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This Leasehold Mortgage
was prepared by
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LEASEHOLD MORTGAGE SECURITY AGREEMENT,
ASSIGNMENT OF LEASES, RENTS AND PROFITS,
FINANCING STATEMENT AND FIXTURE FILING

made by

RESOLUTION PERFORMANCE PRODUCTS LLC,
formerly known as Shell Epoxy Resins LLC

as the Mortgagor,

to

MORGAN STANLEY & CO., INCORPORATED
Collateral Agent for Various Lending Institutions,
as the Mortgagee

D1 7870 461

Handwritten signature

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THIS DOCUMENT IS INTENDED TO BE RECORDED IN COOK COUNTY, ILLINOIS

BOX 333-CTI

LEASEHOLD MORTGAGE, SECURITY AGREEMENT,
ASSIGNMENT OF LEASES, RENTS AND PROFITS,
FINANCING STATEMENT AND FIXTURE FILING

THIS LEASEHOLD MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES, RENTS AND PROFITS, FINANCING STATEMENT AND FIXTURE FILING, dated as of November 14, 2000 (as amended, modified or supplemented from time to time, this "Mortgage"), made by RESOLUTION PERFORMANCE PRODUCTS LLC, a Delaware limited liability company formerly known as Shell Epoxy Resins LLC (the "Mortgagor"), having an address at 1600 Smith Street, 24th Floor, Houston, Texas 77002, as the mortgagor, to MORGAN STANLEY & CO., INCORPORATED (together with any successor mortgagee, the "Mortgagee"), having an address at 1221 Avenue of the Americas, New York, New York 10020, as Collateral Agent, as the mortgagee for the benefit of the Secured Creditors (as defined below).

All capitalized terms used but not otherwise defined herein shall have the same meanings ascribed to such terms in the Credit Agreement described below.

WITNESSETH:

WHEREAS, Resolution Performance Products Inc. ("Holdings"), the Mortgagor, RPP Capital Corporation ("U.S. Finance Corp" and, together with the Mortgagor, the "US Borrowers" and each, a "US Borrower"), Resolution Nederland B.V. (the "Dutch Borrower" and, together with the Mortgagor and U.S. Finance Corp., the "Borrowers"), the lenders from time to time party thereto (the "Lenders"), Salomon Smith Barney Inc., as Syndication Agent, Morgan Guaranty Trust Company of New York, as Documentation Agent, and Morgan Stanley Senior Funding, Inc., as Administrative Agent, Lead Arranger and Sole Book Manager, have entered into a Credit Agreement, dated as of November 14, 2000, providing for the making of Loans to the Borrowers and the issuance of, and participation in, Letters of Credit for the account of the US Borrowers, as contemplated therein in the aggregate maximum principal amount of \$600,000,000 (as used herein, the term "Credit Agreement" means the Credit Agreement described above in this recital, as the same may be amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time, and includes any agreement extending the maturity of, refinancing or restructuring (including, but not limited to, the inclusion of additional borrowers or guarantors thereunder or any increase in the amount borrowed thereunder) all or any portion of the indebtedness under such agreement or any successor agreements, whether or not with the same agent, trustee, representative lenders or holders) (the Lenders, the Letter of Credit Issuers, the Administrative Agent and the Mortgagee are hereinafter collectively referred to as the "Lender Creditors");

WHEREAS, the Mortgagor and/or one or more of the other Borrowers from time to time may enter into and/or guaranty the obligations of another Borrower under one or more Interest Rate Protection Agreements or Other Hedging Agreements with one or more Lender Creditors or any affiliate thereof (each such Lender Creditor or affiliate, even if the respective Lender Creditor subsequently ceases to be a Lender under the Credit Agreement for any reason,

together with such Lender Creditors' or affiliate's successors and assigns, if any, collectively, the "Other Creditors");

WHEREAS, the Mortgagor, one or more Wholly-Owned Subsidiaries of the Mortgagor and The Chase Manhattan Bank (or any successor by merger thereto) and/or one or more of its banking affiliates or another bank reasonably satisfactory to the Administrative Agent (collectively, the "Overdraft Creditors" and, together with the Lender Creditors and the Other Creditors, the "Secured Creditors") have entered into, or in the future may enter into, a credit arrangement (as amended, modified, supplemented, replaced or refinanced from time to time, the "Overdraft Agreement"), providing for (i) the extension of a line of credit or an overdraft facility (the "Overdraft Line") to the Mortgagor and such Wholly-Owned Subsidiaries in the aggregate principal amount not to exceed \$15,000,000 at any time outstanding and (ii) the guaranty by the respective Assignors (as defined in the US Security Agreement) of the obligations of one another thereunder (although no Foreign Subsidiary shall guaranty the obligations of the Mortgagor or a Domestic Subsidiary thereunder) (each, an "Overdraft Guaranty" and, collectively, the "Overdraft Guarantees");

WHEREAS, the Mortgagor is the owner of fee simple title and/or has a valid leasehold in and to the Mortgaged Property (as hereinafter defined);

WHEREAS, it is a condition precedent to (i) the making of Loans to the Borrowers and the issuance of, and participation in, Letters of Credit for the account of the US Borrowers under the Credit Agreement, (ii) the Other Creditors entering into Interest Rate Protection Agreements or Other Hedging Agreements and (iii) the extension of the Overdraft Line pursuant to the Overdraft Agreement, that the Mortgagor shall have executed and delivered to the Mortgagee this Mortgage;

WHEREAS, the Mortgagor desires to enter into this Mortgage to satisfy the conditions in the Financing Documents (including the Overdraft Agreement) and to secure (and this Mortgage shall secure) the following:

(i) the full and prompt payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of all obligations, indebtedness and liabilities of the Mortgagor to the Lender Creditors, whether now existing or hereafter incurred under, arising out of or in connection with the Credit Agreement and the other Credit Documents to which the Mortgagor is a party (including all such obligations under each Guaranty to which it is a party) and the due performance and compliance by the Mortgagor with all of the terms, conditions and agreements contained in the Credit Agreement and in all such other Credit Documents;

(ii) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations, indebtedness and liabilities of the Mortgagor to the Other Creditors, whether now existing or hereafter incurred under, arising out of or in connection with (including by reason of any Guaranty of) any Interest Rate Protection Agreement or Other Hedging Agreements entered into with an Other Creditor and the due performance and compliance by the Mortgagor with all the terms, conditions and

agreements contained in such Interest Rate Protection Agreements and Other Hedging Agreements;

(iii) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations, liabilities and indebtedness (including, without limitation, indemnities, fees and interest thereon (including, without limitation, all interest that accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency, reorganization or similar proceeding of the Mortgagor at the rate provided for in the respective documentation, whether or not a claim for post-petition interest is allowed in any such proceeding)) owing by the Mortgagor to the Overdraft Creditors under, or with respect to, the Overdraft Agreement (all such obligations, liabilities and indebtedness described in this clause (iii) being herein collectively called the "Overdraft Obligations");

(iv) any and all sums advanced by the Mortgagee in order to preserve or protect its lien and security interest in the Mortgaged Property;

(v) in the event of any proceeding for the collection or enforcement of any indebtedness, obligations, or liabilities of the Mortgagor referred to above, all expenses of re-taking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Mortgaged Property, or of any exercise by the Mortgagee of its rights hereunder, together with reasonable attorneys' fees and disbursements and court costs (including without limitation all such amounts referred to in Section 4.09 hereof);

(vi) all amounts paid by any Secured Creditor as to which such Secured Creditor has the right to reimbursement under Section 4.10 hereof; and

(vii) any and all renewals, extensions and modifications of any of the obligations and liabilities referred to in clauses (i) through (vi) above, inclusive;

all such obligations, liabilities, sums and expenses set forth in clauses (i) through (vii) above being herein collectively called the "Obligations".

