtor) hereby grants to Lender (as Creditor and Secured Party) a security interest in all fixtures, machinery, appliances, equipment, furniture and personal property of every nature whatsoever constituting part of the Property, subject only to the Permitted Exceptions.

The Mortgagor at its expense will promptly execute and deliver to the Lender or cause to be executed and delivered to the Lender, all such other and further documents, agreements, and instruments in compliance with or accomplishment of the covenants and agreements of this Section 2.9 or to obtain any consents, all as may be necessary or appropriate in connection therewith as may be reasonably requested. The remedies for any violation of the covenants, terms and conditions of the agreements herein contained shall be as set forth in the Security Agreement and the Facility Documents. Nothing in this Section 2.9 shall limit in any manner whatsoever any right Lender may have under the Security Agreement or under any Facility Document.

2.10 Assignment of Rents. The assignment contained in Paragraph (E) of the Granting Clause shall be fully operative without any further action on the part of either party and specifically Lender shall be entitled, at its option, upon the occurrence of an Event of Default hereunder, and for so long as such Event of Default continues, to all rents, income and other benefits from the property described in Paragraphs (A), (B), (C) and (D) of the Granting Clause whether or not Lender takes possession of such property. Mortgagor hereby further grants to Lender the right during the continuance of an Event of Default (i) to enter upon and take possession of the Property for the purpose of collecting the said rents, income and other benefits, (ii) to dispossess by the usual summary proceedings any tenant defaulting in the payment thereof to Lender, (iii) to let the Property or any part thereof, and (iv) to apply said rents, income and other benefits, after payment of all necessary charges and expenses, on account of the Facility Obligations in the manner provided for in the Facility Documents. Such assignment and grant shall continue in effect until the Termination Date as defined in the Facility Agreement. The execution of this Mortgage constitutes and evidences the irrevocable consent of Mortgagor to the entry upon and taking possession of the Property by Lender pursuant to such grant, whether or not foreclosure has been instituted. Notwithstanding anything contained in this Mortgage, Lender shall not be deemed to be a lender-in-possession unless Lender shall have taken and continues in actual possession of the Property. Neither the exercise of any rights under this Paragraph by Lender nor the application of any such rents, income or other benefits to the indebtedness and other sums secured hereby, shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant hereto or to any such notice, but shall be cumulative of all other rights and remedies.

2.11 After Acquired Property. To the extent permitted by and subject to applicable law, the lien of this Mortgage will automatically attach, without further act, to all after

acquired personal property located in or on, or attached to, or used or intended to be used in connection with, or with the operation of, the Property or any part thereof.

2.12 Expenses; Indemnity.

(a) Mortgagor will pay all fees and expenses in connection with the transactions contemplated by this Mortgage as provided in Section 8.5 of the Facility Agreement.

(b) Mortgagor will indemnify and hold harmless Lender and its affiliates, officers, directors, employees and assigns (each an "**Indemnified Person**") from and against, and reimburse such Indemnified Persons for, all claims, demands, liabilities, losses, damages, judgments, penalties, costs and expenses (including, without limitation, reasonable attorneys' fees actually incurred) (individually or collectively, the "Costs") which may be imposed upon, asserted against, or incurred or paid by them by reason of or in connection with any bodily injury or death or property damage occurring in or upon or in the vicinity of the Property through any cause whatsoever or asserted against them on account of any act performed or omitted to be performed hereunder or on account of any transaction arising out of or in any way connected with the Property, or with this Mortgage or any of the obligations under the Subsidiary Guaranty or the indebtedness evidenced by the Facility Documents, excluding, however, the portion of any Costs which results solely from such Indemnified Person's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction. Notwithstanding anything contained in this Paragraph 2.12, this Paragraph 2.12 shall in no manner whatsoever limit the indemnity provided in Section 8.5, of the Facility Agreement, nor shall it affect the limitation on the liability of Indemnified Persons provided in Section 8.5, of the Facility Agreement.