NOW, THEREFORE, as security for the Obligations and in consideration of the payment of ten dollars (\$10.00) and the other benefits accruing to the Mortgagor, the receipt and sufficiency of which are hereby acknowledged, THE MORTGAGOR HEREBY MORTGAGES, GIVES, GRANTS, BARGAINS, SELLS, CONVEYS AND CONFIRMS TO THE MORTGAGEE AND ITS SUCCESSORS AND ASSIGNS FOREVER, with power of sale (subject to applicable law) all of the Mortgagor's estate, right, title and interest, whether now owned or hereafter acquired, whether as lessor or lessee and whether vested or contingent, in and to all of the following:

A. The land described in Exhibit A hereto, together with all rights, privileges, franchises and powers related thereto which are appurtenant to said land or its ownership, including all minerals, oil and gas and other hydrocarbon substances thereon or therein; waters, water courses, water stock, water rights (whether riparian, appropriative, or otherwise, and

whether or not appurtenant), sewer rights, shrubs, crops, trees, timber and other emblements now or hereafter on, under or above the same or any part or parcel thereof (the "Land");

B. All buildings, structures, tenant improvements and other improvements of every kind and description now or hereafter located in or on the Land, including, but not limited to, all structures, improvements, rail spurs, dams, reservoirs, water, sanitary and storm sewers, drainage, electricity, steam, gas, telephone and other utility facilities, parking areas, roads, driveways, walks and other site improvements of every kind and description now or hereafter erected or placed on the Land, together with all additions thereto and all renewals, alterations, substitutions and replacements thereof (collectively, the "Improvements");

C. All fixtures, attachments, appliances, equipment, machinery, building materials and supplies, and other tangible property, now or hereafter attached to said Improvements or now or at any time hereafter located on the Land and/or Improvements, including, but not limited to, artwork, decorations, draperies, furnaces, boilers, oil burners, piping, plumbing, refrigeration, air conditioning, lighting, ventilation, disposal and sprinkler systems, elevators, motors, dynamos and all other equipment and machinery, appliances, fittings and fixtures of every kind located in or used in the operation of the Improvements located on the Land, together with all additions thereto and all renewals, alterations, substitutions and replacements thereof (hereinafter sometimes collectively referred to as the "Equipment");

D. The leasehold estate (the "Leasehold") of the Mortgagor as tenant under that certain Lease effective as of November 1, 2000 between the Mortgagor and Shell Oil Company, as Lessor, together with any amendments, modifications, extensions, renewals or substitutions (the "Ground Lease") including all present and future options of any kind, rights of first refusal, privileges and other benefits of the Mortgagor under the Ground Lease;

E. All surface rights, appurtenant rights and easements, rights of way, and other rights appurtenant to the use and enjoyment of or used in connection with the Land and/or the Improvements;

F. All streets, roads and public places (whether open or proposed) now or hereafter adjoining or otherwise providing access to the Land, the land lying in the bed of such streets, roads and public places, and all other sidewalks, alleys, ways, passages, vaults, water courses, strips and gores of land now or hereafter adjoining or used or intended to be used in connection with all or any part of the Land and/or the Improvements;

G. Any leases, lease guaranties and in any other agreements relating to the use and occupancy of the Land and/or the Improvements or any portion thereof, including, but not limited to, any use or occupancy arrangements created pursuant to Section 365(h) of Title 11 of the United States Code (the "Bankruptcy Code") or otherwise in connection with the commencement or continuance of any bankruptcy, reorganization, arrangement, insolvency, dissolution, receivership or similar proceedings, or any assignment for the benefit of creditors, in respect of any tenant or occupant of any portion of the Land and/or the Improvements (collectively, "Leases");

H. All revenues, rents, receipts, income, accounts receivable, issues and profits of the Mortgaged Property (collectively, "Rents");

I. To the extent assignable, all permits, licenses and rights relating to the use, occupation and operation of the Land and/or the Improvements or any business conducted thereon or therein;

J. All real estate tax refunds payable to the Mortgagor with respect to the Land or the Improvements, and refunds, credits or reimbursements payable with respect to bonds, escrow accounts or other sums payable in connection with the use, development, or ownership of the Land and/or Improvements;

K. Any claims or demands with respect to any proceeds of insurance in effect with respect to the Land and/or the Improvements, including interest thereon, which the Mortgagor now has or may hereafter acquire and any and all awards made for the taking by eminent domain, condemnation or by any proceedings, transfer or purchase in lieu or in anticipation of the exercise of said rights, or for a change of grade, or for any other injury to or decrease in the value of, the whole or any part of the Mortgaged Property;

L. Any zoning lot agreements, air rights and development rights which may be vested in the Mortgagor together with any additional air rights or development rights which have been or may hereafter be conveyed to or become vested in the Mortgagor; and

M. All proceeds and products of the conversion, voluntary or involuntary, including, but not limited to, those from sale, exchange, transfer, collection, loss, damage, disposition, substitution or replacement, of any of the foregoing, whether into cash, liquidated claims or otherwise.

All of the forgoing estates, rights, properties and interests hereby mortgaged to the Mortgagee are sometimes referred to collectively herein as the "Mortgaged Property".

TO HAVE AND TO HOLD the above granted and described Mortgaged Property unto the Mortgagee and to its successors and assigns forever, and the Mortgagor hereby covenants and agrees, on behalf of itself and its successors and assigns, to warrant and defend the Mortgaged Property unto the Mortgagee, its successors and assigns against the claims of all persons and parties whatsoever.

PROVIDED, HOWEVER, that if the Obligations shall have been paid in cash and performed in full, then, in such case the Mortgagee shall use commercially reasonable efforts, at the request and expense of the Mortgagor, to satisfy this Mortgage within ten (10) Business Days after the Mortgagee's receipt of the Mortgagor's request for same and the estate, right, title and interest of the Mortgagee in the Mortgaged Property shall cease, and upon payment to the Mortgagee of all costs and expenses incurred for the preparation of the release hereinafter referenced and all recording costs if allowed by law, the Mortgagee shall release this Mortgage and the lien hereof by proper instrument.

ARTICLE I

REPRESENTATIONS, WARRANTIES, COVENANTS
AND AGREEMENTS OF THE MORTGAGOR

1.01 Title to the Mortgaged Property. The Mortgagor represents and warrants: (a) it has good and marketable fee simple title and/or a valid leasehold interest in and to the Mortgaged Property, free and clear of any Liens and encumbrances, other than the Permitted Encumbrances related thereto, and is lawfully seized and possessed of the Mortgaged Property; (b) this Mortgage is a valid first priority Lien upon the Mortgaged Property (subject to the Permitted Liens related thereto); (c) it has full power and authority to encumber the Mortgaged Property in the manner set forth herein; and (d) there are no defenses or offsets to this Mortgage or to the Obligations which it secures. The Mortgagor shall preserve such title and the validity and priority of this Mortgage and shall forever warrant and defend the same to the Mortgagee and the Mortgagee's successors and assigns against the claims of all Persons and parties whatsoever. The Mortgagor shall take no action nor shall it fail to take any action which could result in an impairment of the Lien of this Mortgage or which could form the basis for any Person(s) to claim an interest in the Mortgaged Property (including, without limitation, any claim for adverse use or possession or any implied dedication or easement by prescription) other than Leases and Permitted Encumbrances permitted under the Credit Agreement. If any Lien (other than a Permitted Lien) is asserted against the Mortgaged Property, the Mortgagor shall promptly, at its expense: (a) if such lien is in excess of \$250,000.00, provide the Mortgagee with written notice of such Lien, including information relating to the amount of the Lien asserted; and (b) pay the Lien in full or take such other action to cause the Lien to be released or discharged of record, or, so long as the lien of this Mortgage is not compromised, contest the same in accordance with the provisions of the Credit Agreement. From and after the occurrence and during the continuance of an Event of Default, the Mortgagee may, but shall not be obligated, to pay any such asserted Lien if not timely paid by the Mortgagor.

1.02 Compliance with Law. The Mortgagor represents and warrants that it possesses all material certificates, licenses, authorizations, registrations, permits and/or approvals necessary for the ownership, operation, leasing and management of the Mortgaged Property, including, but not limited to, all required environmental permits, all of which are in full force and effect and to the best of the Mortgagor's knowledge, not the subject of any revocation proceeding, undisclosed amendment, release, suspension, forfeiture or the like. The present and contemplated use and occupancy of the Mortgaged Property does not conflict with or violate any such certificate, license, authorization, registration, permit or approval, including, but not limited to, any certificate of occupancy which may have been issued for the Mortgaged Property. The Mortgagor shall take no action nor shall it fail to take any action so as to adversely affect the zoning classification of the Mortgaged Property.

1.03 Payment and Performance of Obligations. The Mortgagor shall pay all of the Obligations when due and payable, and shall observe and comply in all respects with all of the terms, provisions, conditions, covenants and agreements to be observed and performed by it under this Mortgage, the other Credit Documents to which it is a party and the Interest Rate

Protection Agreements, Other Hedging Agreements and the Overdraft Agreement to which it is a party (collectively, the "Financing Documents").

1.04 Maintenance, Repair, Alterations, Etc. The Mortgagor shall: (i) keep and maintain the Mortgaged Property in good condition and repair (normal wear and tear excepted); (ii) make or cause to be made, as and when necessary, all repairs, renewals and replacements, structural and nonstructural, exterior and interior, ordinary and extraordinary, foreseen and unforeseen to the extent and in the manner useful or customary for companies in similar businesses; (iii) except as otherwise permitted by the Credit Agreement, restore any Improvement which may be damaged or destroyed so that the same shall be at least substantially equal to its value, condition and character immediately prior to the damage or destruction; (iv) not commit or permit any waste or deterioration (normal wear and tear excepted) of the Mortgaged Property; (v) except as otherwise permitted by the Credit Agreement, not permit the Improvements to be demolished or altered in any manner that substantially decreases the value thereof; (vi) promptly pay when due all claims for labor performed and materials furnished therefor; and (vii) comply in all material respects with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental authorities having jurisdiction over the Mortgaged Property, as well as comply in all material respects with the provisions of any lease, easement or other agreement affecting all or any material part of the Mortgaged Property.

1.05 Required Insurance; Use of Proceeds. The Mortgagor will, at its expense, at all times provide, maintain and keep in full force and effect policies of property, hazard and liability insurance in accordance with Section 8.03 of the Credit Agreement with respect to the Mortgaged Property, together with statutory workers' compensation insurance with respect to any work to be performed on or about the Mortgaged Property. The Mortgagor shall give prompt written notice to the Mortgagee in accordance with the requirements of the Credit Agreement, of the occurrence of any damage to or destruction of the improvements (which term as used in this Section 1.05 shall include Equipment). In the event of any damage to or destruction of the Mortgaged Property or any part thereof, all proceeds of property insurance paid to the Mortgagor, Holdings or any other Subsidiary of Holdings on account of such damage or destruction shall be applied as set forth in Section 4.02(g) of the Credit Agreement or, after the Obligations have been accelerated or otherwise become due and payable, in accordance with Section 9.4 of the US Security Agreement. In the event of foreclosure of the lien of this Mortgage or other transfer of title or assignment of the Mortgaged Property in extinguishment, in whole or in part, of the Obligations, all right, title and interest of the Mortgagor in and to all proceeds then payable under any policy of insurance required by this Mortgage shall inure to the benefit of and pass to the successor in interest of the Mortgagor, or the purchaser or mortgagor of the Mortgaged Property. If an Event of Default shall have occurred and be continuing, the Mortgagee shall have the right to participate in and approve the settlement of any claim made by the Mortgagor against any insurance company; otherwise Mortgagee shall have the right to participate in and approve the settlement of any claim in excess of \$1,000,000.00 made by the Mortgagor against any insurance company.

1.06 Preservation of Property. The Mortgagor agrees to pay for any and all fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation or protection of the Mortgagee's Liens on, and security interest in, the Mortgaged

Property, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and documents in public offices (including stamp and mortgage recording taxes or other taxes imposed on the Mortgagee by virtue of its ownership of this Mortgage), which are imposed upon the recording of this Mortgage or thereafter, all reasonable attorneys' fees, payment or discharge of any taxes or Liens upon or in respect of the Mortgaged Property, premiums for insurance with respect to the Mortgaged Property and all other fees, costs and expenses in connection with protecting, maintaining or preserving the Mortgaged Property and the Mortgagee's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Mortgaged Property.

1.07 Condemnation. Should the Mortgagor receive written notice that the Mortgaged Property or any part thereof or interest therein may be taken or damaged by reason of any public improvements or condemnation proceeding or in any other similar manner (a "Condemnation"), the Mortgagor shall give prompt written notice thereof to the Mortgagee. In the event of any Condemnation which is reasonably expected to involve a value in excess of \$1,000,000.00, from and after the occurrence of an Event of Default and during the continuance thereof, the Mortgagee shall have the right to participate in any negotiations or litigation and shall have the right to approve any settlement. All compensation, awards, damages and proceeds paid to the Mortgagor, Holdings or any Other Subsidiary of Holdings on account of such Condemnation shall be applied as set forth in Section 4.02(g) of the Credit Agreement or, after the Obligations have been accelerated or otherwise become due and payable, in accordance with Section 9.4 of the US Agreement.

1.08 Inspections. The Mortgagor hereby authorizes the Mortgagee, its agents, employees and representatives, upon reasonable prior written notice to the Mortgagor in accordance with the Credit Agreement (except in an emergency or following the occurrence and during the continuance of any Event of Default, in which case notice shall not be required) to visit and inspect the Mortgaged Property or any portion(s) thereof, at all such reasonable times and as often as the Mortgagee may reasonably request in accordance with the provisions of Section 8.02 of the Credit Agreement.

1.09 Transfers. Except as otherwise permitted in accordance with the terms of the Financing Documents, no part of the Mortgaged Property or any legal or beneficial interest in the Mortgaged Property shall be sold, assigned, conveyed, ground leased, transferred or otherwise disposed of (whether voluntarily or involuntarily, directly or indirectly, by sale of stock or any interest in the Mortgagor, or by operation of law or otherwise).

1.10 After Acquired Property Interests. All right, title and interest of the Mortgagor in and to all improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Mortgaged Property, hereafter acquired by, or released to, the Mortgagor or constructed, assembled or placed by the Mortgagor on the Land, and all conversions of the security constituted thereby (collectively, "After Acquired Property Interests"), immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by the Mortgagor, shall become subject to the lien of this Mortgage as

fully and completely, and with the same effect, as though owned by the Mortgagor on the date hereof and specifically described in the granting clauses hereof. The Mortgagor shall execute and deliver to the Mortgagee all such other assurances, mortgages, conveyances or assignments thereof as the Mortgagee may reasonably require for the purpose of expressly and specifically subjecting such After Acquired Property Interests to the Lien of this Mortgage. The Mortgagor hereby irrevocably authorizes and appoints the Mortgagee as the agent and attorney-in-fact of the Mortgagor to execute all such documents and instruments on behalf of the Mortgagor, which appointment shall be irrevocable and coupled with an interest, if the Mortgagor fails or refuses to do so within ten (10) business days after receipt of written request therefor by the Mortgagee.

ARTICLE II

SECURITY AGREEMENT

2.01 Grant of Security; Incorporation by Reference.

In addition to constituting a mortgage lien on those portions of the Mortgaged Property classified as real property (including fixtures to the extent they are real property), this Mortgage shall constitute a security agreement within the meaning of the Uniform Commercial Code or within the meaning of the common law with respect to those parts of the Mortgaged Property classified as personal property (including fixtures to the extent they are personal property). The Mortgagor hereby grants to the Mortgagee a security interest in and to the following property whether now owned or hereafter acquired (collectively, the "Secured Property") for the benefit of the Mortgagee to further secure the payment and performance of the Obligations:

- (a) Those parts of the Mortgaged Property classified as personal property (including (i) fixtures to the extent they are personal property and (ii) personal property and fixtures that are leased by the Mortgagor, but only to the extent the Mortgagor can grant to the Mortgagee a security interest therein without breaching the terms of such lease);
- (b) All general intangibles, contract rights, accounts and proceeds arising from all insurance policies required to be maintained by the Mortgagor and related to the Mortgaged Property hereunder;
- (c) All proceeds of any judgment, award or settlement in any Condemnation in connection with the Mortgaged Property, together with all general intangibles, contract rights and accounts arising therefrom;
- (d) All permits, consents and other governmental approvals in connection with the construction of the Improvements or the operation of the Mortgaged Property, to the extent any of the same may be assigned, transferred, pledged or subjected to a security interest;
- (e) All plans and specifications, studies, tests and design materials relating to the design, construction, repair, alteration or leasing of the Mortgaged Property, to the

extent any of the same may be assigned, transferred, pledged or subjected to a security interest; and

- (f) All cash and non-cash proceeds of the above-mentioned items.

The provisions contained in the US Security Agreement are hereby incorporated by reference into this Mortgage with the same effect as if set forth in full herein. In the event of a conflict between the provisions of this Mortgage and the US Security Agreement, the US Security Agreement shall control and govern and the Mortgagor shall comply therewith.

2.02 Fixture Filing and Financing Statements.

This Mortgage constitutes a security agreement, fixture filing and financing statement as those terms are used in the Uniform Commercial Code. For purposes of this Section 2.02, this Mortgage is to be filed and recorded in, among other places, the real estate records of County in which the Mortgaged Property is located and the following information is included: (1) the Mortgagor shall be deemed the "Debtor" with the address set forth for the Mortgagor on the first page of this Mortgage; (2) the Mortgagee shall be deemed to be the "Secured Party" with the address set forth for the Mortgagee on the first page of this Mortgage and shall have all of the rights of a secured party under the Uniform Commercial Code; (3) this Mortgage covers goods which are or are to become fixtures; (4) the name of the record owner of the land is Shell Oil Company; and (5) the tax identification number of the Debtor is 76-0607613.