2.13 Lender's Performance of Defaults. If Mortgagor defaults in the payment of any tax, assessment, encumbrance or other imposition, in its obligation to furnish insurance hereunder, or in the performance or observance of any other covenant, condition or term in this Mortgage or in any Facility Document, Lender may (but shall be under no obligation to) perform or observe the same, and all payments made (whether such payments are regular or accelerated payments) and costs and expenses incurred or paid by Lender in connection therewith shall become due and payable immediately by Mortgagor. The amounts so incurred or paid by Lender together with interest thereon at the Default Rate from the date incurred until paid by Mortgagor, shall be added to the Secured Obligations and secured by the lien of this Mortgage. Lender is hereby empowered to enter and to authorize others to enter upon the Property or any part thereof for the purpose of performing or observing any such defaulted covenant, condition or term, without thereby becoming liable to Mortgagor or any person in possession holding under Mortgagor, except to the extent of any Costs caused by the gross negligence or willful misconduct of Lender or such authorized party.

2.14 Future Indebtedness of Mortgagor. This Mortgage secures obligations under the Subsidiary Guaranty relating to a revolving credit loan as described in the Facility Documents and shall secure not only existing indebtedness hereby secured as of the date hereof, but also, without further act, any and all future indebtedness of Mortgagor to Lender

under the Facility Agreement guaranteed by Mortgagor under the Subsidiary Guaranty, whether such advances are obligatory or are to be made at the option of Lender, or otherwise, to the same extent as if such advances or future indebtedness were made as of the date hereof. Sums may be advanced or readvanced, but at no time shall the outstanding balance of the Secured Obligations exceed \$50,000,000, together with any fees and interest applicable thereto. Pursuant to and subject to the terms of the Facility Documents, the Lender has committed to advance or apply certain funds to or on behalf of Borrower, and it is hereby acknowledged and intended that the lien of this Mortgage shall be valid as to all such advances (whenever hereafter made) as guaranteed under the Subsidiary Guaranty from the time of the recording of this Mortgage. The total amount of the Secured Obligations may increase or decrease from time to time.

2.15 Flood Hazard. Mortgagor hereby represents that the Improvements are not located on property identified by the Secretary of Housing and Urban Development as an area having special flood hazards. If the Improvements at any time are located on property so identified by the Secretary of Housing and Urban Development as having special flood hazards, Mortgagor will keep the Improvements insured against loss by flood hazards in an amount at least equal to the maximum limit of coverage made available with respect to the particular type of property under the National Flood Insurance Act of 1968, as amended by the Flood Disaster Protection Act of 1973.

2.16 Facility Documents. Mortgagor hereby agrees that all representation, warranties, covenants and agreements set forth in the Facility Documents concerning the condition and operation of the Property are incorporated herein and Mortgagor hereby adopts and ratifies all such representation, warranties, covenants and agreements as if Mortgagor had been a signatory to the Facility Documents.

ARTICLE III

DEFAULTS

3.1 Event of Default. Each of the following shall constitute an "Event of Default" under this Mortgage:

- (a) An "Event of Default" under the Facility Documents; or
- (b) The Property is subjected to actual waste in any material respect; or all or any material part thereof is removed, demolished, or, in any material respect, altered by Mortgagor without the prior written consent of Lender; or
- (c) Mortgagor shall fail to timely observe or perform any of the covenants on Mortgagor's part to be observed hereunder for a period of more than thirty (30) days after receipt or notice of such failure (provided that in the case of any notice and cure period expressly applicable thereto, such failure continues after the expiration of such period); or

(d) Any claim of priority to this Mortgage by title, lien or otherwise is asserted by Mortgagor, or is asserted and finally established as valid by any third party (other than Permitted Encumbrances) in any equitable or legal proceeding, whether as a claim counterclaim, defense or otherwise.

ARTICLE IV

REMEDIES

4.1 Acceleration of Maturity.

(a) With the exception of an Event of Default specified in Section (e) or (f) of Annex E to the Facility Agreement, upon the occurrence of an Event of Default Lender may terminate its commitments under the Facility Documents, and declare the Secured Obligations to be forthwith due and payable without presentment, demand, protest, or notice of any kind, all of which are hereby expressly waived, anything in the Facility Documents or in this Mortgage to the contrary notwithstanding, or both.

(b) Upon the occurrence and continuance of an Event of Default specified in clauses (e) or (f) of Annex E to the Facility Agreement, the Secured Obligations shall thereupon and concurrently therewith become due and payable, and the commitments of Lender under the Facility Documents shall forthwith terminate, all without any action by the Lender and without presentment, demand, protest, or other notice of any kind, all of which are expressly waived, anything in the Facility Documents, or in this Mortgage to the contrary notwithstanding.

4.2 Lender's Right to Enter and Take Possession, Operate and Apply Income.

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

(b) If an Event of Default shall have occurred and is continuing and Mortgagor shall for any reason fail to surrender or deliver the Property or any part thereof after Lender's demand, Lender may obtain a judgment or decree conferring on Lender the right to immediate possession or requiring Mortgagor to deliver immediate possession of all or part of the Property to Lender; to the entry of which judgment or decree Mortgagor hereby specifically consents. Mortgagor shall pay to Lender, upon demand, all costs and expenses of obtaining such judgment or decree and reasonable compensation to Lender, its attorneys and agents, and all such costs, expenses and compensation shall, until paid, be secured by the lien of this Mortgage.

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

(i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property;

(ii) insure or keep the Property insured;

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

(iv) enter into agreements with others to exercise the powers herein granted Lender, all as Lender from time to time may determine; and Lender may collect and receive all the rents, income and other benefits thereof, including those past due as well as those accruing thereafter; and shall apply the monies so received by Lender in such priority as Lender may determine to (1) amounts advanced pursuant to sub-sub-paragraph (i) of this subparagraph (c); (2) the payment of all sums due and payable under the Facility Documents; (3) for taxes and assessments and insurance premiums due; (4) the cost of insurance, taxes, assessments and other reasonable expenses of operating, maintaining, repairing and improving the Property, including without limitation renting commissions and rental collection commissions paid to an agent of Lender or of the receiver; and (5) the reasonable compensation, expenses and disbursements of the agents, attorneys and other representatives of Lender. All costs, expenses and liabilities of every character incurred by Lender in managing, operating and maintaining the Property as provided for in this sub-subparagraph (iv), not paid out of rent as hereinabove provided, shall constitute advances and be demand obligations owing by Mortgagor and shall bear interest from the date of expenditure until paid at the Default Rate, all of which shall constitute a portion of the Secured Obligations. While in possession of the Property, Lender or the receiver shall be liable to account only for the rents, issues and profits actually received. The taking of possession and collection of rents by Lender shall not be construed to be an affirmation of any lease or acceptance of attornment with respect to any lease of all or any portion of the Property.

4.3 Lender's Power of Enforcement. If an Event of Default shall have occurred and is continuing, Lender may, either with or without entry or taking possession as hereinabove provided or otherwise, (a) sell the Property or any part thereof to the extent permitted and pursuant to the procedures provided by the law of state where the Property is located, and all estate, right, title and interest, claim and demand therein, at one or more sales, as an entity or in parcels, and at such time and place upon such terms and after such notice thereof as may be required or permitted by law; or (b) proceed by suit or suits at law or in equity or by any other appropriate proceeding or remedy: (i) to enforce payment under the Facility Documents or the performance of any term hereof or any other right; (ii) to foreclose this Mortgage and to sell, as an entirety or in separate lots or parcels, the Property, under the judgment or decree of a court or courts of competent jurisdiction; and (iii) to pursue any other remedy available to it at law or in equity. Lender shall take action either by such proceedings or

by the exercise of its powers with respect to sale or entry or taking possession, or any of them, as it may determine.