ARTICLE III

ASSIGNMENT OF LEASES, RENTS AND PROFITS

3.01 Assignment. The Mortgagor hereby absolutely, irrevocably and unconditionally sells, assigns, transfers and conveys to the Mortgagee all of the Mortgagor's right, title and interest in and to all current and future Leases and Rents, including those now due, past due, or to become due by virtue of any Lease or other agreement for the occupancy or use of all or any part of the Mortgaged Property. The Mortgagor intends that this assignment constitute a present and absolute assignment and not an assignment for additional security only. Such assignment to the Mortgagee shall not be construed to bind the Mortgagee to the performance of any of the covenants, conditions or provisions contained in any Lease or otherwise impose any obligation upon the Mortgagee. The Mortgagor covenants that it will not hereafter collect or accept payment of any Rents more than one month prior to the due dates of such Rents and that no Rents will be waived, released, reduced, discounted or otherwise discharged or compromised by the Mortgagor, except as permitted under the terms of any Lease in effect on the date hereof or as may be previously approved in writing by the Mortgagee. The Mortgagor agrees that it will not assign any of the Leases or Rents to any other Person. The Mortgagee shall have no liability for any loss which may arise from a failure or inability to collect any Rents. The Mortgagor shall maintain all security deposits in accordance with applicable law.

3.02 Revocable License; Agent. Notwithstanding the foregoing, but subject to the terms of this Article III, the Mortgagee grants to the Mortgagor a revocable license to operate

and manage the Mortgaged Property and to collect the Rents and hereby directs each tenant under a Lease to pay such Rents to, or at the direction, of the Mortgagor, until such time as the Mortgagee provides notice to the contrary to such tenants.

From and after the occurrence of and during the continuance of an Event of Default, the Mortgagor shall hold the Rents, or a portion thereof sufficient to discharge all sums currently due in respect of the Obligations, in trust for the benefit of the Mortgagee for use in the payment of such sums.

3.03 Rents. (a) During the continuance of an Event of Default, without the need for notice or demand, the license granted pursuant to this Article III shall immediately and automatically be revoked and the Mortgagee shall immediately and automatically be entitled to possession of all Rents, whether or not the Mortgagee enters upon or takes control of the Mortgaged Property. During any period in which such license shall be revoked, the Mortgagor grants to the Mortgagee the right, at its option, to exercise all the rights granted in Section 4.02(a) hereof. Nothing herein contained shall be construed as constituting the Mortgagee a trustee in possession in the absence of the taking of actual possession of the Mortgaged Property by the Mortgagee pursuant to such Section 4.02(a).

(b) During any period in which such license shall be revoked, the Mortgagor may, at the Mortgagee's direction, be the agent for the Mortgagee in collection of the Rents and all of the Rents so collected by the Mortgagor shall be held in trust by the Mortgagor for the sole and exclusive benefit of the Mortgagee and the Mortgagor shall, within five (5) business days after receipt of any Rents, pay the same to the Mortgagee to be applied by the Mortgagee as provided herein. All Rents collected shall be applied against all expenses of collection (including, but not limited to, attorneys' fees), costs of operation and management of the Mortgaged Property and the Obligations in the manner provided in Section 9.4 of the US Security Agreement. Neither demand for nor collection of Rents by the Mortgagee shall constitute any assumption by the Mortgagee of any obligations under any Lease or agreement relating thereto.

(c) Any funds expended by the Mortgagee to take control of and manage the Mortgaged Property and collect the Rents shall become part of the Obligations secured hereby. Such amounts shall be payable upon demand from the Mortgagor to the Mortgagee and shall bear interest from the date of expenditure at the interest rate set forth in Section 1.02(e) of the Credit Agreement with respect to Dollar Revolving Loans that are maintained as Base Rate Loans.

3.04 Sale of Mortgaged Property. (a) Upon any sale of any of the Mortgaged Property by or for the benefit of the Mortgagee pursuant to this Mortgage, the Rents attributable to the part of the Mortgaged Property so sold shall be included in such sale and shall pass to the purchaser free and clear of any rights granted herein to the Mortgagor.

(b) The Mortgagor acknowledges and agrees that, upon recordation of this Mortgage, the Mortgagee's interest in the Rents shall be deemed to be fully perfected, "choate" and enforceable against the Mortgagor and all third parties, including, without limitation, any debtor in possession or trustee in any case under the Bankruptcy Code, without the necessity of (i) commencing a foreclosure action with respect to this Mortgage, (ii) furnishing notice to the

Mortgagor or tenants under the Leases, (iii) making formal demand for the Rents, (iv) taking possession of the Mortgaged Property as a lender-in-possession, (v) obtaining the appointment of a receiver of the Rents, (vi) sequestering or impounding the Rents or (vii) taking any other affirmative action.

3.05 Bankruptcy Provisions. Without limiting the provisions of this Article III or the absolute nature of the assignment of the Rents hereunder, the Mortgagor and the Mortgagee agree that, to the extent that the assignment of the Rents hereunder is deemed to be other than an absolute assignment, (a) this Mortgage shall constitute a "security agreement" for purposes of Section 552(b) of the Bankruptcy Code, (b) the security interest created by this Mortgage extends to property of the Mortgagor acquired before the commencement of a bankruptcy case and to all amounts paid as Rents and (c) such security interest shall extend to all Rents acquired by the estate after the commencement of any bankruptcy case. Without limiting the absolute nature of the assignment of the Rents hereunder, to the extent the Mortgagor (or the Mortgagor's bankruptcy estate) shall be deemed to hold any interest in the Rents after the commencement of a voluntary or involuntary bankruptcy case, the Mortgagor hereby acknowledges and agrees that such Rents are and shall be deemed to be "cash collateral" under Section 363 of the Bankruptcy Code.

ARTICLE IV

EVENTS OF DEFAULT AND REMEDIES

4.01 Events of Default. An "Event of Default" shall mean any Event of Default under, and as defined in, the Credit Agreement and shall in any event include, without limitation, (i) any payment default under any Interest Rate Protection Agreement, Other Hedging Agreement or the Overdraft Agreement and (ii) after the payment in full of the Credit Document Obligations and the Other Obligations, any "Event of Default" (or similar term) under, and as defined in, the Overdraft Agreement, and shall in any event, without limitation, include any payment default on any of the Obligations after the expiration of any applicable grace period.

4.02 Remedies Upon Default. Upon the occurrence and during the continuation of an Event of Default, the Mortgagee may, in the Mortgagee's sole discretion either itself or by or through one or more trustees, agents, nominees, assignees or otherwise, to the fullest extent permitted by law, exercise any or all of the following rights and remedies individually, collectively or cumulatively:

- (a) either in person or by its agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, (i) enter upon and take possession of the Mortgaged Property or any part thereof and of all books, records and accounts relating thereto or located thereon, in its own name or in the name of the Mortgagor, and do or cause to be done any acts which it deems necessary or desirable to preserve the value of the Mortgaged Property or any part thereof or interest therein, increase the income therefrom or protect the security hereof; (ii) with or without taking possession of the Mortgaged Property make such repairs, alterations, additions and improvements as the Mortgagee deems necessary or desirable

and do any and all acts and perform any and all work which the Mortgagee deems necessary or desirable to complete any unfinished construction on the Mortgaged Property; (iii) make, cancel or modify Leases and sue for or otherwise collect the Rents thereof, including those past due and unpaid; (iv) make any payment or perform any act which the Mortgagor has failed to make or perform hereunder; (v) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Mortgagee; (vi) pay, purchase, contest or compromise any encumbrance, charge or Lien on the Mortgaged Property; and (vii) take such other actions as the Mortgagee deems necessary or desirable;

(b) commence and maintain one or more actions at law or in equity or by any other appropriate remedy (i) to protect and enforce the Mortgagee's rights hereunder, including for the specific performance of any covenant or agreement herein contained (which covenants and agreements the Mortgagor agrees shall be specifically enforceable by injunctive or other appropriate equitable remedy), (ii) to collect any sum then due hereunder, (iii) to aid in the execution of any power herein granted, or (iv) to foreclose this Mortgage in accordance with Section 4.03 hereof;

(c) exercise any or all of the remedies available to a secured party under the Uniform Commercial Code;

(d) by notice to the Mortgagor (to the extent such notice is required to be given under the Financing Documents), but without formal demand, presentment, notice of intention to accelerate or of acceleration, protest or notice of protest, all of which are hereby waived by the Mortgagor, declare all of the Obligations immediately due and payable, and upon such declaration all of such Obligations shall become and be immediately due and payable, anything in this Mortgage or the other Financing Documents to the contrary notwithstanding; and

(e) exercise any other right or remedy available to the Mortgagee under the Financing Documents.