4.4 Foreclosure Sale. This Mortgage shall be subject to foreclosure and may be foreclosed as now provided by law in case of past-due mortgages, and Lender shall be authorized, at its option, whether or not possession of the Property is taken, to sell the Property (or such part or parts thereof as the Lender may from time to time elect to sell) under the power of sale which is hereby given to the Lender, at public outcry, to the highest bidder for cash, at the front or main door of the courthouse of the county in which the land to be sold, or a substantial and material part thereof, is located, after first giving notice by publication once a week for three successive weeks of the time, place and terms of such sale, together with a description of the Property to be sold, by publication in some newspaper published in the county or counties in which the land to be sold is located. If there is land to be sold in more than one county, publication shall be made in all counties where the land to be sold is located, but if no newspaper is published in any such county, the notice shall be published in a newspaper published in an adjoining county for three successive weeks. The sale shall be held between the hours of 11:00 a.m. and 4:00 p.m. on the day designated for the exercise of the power of sale hereunder. Lender may bid at any sale held under this Mortgage and may purchase the Property, or any part thereof, if the highest bidder therefor. The purchaser at any such sale shall be under no obligation to see to the proper application of the purchase money. At any sale all or any part of the Property, real, personal or mixed, may be offered for sale in parcels or en masse for one total price, and the proceeds of any such sale en masse shall be accounted for in one account without distinction between the items included therein and without assigning to them any proportion of such proceeds, Mortgagor hereby waiving the application of any doctrine of marshalling or like proceeding. In case Lender, in the exercise of the power of sale herein given, elects to sell the Property in parts or parcels, sales thereof may be held from time to time, and the power of sale granted herein shall not be fully exercised until all of the Property not previously sold shall have been sold or all the Secured Obligations shall have been paid in full and this Mortgage shall have been terminated as provided herein. To the extent permitted by applicable law, Mortgagor hereby authorizes Lender or auctioneer at any foreclosure sale held hereunder, for and in the name of Mortgagor, to execute and deliver to the purchaser or purchasers of any of the property sold at foreclosure good and sufficient deeds of conveyance or bills of sale thereto.

(a) Upon the completion of any sale or sales made by Lender under or by virtue of this Article IV, Lender, or any officer of any court empowered to do so, shall execute and deliver to the accepted purchaser or purchasers a good and sufficient instrument or instruments, conveying, assigning and transferring all estate, right, title and interest in and to the property and rights sold. Lender is hereby irrevocably appointed the true and lawful attorney-in-fact of Mortgagor, in its name and stead, during the continuance of an Event of Default to make all necessary conveyances, assignments, transfers and deliveries of any part of the Property and rights so sold. Lender may, for such purpose, execute all necessary instruments of conveyance, assignment and transfer, and may substitute one or more persons with like power, Mortgagor hereby ratifying and confirming all that its said attorney or such substitute or substitutes shall lawfully do by virtue hereof. Nevertheless, Mortgagor, if so requested by Lender, shall ratify and confirm any such sale or sales by executing and delivering to Lender or to such purchaser or purchasers all such instruments as may be advisable, in the judgment of Lender, for the purpose, and as may be designated in such request. Any such sale or sales made under or by virtue

of this Article IV, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of Mortgagor in and to the properties, interests and rights so sold, and shall be a perpetual bar both at law and in equity against Mortgagor and against any and all persons claiming or who may claim the same, or any part thereof from, through or under Mortgagor.

(b) Upon any sale held by Lender or by any receiver or public officer, Lender may bid for and purchase the Property and, upon compliance with the terms of sale, may hold, retain and possess and dispose of such property in their own absolute right without further accountability.

(c) The Mortgagor waives all rights to direct the order or manner in which any of the Property will be sold in the event of any sale under this Mortgage, and also any right to have any of the Property marshalled upon any sale. The Lender may in its discretion sell any real and personal property together or in parts, in one or more sales, and in any sequence the Lender selects.

4.5 Leases. Lender, at its option, is authorized to foreclose this Mortgage subject to the rights of any tenants of the Property. The failure to make any such tenants parties defendant to any such foreclosure proceedings and to foreclose their rights will not be, nor be asserted by Mortgagor to be, a defense to any proceedings instituted by Lender to collect the sums secured hereby or to collect any deficiency remaining unpaid after the foreclosure sale of the Property. Unless otherwise agreed by Lender in writing, all leases and tenancies of the Property executed subsequent to the date hereof, or any part thereof, shall be subordinate and inferior to the lien of this Mortgage, except that from time to time Lender may execute and record among the Land Records of the jurisdiction where this Mortgage is recorded, subordination statements with respect to such leases as Lender may designate, whereby the leases so designated by Lender will be made superior to the lien of this Mortgage. From and after the recordation of such subordination statements, the leases therein referred to shall be superior to the lien of this Mortgage and shall not be affected by any foreclosure hereof.

4.6 Lender's Option on Foreclosure. At the option of the Lender, this Mortgage may be foreclosed as provided by law or in equity, in which event a reasonable attorney's fee shall, among other costs and expenses, be allowed and paid out of the proceeds of the sale. In the event the Lender exercises its option to foreclose the Mortgage in equity, the Lender may, at its option, foreclose this Mortgage subject to the rights of any tenants of the Property, and the failure to make any such tenants parties defendants to any such foreclosure proceeding and to foreclose their rights will not be, nor be asserted to be by the Mortgagor, a defense to any proceedings instituted by the Lender to collect the sums secured hereby, or any deficiency remaining unpaid after the foreclosure sale of the Property.

4.7 Application of Purchase Price Toward Indebtedness. Upon any such sale, Lender shall, after allowing for reasonable costs and expenses of the sale, including payment of reasonable attorney's fees actually incurred, apply the net proceeds of such sale, in lieu of cash, to the Secured Obligations.

4.8 Waiver by Mortgagor.

(a) Mortgagor hereby waives all benefit of any present or future statute of limitations or any other present or future statute, law, stay, moratorium, appraisal or valuation law, regulation or judicial decision which, and Mortgagor shall not at any time insist upon or plead, or in any manner whatsoever, claim or take any benefit or advantage of any such statute, law, stay, moratorium, regulation or judicial decision which (i) provides for the valuation or appraisal of the Property prior to any sale or sales thereof which may be made pursuant to any provision herein or pursuant to any decree, judgment or order of any court of competent jurisdiction, (ii) exempts any of the Property or any other property, real or personal, or any part of the proceeds arising from any sale thereof, from attachment, levy or sale under execution, (iii) provides for any stay of execution, moratorium, marshalling of assets, exemption from civil process, redemption or extension of time for payment, (iv) requires Lender to institute proceedings in mortgage foreclosure against the Property before exercising any other remedy afforded Lender hereunder in the event of a default, nor shall Mortgagor at any time after any sale or sales of the Property pursuant to any provision herein, including, but without limiting the generality of the foregoing, after any sale pursuant to a judgment of foreclosure, claim or exercise any right under any present or future statute, law, stay, moratorium, regulation or judicial decision to redeem the Property or the portion thereof so sold.

(b) Mortgagor hereby waives the right, if any, to require any sale to be made in parcels, or the right, if any, to select parcels to be sold, and there shall be no requirement for marshalling of assets with respect to either the Property or the Collateral (as defined in the Facility Agreement).

(c) Mortgagor hereby consents to service of process in the manner and to the address of Mortgagor set forth or referred to in Sections 8.1 and 8.12 of the Facility Agreement.

(d) THE MORTGAGOR AND THE LENDER TO THE EXTENT PERMITTED BY APPLICABLE LAW WAIVE, AND OTHERWISE AGREE NOT TO REQUEST, A TRIAL BY JURY IN ANY COURT AND IN ANY ACTION, PROCEEDING OR COUNTERCLAIM OF ANY TYPE IN WHICH THE MORTGAGOR, THE LENDER, OR ANY OF THEIR RESPECTIVE SUCCESSORS OR ASSIGNS IS A PARTY, AS TO ALL MATTERS AND THINGS ARISING DIRECTLY OR INDIRECTLY OUT OF THIS MORTGAGE, THE SUBSIDIARY GUARANTY OR THE FACILITY DOCUMENTS AND THE RELATIONS AMONG THE PARTIES THERETO.

4.9 Receiver. If an Event of Default shall have occurred and is continuing, Lender, to the extent permitted by law and without notice to Mortgagor or regard to the value of the Property or the adequacy of the security or occupancy of the Property, shall be entitled as a matter of right if it so elects to the appointment of a receiver to enter upon and take possession of the Property and to collect all rents, revenues, issues, income, product and profits thereof and apply the same as the court may direct. The receiver shall have all rights and powers permitted under the laws of the jurisdiction where the Property is located and such other powers as the court making such appointment shall confer. The expenses, including receiver's fees, attorneys'

fees, costs and agent's compensation, incurred pursuant to the powers herein contained shall be secured by this Mortgage. The right to enter and take possession of and to manage and operate the Property, and to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. Lender shall be liable to account only for such rents, issues and profits actually received by Lender, or such receiver, respectively. Notwithstanding the appointment of any receiver or other custodian, Lender shall be entitled as pledgee to the possession and control of any cash, deposits, or instruments at the time held by, or payable or deliverable under the terms of this Mortgage to, Lender.