4.03 Right of Foreclosure. (a) Upon the occurrence and during the continuation of an Event of Default, the Mortgagee shall have the right, in its sole discretion, to proceed at law or in equity to foreclose this Mortgage with respect to all or any portion of the Mortgaged Property, either by judicial action or by power of sale. If the Mortgaged Property consists of several lots, parcels or items of Mortgaged Property, the Mortgagee may, in its sole discretion: (i) designate the order in which such lots, parcels or items shall be offered for sale or sold, or (ii) elect to sell such lots, parcels or items through a single sale, or through two or more successive sales, or in any other manner the Mortgagee may elect. Should the Mortgagee desire that more than one sale or other disposition of the Mortgaged Property be conducted, the Mortgagee may, at its option, cause the same to be conducted simultaneously, or successively, on the same day, or at such different days or times and in such order as the Mortgagee may elect, and no such sale shall terminate or otherwise affect the lien of this Mortgage on any part of the Mortgaged Property not sold until all Obligations have been fully paid in cash and performed. The Mortgagee may elect to sell the Mortgaged Property for cash or credit. The Mortgagee may, to

the extent permitted by law, adjourn from time to time any sale by it to be made under or by virtue of this Mortgage by announcement at the time and place appointed for such sale or for such adjourned sale or sales; and, to the extent permitted by law, the Mortgagee may make such sale at the time and place to which the same shall be so adjourned. With respect to all components of the Mortgaged Property, the Mortgagee is hereby appointed the true and lawful attorney-in-fact of the Mortgagor (which appointment is irrevocable and coupled with an interest but which power may only be exercised upon the occurrence and during the continuation of an Event of Default), in its name and stead, to make all necessary conveyances, assignments, transfers and deliveries of the Mortgaged Property, and for that purpose the Mortgagee may execute all necessary instruments of conveyance, assignment, transfer and delivery, and may substitute one or more persons with such power, the Mortgagor hereby ratifying and confirming all that its said attorney-in-fact or such substitute or substitutes shall lawfully do by virtue hereof. Notwithstanding the foregoing, the Mortgagor, if so requested by the Mortgagee, shall ratify and confirm any such sale or sales by executing and delivering to the Mortgagee or to such purchaser or purchasers all such instruments as may be advisable, in the judgment of the Mortgagee, for such purpose, and as may be designated in such request. To the extent permitted by law, any such sale or sales made under or by virtue of this Article IV shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of the Mortgagor in and to the properties and rights so sold, and shall be a perpetual bar both at law and in equity against the Mortgagor and against any and all persons claiming or who may claim the same, or any part thereof, from, through or under the Mortgagor. Upon any sale made under or by virtue of this Article IV, the Mortgagee may, to the extent permitted by law, bid for and acquire the Mortgaged Property or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the Obligations secured hereby the net sale price after deducting therefrom the expenses of the sale and the cost of the action and any other sums which the Mortgagee is authorized to deduct by law or under this Mortgage.

(b) Any foreclosure of this Mortgage and any other transfer of all or any part of the Mortgaged Property in extinguishment of all or any part of the Obligations may, at the Mortgagee's option, be subject to any or all Leases of all or any part of the Mortgaged Property and the rights of tenants under such Leases. No failure to make any such tenant a defendant in any foreclosure proceedings or to foreclose or otherwise terminate any such Lease and the rights of any such tenant in connection with any such foreclosure or transfer shall be, or be asserted to be, a defense or hindrance to any such foreclosure or transfer or to any proceedings seeking collection of all or any part of the Obligations (including, without limitation, any deficiency remaining unpaid after completion of any such foreclosure or transfer).

(c) If the Mortgagor retains possession of the Mortgaged Property or any part thereof subsequent to a sale, the Mortgagor will be considered a tenant at sufferance of the purchaser, and will, if the Mortgagor remains in possession after demand to remove, be guilty of forcible detainer and will be subject to eviction and removal, forcible or otherwise, with or without process of law, and all damages to the Mortgagor by reason thereof are hereby expressly waived by the Mortgagor.

4.04 Application of Proceeds. The proceeds of any sale of, and the Rents and other amounts generated by the holding, leasing, management, operation or other use of, the Mortgaged

Property pursuant to this Mortgage shall be applied by the Mortgagee (or the receiver, if one is appointed) in accordance with the provisions of Section 9.4 of the US Security Agreement.

4.05 Appointment of Receiver. Upon the occurrence and during the continuance of an Event of Default, the Mortgagee as a matter of strict right and without notice to the Mortgagor or anyone claiming under the Mortgagor, and without regard to the adequacy or the then value of the Mortgaged Property or the interest of the Mortgagor therein or the solvency of any party bound for payment of the Obligations, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Mortgaged Property, and the Mortgagor hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual rights, powers and duties of receivers in like or similar cases and all the rights, powers and duties of the Mortgagee in case of entry as provided in Section 4.02 hereof, including, but not limited to, the full power to rent, maintain and otherwise operate the Mortgaged Property upon such terms as are approved by the court and shall continue as such and exercise all such powers until the date of confirmation of sale of the Mortgaged Property unless such receivership is sooner terminated.

4.06 Exercise of Rights and Remedies. The entering upon and taking possession of the Mortgaged Property, the collection of any Rents and the exercise of any of the other rights contained in this Article IV, shall not, alone, cure or waive any Event of Default or notice of default hereunder or invalidate any act done in response to such Event of Default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Mortgaged Property or the collection, receipt and application of Rents, the Mortgagee shall be entitled to exercise every right provided for herein or in the Financing Documents, or at law or in equity upon the occurrence of any Event of Default.

4.07 Remedies Not Exclusive. The Mortgagee shall be entitled to enforce payment and performance of the Obligations and to exercise all rights and powers under this Mortgage or any other agreement or any laws now or hereafter in force, notwithstanding that some or all of the Obligations may now or hereafter be otherwise secured, whether by mortgage, deed of trust, security deed, pledge, lien, assignment or otherwise. Neither the acceptance of this Mortgage nor its enforcement, whether by court action or pursuant to the powers herein contained, shall prejudice or in any manner affect the Mortgagee's right to realize upon or enforce any other security now or hereafter held by the Mortgagee, it being agreed that the Mortgagee shall be entitled to enforce this Mortgage and any other security now or hereafter held by the Mortgagee in such order and manner as it may in its absolute and sole discretion and election determine. No remedy herein conferred upon or reserved to the Mortgagee is intended to be exclusive of any other remedy herein or in any of the other Financing Documents or by law provided or permitted, 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. Every power or remedy to which the Mortgagee is entitled may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the Mortgagee, and the Mortgagee may pursue inconsistent remedies. No delay or omission of the Mortgagee to exercise any right or power accruing upon any Event of Default shall impair any right or power or shall be construed as a waiver of any Event of Default or any acquiescence therein. If the Mortgagee shall have proceeded to invoke any right or remedy hereunder or under the Financing Documents and shall

thereafter elect to discontinue or abandon it for any reason, the Mortgagee shall have the unqualified right to do so and, in such an event, the rights and remedies of the Mortgagee shall continue as if such right or remedy had never been invoked and no such discontinuance or abandonment shall waive any Event of Default which may then exist or the right of the Mortgagee thereafter to exercise any right or remedy under the Financing Documents for such Event of Default.

4.08 WAIVER OF REDEMPTION, NOTICE, MARSHALLING, ETC. NOTWITHSTANDING ANYTHING HEREIN CONTAINED TO THE CONTRARY, TO THE EXTENT PERMITTED BY LAW, THE MORTGAGOR: (A) ACKNOWLEDGING THAT IT IS AWARE OF AND HAS HAD THE ADVICE OF COUNSEL OF ITS CHOICE WITH RESPECT TO ITS RIGHTS HEREUNDER, WILL NOT (I) AT ANY TIME INSIST UPON, OR PLEAD, OR IN ANY MANNER WHATSOEVER, CLAIM OR TAKE ANY BENEFIT OR ADVANTAGE OF ANY STAY OR EXTENSION OR MORATORIUM LAW, PRESENT OR FUTURE STATUTE OF LIMITATIONS, ANY LAW RELATING TO THE ADMINISTRATION OF ESTATES OF DECEDENTS, APPRAISEMENT, VALUATION, REDEMPTION, STATUTORY RIGHT OF REDEMPTION, OR THE MATURING OR DECLARING DUE OF THE WHOLE OR ANY PART OF THE OBLIGATIONS, NOTICE OF INTENTION OF SUCH MATURING OR DECLARING DUE, OTHER NOTICE (WHETHER OF DEFAULTS, ADVANCES, THE CREATION, EXISTENCE, EXTENSION OR RENEWAL OF ANY OF THE OBLIGATIONS OR OTHERWISE, EXCEPT FOR RIGHTS TO NOTICES EXPRESSLY GRANTED HEREIN OR IN THE FINANCING DOCUMENTS), SUBROGATION, ANY SET-OFF RIGHTS, HOMESTEAD OR ANY OTHER EXEMPTIONS FROM EXECUTION OR SALE OF THE MORTGAGED PROPERTY OR ANY PART THEREOF, WHEREVER ENACTED, NOW OR AT ANY TIME HEREAFTER IN FORCE, WHICH MAY AFFECT THE COVENANTS AND TERMS OF PERFORMANCE OF THIS MORTGAGE, OR (II) CLAIM, TAKE OR INSIST UPON ANY BENEFIT OR ADVANTAGE OF ANY LAW NOW OR HEREAFTER IN FORCE PROVIDING FOR THE VALUATION OR APPRAISAL OF THE MORTGAGED PROPERTY OR ANY PART THEREOF, PRIOR TO ANY SALE OR SALES THEREOF WHICH MAY BE MADE PURSUANT TO ANY PROVISION HEREOF, OR PURSUANT TO THE DECREE, JUDGMENT OR ORDER OF ANY COURT OF COMPETENT JURISDICTION; OR (III) AFTER ANY SUCH SALE OR SALES, CLAIM OR EXERCISE ANY RIGHT UNDER ANY STATUTE HERETOFORE OR HEREAFTER ENACTED TO REDEEM THE MORTGAGED PROPERTY SO SOLD OR ANY PART THEREOF; AND (B) COVENANTS NOT TO HINDER, DELAY OR IMPEDE THE EXECUTION OF ANY POWER HEREIN GRANTED OR DELEGATED TO THE MORTGAGEE, BUT TO SUFFER AND PERMIT THE EXECUTION OF EVERY POWER AS THOUGH NO SUCH LAW OR LAWS HAD BEEN MADE OR ENACTED. THE MORTGAGOR, FOR ITSELF AND ALL WHO MAY CLAIM UNDER IT, WAIVES, TO THE EXTENT THAT IT LAWFULLY MAY, ALL RIGHT TO HAVE THE MORTGAGED PROPERTY MARSHALLED UPON ANY FORECLOSURE HEREOF.

4.09 Expenses of Enforcement. In connection with any action to enforce any remedy of the Mortgagee under this Mortgage, the Mortgagor agrees to pay all costs and expenses which may be paid or incurred by or on behalf of the Mortgagee, including, without limitation, reasonable attorneys' fees, receiver's fees, appraiser's fees, outlays for documentary and

expert evidence, stenographer's charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies and similar data and assurances with respect to title and value as the Mortgagee may deem necessary or desirable, and neither the Mortgagee nor any other Person shall be required to accept tender of any portion of the Obligations unless the same be accompanied by a tender of all such expenses, costs and commissions. All of the costs and expenses described in this Section 4.09, and such expenses and fees as may be incurred in the protection of the Mortgaged Property and the maintenance of the lien of this Mortgage, including the reasonable fees of any attorney employed by the Mortgagee in any litigation or proceeding, including appellate proceedings, affecting this Mortgage or the Mortgaged Property (including, without limitation, the occupancy thereof or any construction work performed thereon), including probate and bankruptcy proceedings, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding whether or not an action is actually commenced, shall be immediately due and payable by the Mortgagor, with interest thereon at the rate of interest set forth in Section 1.08(c) of the Credit Agreement and shall be part of the Obligations secured by this Mortgage.

4.10 Indemnity. (a) The Mortgagor agrees to indemnify, reimburse and hold the Mortgagee and each other Secured Creditor and their respective successors, permitted assigns, employees, affiliates and agents (hereinafter in this Section 4.10 referred to individually as "Indemnitee," and collectively as "Indemnitees") harmless from any and all liabilities, obligations, damages, injuries, penalties, claims, demands, actions, suits, judgments and any and all costs, expenses or disbursements (including reasonable attorneys' fees and expenses) (for the purposes of this Section 4.10 the foregoing are collectively called "expenses") of whatsoever kind and nature imposed on, asserted against or incurred by any of the Indemnitees in any way relating to or arising out of this Mortgage or in any way connected with the administration of the transactions contemplated hereby or the enforcement of any of the terms of, or the preservation of any rights under this Mortgage, or in any way relating to or arising out of the manufacture, ownership, ordering, purchase, delivery, control, acceptance, lease, financing, possession, operation, condition, sale, return or other disposition, or use of the Mortgaged Property (including, without limitation, latent or other defects, whether or not discoverable), the violation of the laws of any country, state or other governmental body or unit, any tort (including, without limitation, claims arising or imposed under the doctrine of strict liability, or for or on account of injury to or the death of any person (including any Indemnitee), or property damage), or contract claim; provided that no Indemnitee shall be indemnified pursuant to this Section 4.10 for losses, damages or liabilities to the extent caused by the gross negligence or willful misconduct of such Indemnitee (as determined by a court of competent jurisdiction in a final and non-appealable decision). The Mortgagor agrees that upon written notice by any Indemnitee of the assertion of such a liability, obligation, damage, injury, penalty, claim, demand, action, suit or judgment, the Mortgagor shall assume full responsibility for the defense thereof. Each Indemnitee agrees to use its best efforts to promptly notify the Mortgagor of any such assertion of which such Indemnitee has knowledge.

(b) Without limiting the application of Section 4.10 (a) hereof, the Mortgagor agrees to pay, indemnify and hold each Indemnitee harmless from and against any loss, costs, damages and expenses which such Indemnitee may suffer, expend or incur in consequence of or

growing out of any misrepresentation by the Mortgagor in this Mortgage or in any writing contemplated by or made or delivered pursuant to or in connection with this Mortgage.

(c) If and to the extent that the obligations of the Mortgagor under this Section 4.10 are unenforceable for any reason, the Mortgagor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

ARTICLE V

ADDITIONAL COLLATERAL

5.01 Additional Collateral. (a) The Mortgagor acknowledges and agrees that the Obligations are secured by the Mortgaged Property and various other Collateral including, without limitation, at the time of execution of this Mortgage certain personal property of the Mortgagor and other parties described in the Financing Documents. The Mortgagor specifically acknowledges and agrees that the Mortgaged Property, in and of itself, if foreclosed or realized upon would not be sufficient to satisfy the outstanding amount of the Obligations. Accordingly, the Mortgagor acknowledges that it is in the Mortgagor's contemplation that the other Collateral pledged to secure the Obligations may be pursued by the Mortgagee in separate proceedings in the various States, counties and other countries where such Collateral may be located and additionally that the Mortgagor and other parties liable for payment of the Obligations will remain liable for any deficiency judgments in addition to any amounts the Mortgagee may realize on sales of other property or any other Collateral given as security for the Obligations. Specifically, and without limitation of the foregoing, it is agreed that it is the intent of the parties hereto that in the event of a foreclosure of this Mortgage, the Indebtedness evidencing the Obligations shall not be deemed merged into any judgment of foreclosure, but rather shall remain outstanding. It is the further intent and understanding of the parties that the Mortgagee, during the continuation of an Event of Default, may pursue all of its Collateral with the Obligations remaining outstanding and in full force and effect notwithstanding any judgment of foreclosure or any other judgment which the Mortgagee may obtain.