4.10 Suits to Protect the Property. If an Event of Default shall have occurred and is continuing,

(a) Lender shall have the power and authority to institute and maintain any suits and proceedings as Lender may deem advisable (i) to prevent any impairment of the Property by any acts which may be unlawful or any violation of this Mortgage, (ii) to preserve or protect Lender's interest in the Property, and (iii) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order might impair the security hereunder or be prejudicial to Lender's interest.

(b) Mortgagor agrees that if any action or proceeding be commenced, excepting an action to foreclose this Mortgage or to collect the indebtedness hereby secured, to which action or proceeding Lender is a party by reason of the execution of this Mortgage or the Facility Documents, or in which it becomes necessary to defend or uphold the lien of this Mortgage, all sums paid by Lender for the expense of any litigation to prosecute or defend the transaction and the rights and lien created hereby (including, without limitation, reasonable attorneys' fees actually incurred) shall be paid by Mortgagor together with interest thereon from the date of payment by Lender at the rate provided for such payments under the Facility Agreement. All such sums paid and the interest thereon shall be a lien upon the Property, and shall be secured hereby.

4.11 Mortgagor to Pay the Indebtedness on Any Default in Payment:
Application of Monies by Lender.

(a) If an Event of Default shall have occurred and is continuing, then, upon acceleration of the Secured Obligations in the manner provided in Article VII of the Facility Agreement, on demand by Lender, Mortgagor shall pay to Lender the whole amount which then shall have become due and payable under the Subsidiary Guaranty. If Mortgagor shall fail to pay such amounts forthwith upon such demand, Lender shall be entitled to sue for and to recover judgment against Mortgagor for the whole amount so due and unpaid together with costs and expenses, including without limitation the reasonable compensation, expenses and disbursements actually incurred by Lender's agents, attorneys and other representatives, either before, after or during the pendency of any proceedings for the enforcement of this Mortgage. The right of Lender to recover such judgment shall not be affected by any taking possession or

foreclosure sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the terms of this Mortgage, or the foreclosure of the lien hereof.

(b) In case of a foreclosure sale of all or any part of the Property and of the application of the proceeds of sale to the payment of the sums secured hereby, Lender shall be entitled to enforce payment from Mortgagor of all amounts then remaining due and unpaid and to recover judgment against Mortgagor for any portion thereof remaining unpaid.

(c) Mortgagor hereby agrees, to the extent permitted by law, that no recovery of any such judgment by Lender and no attachment or levy of any execution upon any of the Property or any other property shall in any way affect the lien of this Mortgage upon the Property or any part thereof of any lien, rights, powers or remedies of Lender hereunder, but such lien, rights, powers and remedies shall continue unimpaired as before, until the Secured Obligations are paid in full.

(d) Any monies collected or received by Lender under this Paragraph 4.11 shall be applied to the payment of reasonable compensation, expenses and disbursements of the agents, attorneys and other representatives of Lender as provided in Subsection (a) above, and the balance remaining shall be applied to the Secured Obligations in accordance with the terms hereof and of the Facility Agreement.

(e) The provisions of this paragraph shall not be deemed to limit or otherwise modify the provisions of any guaranty of the indebtedness evidenced by the Facility Documents.

4.12 Delay or Omission, No Waiver. No delay or omission of Lender, or of any successor to the Lender's interest under the Facility Documents, to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to waive any such Event of Default or to constitute acquiescence thereto. Every right, power and remedy given to Lender may be exercised from time to time and as often as may be deemed expedient by Lender.

4.13 No Waiver of One Default to Affect Another. No waiver of any Event of Default hereunder shall extend to or affect any subsequent or any other Event of Default then existing, or impair any rights, powers or remedies consequent thereon. If Lender (a) grants forbearance or an extension of time for the payment of any sums secured hereby; (b) takes other or additional security for the payment thereof; (c) waives or does not exercise any right granted in this Mortgage or any Facility Document; (d) releases any part of the Property from the lien of this Mortgage or the Facility Documents; (e) consents to the filing of any map, plat or replat of the Land; (f) consents to the granting of any easement on the Land; or (g) makes or consents to any agreement changing the terms of this Mortgage or subordinating the lien or any charge hereof, no such act or omission shall release, discharge, modify, change or affect the original liability under this Mortgage, the Subsidiary Guaranty or otherwise of Mortgagor, or any subsequent purchaser of the Property or any part thereof or any maker, co-signer, endorser, surety or guarantor. No such act or omission shall preclude Lender from exercising any right, power or privilege herein granted or intended to be granted in case of any Event of Default then