(b) The Mortgagor acknowledges and agrees that the Mortgaged Property and the property which may from time to time be encumbered by the other Financing Documents may be located in more than one State or country and therefore the Mortgagor waives and relinquishes any and all rights it may have, whether at law or equity, to require the Mortgagee to proceed to enforce or exercise any rights, powers and remedies it may have under the Financing Documents in any particular manner, in any particular order, or in any particular State or other jurisdiction. Furthermore, the Mortgagor acknowledges and agrees that the Mortgagee shall be allowed to enforce payment and performance of the Obligations and to exercise all rights and powers provided under this Mortgage, or the other Financing Documents or under any provision of law, by one or more proceedings, (whether contemporaneous, consecutive or both) in any one or more States or country in which the security is located. Neither the acceptance of this Mortgage or any Financing Document nor the enforcement in one State or country, whether by court action, power of sale, or otherwise, shall prejudice or in any way limit or preclude enforcement of such

documents through one or more additional proceedings, in that state or in any other State or country.

(c) The Mortgagor further agrees that any particular remedy or proceeding, including, without limitation, foreclosure through court action (in a state or federal court) or power of sale, may be brought and prosecuted in the local or federal courts of any one or more States as to all or any part of the Mortgaged Property or the property encumbered by the Financing Documents, wherever located, without regard to the fact that any one or more prior or contemporaneous proceedings have been situated elsewhere with respect to the same or any other part of the Mortgaged Property and the property encumbered by the Financing Documents.

(d) The Mortgagee may resort to any other security held by the Mortgagee for the payment of the Obligations in such order and manner as the Mortgagee may elect.

(e) Notwithstanding anything contained herein to the contrary, the Mortgagee shall be under no duty to the Mortgagor or others, including, without limitation, the holder of any junior, senior or subordinate mortgage on the Mortgaged Property or any part thereof or on any other security held by the Mortgagee, to exercise or exhaust all or any of the rights, powers and remedies available to the Mortgagee.

ARTICLE VI

MISCELLANEOUS

6.01 Governing Law. The provisions of this Mortgage regarding the creation, perfection and enforcement of the liens and security interests herein granted shall be governed by and construed under the laws of the State in which the Mortgaged Property is located. All other provisions of this Mortgage shall be governed by the laws of the State of New York (including, without limitation, Section 5-1401 of the General Obligations Law of the State of New York), without regard to conflicts of laws principles.

6.02 Limitation on Interest. It is the intent of the Mortgagor and the Mortgagee in the execution of this Mortgage and all other instruments evidencing or securing the Obligations to contract in strict compliance with applicable usury laws. In furtherance thereof the Mortgagee and the Mortgagor stipulate and agree that none of the terms and provisions contained in this Mortgage shall ever be construed to create a contract for the use, forbearance or retention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by relevant law. If this Mortgage or any other instrument evidencing or securing the Obligations violates any applicable usury law, then the interest rate payable in respect of the Loans shall be the highest rate permissible by law.

6.03 Notices. Except as otherwise expressly provided herein, all notices, requests, demands or other communications provided for hereunder shall be in writing and mailed, transmitted via facsimile or delivered: if to the Mortgagor, at 1600 Smith Street, 24th Floor, Houston, Texas 77002, Attention: President, facsimile (713) 241-5333, with a copy to Apollo Management IV, L.P., 1301 Avenue of the Americas, New York, New York 10019, Attn: Scott

Kleinman, facsimile (212) 515-3221; if to the Mortgagee, at 1221 Avenue of the Americas, New York, New York 10020, Attention: Daniel Ryan, facsimile (212) 763-9181, if to any Overdraft Creditor, at such address as such Overdraft Creditor shall have specified in writing to the Mortgagor and the Mortgagee, or at such other address as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective as provided in Section 15.03 of the Credit Agreement.

6.04 Captions. The captions or headings at the beginning of each Article and Section hereof are for the convenience of the parties hereto and are not a part of this Mortgage.

6.05 Amendment. None of the terms and conditions of this Mortgage may be changed, waived, modified or varied in any manner whatsoever except in accordance with the terms of the US Security Agreement.

6.06 Obligations Absolute. The obligations of the Mortgagor hereunder shall remain in full force and effect without regard to, and shall not be impaired by, (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of the Mortgagor; (b) any exercise or non-exercise, or any waiver of, any right, remedy, power or privilege under or in respect of this Mortgage or any other Financing Document; or (c) any amendment to or modification of any Financing Document or any security for any of the Obligations; whether or not the Mortgagor shall have notice or knowledge of any of the foregoing.

6.07 Further Assurances. The Mortgagor shall, upon the request of the Mortgagee and at the expense of the Mortgagor: (a) promptly correct any defect, error or omission which may be discovered in the this Mortgage or any UCC financing statements filed in connection herewith; (b) promptly execute, acknowledge, deliver and record or file such further instruments (including, without limitation, further mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements and assignments of rents or leases) and promptly do such further acts as may be reasonably necessary, desirable or proper to carry out more effectively the purposes of this Mortgage and to subject to the liens and security interests hereof any property intended by the terms hereof to be encumbered hereby, including, but not limited to, any renewals, additions, substitutions, replacements or appurtenances to the Mortgaged Property; and (c) promptly execute, acknowledge, deliver, procure and record or file any document or instrument (including specifically any financing statement) deemed reasonably advisable by the Mortgagee to protect, continue or perfect the liens or the security interests hereunder against the rights or interests of third persons.

6.08 Partial Invalidity. If any of the provisions of this Mortgage or the application thereof to any person, party or circumstances shall to any extent be invalid or unenforceable, the remainder of this Mortgage, or the application of such provision or provisions to persons, parties or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and every provision of this Mortgage shall be valid and enforceable to the fullest extent permitted by law.

6.09 Partial Releases. No release from the lien of this Mortgage of any part of the Mortgaged Property by the Mortgagee shall in any way alter, vary or diminish the force or effect of this Mortgage on the balance of the Mortgaged Property or the priority of the lien of this Mortgage on the balance of the Mortgaged Property.

6.10 Priority. This Mortgage is intended to and shall be valid and have priority over all subsequent liens and encumbrances, including statutory liens, excepting solely taxes and assessments levied on the real estate, to the extent of the maximum amount secured hereby.

6.11 Covenants Running with the Land. All Obligations are intended by the Mortgagor and the Mortgagee to be, and shall be construed as, covenants running with the Mortgaged Property. As used herein, the "Mortgagor" shall refer to the party named in the first paragraph of this Mortgage and to any subsequent owner of all or any portion of the Mortgaged Property. All persons who may have or acquire an interest in the Mortgaged Property shall be deemed to have notice of, and be bound by, the terms of the Credit Agreement and the other Financing Documents; provided, however, that no such party shall be entitled to any rights thereunder without prior written consent of the Mortgagee.

6.12 Successors and Assigns. This Mortgage shall be binding upon and inure to the benefit of the Mortgagee and the Mortgagor and their respective successors and assigns. Except as otherwise permitted by the Credit Agreement and the Overdraft Agreement, the Mortgagor shall not assign any rights, duties, or obligations hereunder.

6.13 Purpose of Loans. The Mortgagor hereby represents and agrees that the Loans secured by this Mortgage are being obtained for business or commercial purposes, and the proceeds thereof will not be used for personal, family, residential, household or agricultural purposes.

6.14 No Joint Venture or Partnership. The relationship created hereunder and under the other Financing Documents is that of creditor/debtor. The Mortgagee does not owe any fiduciary or special obligation to the Mortgagor and/or any of the Mortgagor's officers, partners, agents, or representatives. Nothing herein or in any other Financing Document is intended to create a joint venture, partnership, tenancy-in-common or joint tenancy relationship between the Mortgagor and the Mortgagee.

6.15 The Mortgagee as Agent for Secured Creditors. It is expressly understood and agreed that the rights and obligations of the Mortgagee as holder of this Mortgage and as Collateral Agent for the Secured Creditors and otherwise under this Mortgage are only those expressly set forth in this Mortgage and in Annex L to the Security Agreement. The Mortgagee shall act hereunder pursuant to the terms and conditions set forth herein and in Annex L to the Security Agreement.

6.16 Full Recourse. This Mortgage is made with full recourse to the Mortgagor and to all assets of the Mortgagor, including the Mortgaged Property and the Secured Property.

6.17 Reduction of Secured Amount. In the event that the maximum principal amount secured by this Mortgage is less than the aggregate Obligations then the amount secured hereby shall be reduced only by the last and final sums that the Mortgagor repays with respect to the Obligations and shall not be reduced by any intervening repayments of the Obligations. So long as the balance of the Obligations exceeds the amount secured hereby, any payments of the Obligations shall not be deemed to be applied against, or to reduce, the portion of the Obligations secured by this Mortgage.