existing or of any subsequent Event of Default nor, except as otherwise expressly provided in an instrument or instruments executed by Lender, shall the lien of this Mortgage be altered thereby, except to the extent of releases, if any, as described in clause (d) above. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Property, Lender, without notice to any person, firm or corporation, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Property or the Secured Obligations, or with reference to any of the terms or conditions hereof, as fully and to the same extent as they might deal with the original parties hereto and without in any way releasing or discharging any of the liabilities or undertakings hereunder.

4.14 Discontinuance of Proceedings; Position of Parties Restored. If Lender shall have proceeded in its reasonable discretion to enforce any right or remedy under this Mortgage by foreclosure, entry or otherwise and such proceedings shall have been discontinued or abandoned for any reason, or such proceedings shall have resulted in a final determination adverse to Lender, then and in every such case, to the extent permitted by law, Mortgagor and Lender shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of Lender shall continue as if no such proceedings had occurred or had been taken and no such proceedings or actions shall be deemed to be a cure by Mortgagor or a waiver by Lender of any default hereunder or under any other Facility Document.

4.15 Remedies Cumulative. No right, power or remedy conferred upon or reserved to Lender by this Mortgage or any Facility Document is exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or under any Facility Document, or now or hereafter existing at law, in equity or by statute. Lender shall be able to enforce any such right, power or remedy in any order as Lender may determine in its absolute discretion without in any manner affecting any other such right, power or remedy.

ARTICLE V MISCELLANEOUS PROVISIONS

5.1 Successors and Assigns Included in Parties. Whenever one of the parties hereto is named or referred to herein, the successors and assigns of such party shall be included and all covenants and agreements contained in this Mortgage, by or on behalf of Mortgagor or Lender shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

5.2 Addresses for Notices. Etc. Any notice, report, demand or other instrument authorized or required to be given or furnished under this Mortgage to Mortgagor shall be given in accordance with Section 7 of the Security Agreement.

5.3 Headings, Etc. The headings of the articles, sections, paragraphs and subdivisions of this Mortgage are for convenience of reference only, are not to be considered a part hereof, and shall not limit or expand or otherwise affect any of the terms hereof. As used in this Mortgage, the singular shall include the plural as the context requires and the following

words and phrases shall have the following meanings: (a) "provisions" shall mean "provisions, terms, covenants and/or conditions"; (b) "lien" shall mean "lien, charge, encumbrance, security interest, mortgage and/or deed of trust"; (c) "obligation" shall mean "obligation, duty, covenant and/or condition"; and (d) "Person" shall mean "any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or government (whether federal, state, county, city, municipal or otherwise, including, but without limiting the generality of the foregoing, any instrumentality division, agency, body or department thereof)". Any act which Lender is permitted to perform under this Mortgage or any Facility Document may be performed at any time and from time to time by Lender or by any person or entity designated by Lender. Any act relating to the use, care or transfer of the Property, which act is prohibited to Mortgagor under this Mortgage or any Facility Document is also prohibited to all lessees of any of the Property.

5.4 Invalid Provisions to Affect No Others. In the event that any of the covenants, agreements, terms or provisions contained in this Mortgage, in the Subsidiary Guaranty or in any Facility Document shall be deemed invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein or therein shall be in no way affected, prejudiced or disturbed thereby; and if any application of any term, restriction or covenant to any person or circumstances is deemed illegal or unenforceable, the application of such term, restriction or covenant to other persons and circumstances shall remain unaffected to the extent permitted by law.

5.5 Modifications. Neither this Mortgage nor any term hereof may be changed, modified, waived, discharged or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the change, modification, waiver, discharge or termination is sought. The modification hereof or of any Facility Document or the release of any part of the Property from the lien hereof shall not impair the priority of the lien of this Mortgage.

5.6 Management. Mortgagor covenants that at all times prior to the payment in full of the indebtedness guaranteed by the Subsidiary Guaranty and other sums secured hereby and the commitments thereunder terminated, the Property shall be managed by Mortgagor or by a management company which shall have been approved in writing by Lender and pursuant to a management agreement which shall have been approved in writing by Lender prior to the execution thereof.

5.7 Default Rate. The Default Rate shall be the "Default Rate" as defined in the Facility Agreement.

5.8 Applicable Law. This Mortgage shall be governed by, and construed and enforced in accordance with, the laws of the State of Georgia (without regard to principles of conflicts of laws) except with respect to the creation and enforcement of security interests which shall be governed by, and construed and enforced in accordance with the law of the state in which the Property is located.

5.9 Inconsistent Provisions. To the extent that any of the provisions of this Mortgage are inconsistent with the provisions of the Facility Agreement, covering the same subject matter the provisions of the Facility Agreement shall control.

(THE REST OF THIS PAGE LEFT INTENTIONALLY BLANK)

IN WITNESS WHEREOF, Mortgagor has executed this Mortgage under seal as of the 14th day of February, 2005 .

CAUTION: IT IS IMPORTANT THAT YOU THOROUGHLY READ THIS CONTRACT BEFORE YOU SIGN IT.

**SOUTHLAND LOG HOMES OF ALABAMA,
LLC**

By: Timothy C Bradley
Title: Vice President

STATE OF SC)
COUNTY OF RICHLAND)

I, the undersigned, a Notary Public, in and for said County in said State, hereby certify that Timothy C Bradley as authorized officer of Southland Log Homes of Alabama, LLC, whose name 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 this instrument, he/she, in his/her capacity as such officer, executed the same voluntarily, for and as the act of said limited liability company.

Given under my hand and official seal this 29 day of March, 2005.

[Signature]
Notary Public

My Commission Expires

1-13-07


20050415000177270 23/25 \$1508.75
Shelby Cnty Judge of Probate, AL
04/15/2005 08:06:11AM FILED/CERT

SCHEDULE A

LEGAL DESCRIPTION

[See attached]



20050415000177270 24/25 \$1508.75
Shelby Cnty Judge of Probate, AL
04/15/2005 08:06:11AM FILED/CERT

EXHIBIT "A"

A parcel of land in the Southeast Quarter of the Southeast Quarter of Section 31, Township 19 South, Range 2 West, Huntsville Meridian, Shelby County, Alabama, and being more particularly described as follows:

Commence at a 3" capped iron found at the purported Southeast corner of Section 31, Township 19 South, Range 2 West, Huntsville Meridian, Shelby County, Alabama; thence run North 88°19'53" W along the South boundary line of said Section 31 a distance of 635.92 feet a capped rebar found (PLS 8759) at the Westerly right of way line of I-65 (right of way width varies) for the Point of Beginning; thence continue North 88°19'53" West along said South line, for a distance of 217.27 feet; thence leaving said South line, run North 31°10'56" West for a distance of 306.62 feet to an open top iron found at the Southerly right of way line of Amphitheater Road (right of way width 60.00 feet), said point also being the Point of Curvature of a curve to the right, having a radius of 634.30 feet, a central angle of 13°18'04", a chord length of 146.92 feet and a chord bearing of South 73°55'20" East; thence continue along the arc of said curve and said right of way line, for a distance of 147.25 feet to the Westerly right of way line of I-65 (right of way width varies); thence run South 24°48'50" West along the Westerly right of way line of I-65 for a distance of 5.91 feet to a right of way monument found; thence run South 62°37'00" East along said right of way line, for a distance of 209.41 feet to a right of way monument found; thence run South 29°13'36" East along said right of way line, for a distance of 122.81 feet to a right of way monument found; thence run South 24°25'49" West along said right of way line, for a distance of 20.97 feet to the point of beginning.



20050415000177270 25/25 \$1508.75
Shelby Cnty Judge of Probate, AL
04/15/2005 08:06:11AM FILED/CERT

SCHEDULE B
(Shelby County, Alabama)

Permitted Exceptions

Those matters expressly listed in Schedule B of Fidelity National Title Insurance Company loan policy commitment no. 5837R05 as marked and issued in favor of Lender as of the date of this Mortgage.