6.18 Acknowledgment of Receipt. The Mortgagor hereby acknowledges receipt of a true copy of this Mortgage.

6.19 Release Upon Full Payment. After the Termination Date (as defined in the US Security Agreement), this Mortgage shall be released of record and the Mortgagee, at the request and expense of the Mortgagor, will promptly (and will use commercially reasonable efforts to perform within ten (10) business days following receipt by the Mortgagee of the Mortgagor's request thereof) execute and deliver to the Mortgagor (without recourse and without representation or warranty) appropriate UCC termination statements and instruments of satisfaction, discharge and or re-conveyance, as the case may be.

6.20 Time of the Essence. Time is of the essence with respect to the obligations of the Mortgagor under this Mortgage.

6.21 The Mortgagee's Powers. Without affecting the liability of any other Person liable for the payment and performance of the Obligations and without affecting the Lien of this Mortgage in any way, the Mortgagee may, from time to time, regardless of consideration and without notice to or consent by the holder of any subordinate Lien, right, title or interest in or to the Mortgaged Property, (a) release any Persons liable for the Obligations, (b) extend the maturity of, increase or otherwise alter any of the terms of the Obligations, (c) modify the interest rate payable on the principal balance of the Obligations, (d) release or reconvey, or cause to be released or reconveyed all or any portion of the Mortgaged Property, or (e) take or release any other or additional security for the Obligations.

6.22 Rules of Usage. The following rules of usage shall apply to this Mortgage unless otherwise required by the context:

1. Singular words shall connote the plural as well as the singular, and vice versa, as may be appropriate.

2. The words "herein", "hereof" and "hereunder" and words of similar import appearing in this Mortgage shall be construed to refer to such document as a whole and not to any particular section, paragraph or other subpart thereof unless expressly so stated.

3. References to any Person shall include such Person and its successors and permitted assigns.

4. Each of the parties hereto and their counsel have reviewed and revised, or requested revisions to, this Mortgage, and the usual rule of construction that any

ambiguities are to be resolved against the drafting party shall be inapplicable in the construction and interpretation of such documents and any amendments or exhibits thereto.

5. Unless an express provision requires otherwise, each reference to "the Mortgaged Property" shall be deemed a reference to "the Mortgaged Property or any part thereof", and each reference to "Secured Property" shall be deemed a reference to "the Secured Property or any part thereof".

6.23 No Off-Set. All sums payable by the Mortgagor shall be paid without counterclaim, other compulsory counterclaims, set-off, or deduction and without abatement, suspension, deferment, diminution or reduction, and the Obligations shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (i) any damage or any condemnation of the Mortgaged Property or any part thereof; (ii) any title defect or encumbrance or any eviction from the Mortgaged Property or any part thereof by title paramount or otherwise; or (iii) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to the Mortgagee or the Mortgagor, or any action taken with respect to this Mortgage by any agent or receiver of the Mortgagee. The Mortgagor waives, to the extent permitted by law, all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any of the Obligations.

6.24 Consent to Jurisdiction and Service of Process; Waiver of Jury Trial.

(a) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS MORTGAGE OR ANY OTHER FINANCING DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, IN EACH CASE WHICH ARE LOCATED IN THE CITY OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS MORTGAGE, OR ANY OTHER FINANCING DOCUMENT, THE MORTGAGOR HEREBY IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. THE MORTGAGOR HEREBY FURTHER IRREVOCABLY WAIVES ANY CLAIM THAT ANY SUCH COURTS LACK PERSONAL JURISDICTION OVER THE MORTGAGOR, AND AGREES NOT TO PLEAD OR CLAIM, IN ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS MORTGAGE OR ANY OTHER FINANCING DOCUMENTS BROUGHT IN ANY OF THE AFOREMENTIONED COURTS, THAT SUCH COURTS LACK PERSONAL JURISDICTION OVER THE MORTGAGOR. THE MORTGAGOR FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO THE MORTGAGOR AT ITS ADDRESS FOR NOTICES PURSUANT TO SECTION 6.03 HEREOF, SUCH SERVICE TO BECOME EFFECTIVE 30 DAYS AFTER SUCH MAILING. THE MORTGAGOR HEREBY IRREVOCABLY WAIVES ANY OBJECTION TO SUCH SERVICE OF

PROCESS EFFECTED IN SUCH A MANNER AND FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY ACTION OR PROCEEDING COMMENCED HEREUNDER OR ANY OTHER FINANCING DOCUMENT THAT SERVICE OF PROCESS WAS IN ANY WAY INVALID OR INEFFECTIVE. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE MORTGAGEE, THE ADMINISTRATIVE AGENT UNDER THE CREDIT AGREEMENT, ANY LENDER OR ANY OTHER SECURED CREDITOR TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE MORTGAGOR IN ANY OTHER JURISDICTION.

(b) THE MORTGAGOR HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS MORTGAGE OR ANY OTHER FINANCING DOCUMENT BROUGHT IN THE COURTS REFERRED TO IN CLAUSE (a) ABOVE AND HEREBY FURTHER IRREVOCABLY, TO THE EXTENT PERMITTED BY APPLICABLE LAW, WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH OF THE PARTIES TO THIS MORTGAGE HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS MORTGAGE, THE OTHER FINANCING DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

6.25 Leasehold Mortgage Provisions. If Exhibit A includes a leasehold estate, the terms and conditions set forth in Exhibit B attached hereto are made a part hereof and are incorporated into this Mortgage by reference.

6.26 Future Advances. This Mortgage is given to secure the Mortgagor's obligations under, or in respect of, the Financing Documents to which the Mortgagor is party and shall secure not only obligations with respect to presently existing indebtedness under the foregoing documents and agreements but also any and all other indebtedness or which may hereafter be owing by the Mortgagor to the Secured Creditors under the Financing Documents, however incurred, whether interest, discount or otherwise, and whether the same shall be deferred, accrued or capitalized, including future advances and re-advances, pursuant to the Credit Agreement, the Overdraft Agreement or the other Financing Documents, whether such advances are obligatory or to be made at the option of the Lenders, or otherwise, to the same extent as if such future advances were made on the date of the execution of this Mortgage. The lien of this Mortgage shall be valid as to all indebtedness secured hereby, including future advances, from the time of its filing for record in the recorder's office of the county in which the Mortgaged Property is located. This Mortgage is intended to and shall be valid and have priority over all subsequent liens and encumbrances, including statutory liens, excepting solely taxes and assessments levied on the real estate, to the extent of the maximum amount secured hereby, and

Permitted Encumbrances related hereto. Although this Mortgage is given to secure all future advances made by the Mortgagee and the other Secured Creditors to or for the benefit of the Mortgagor or the Mortgaged Property, whether obligatory or optional, the Mortgagor and the Mortgagee hereby acknowledge and agree that the Mortgagee and the other Secured Creditors are obligated by the terms of the Financing Documents to make certain future advances, including advances of a revolving nature, subject to the fulfillment of the relevant conditions set forth in the Financing Documents.

6.27 Merger of Ground Lease. If both the lessor's and lessee's estate under the Ground Lease or any portion thereof which constitutes a part of the Mortgaged Property or other security under the Financing Documents shall at any time become vested in one owner, this Mortgage and the Lien created hereby shall not be destroyed or terminated by application of the doctrine of merger unless Mortgagee so elects as evidenced by recording a written declaration so stating, and, unless and until Mortgagee so elects, Mortgagee shall continue to have and enjoy all of the rights and privileges of Mortgagee as to the separate estates. In addition, upon the foreclosure of the Lien created by this Mortgage on the Mortgaged Property pursuant to the provisions hereof, the Ground Lease then existing and affecting all or any portion of the Mortgaged Property shall not be destroyed or terminated by application of the law of merger, as a matter of law or as a result of such foreclosure, unless Mortgagee or any purchaser at such foreclosure sale shall so elect. No act by or on behalf of Mortgagee or any such purchaser shall constitute a termination of the Ground Lease unless Mortgagee or such purchaser shall record a termination thereof.

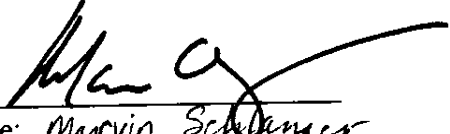
6.28 Addendum. The terms and conditions set forth in the Addendum to Leasehold Mortgage, Security Agreement, Assignment of Leases, Rents and Profits, Financing Statement and Fixture Filing attached hereto are made an integral part hereof and are incorporated into this Mortgage by reference.

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IN WITNESS WHEREOF, the Mortgagor has caused this Mortgage to be duly executed and delivered as of the day and year first above written.

RESOLUTION PERFORMANCE
PRODUCTS LLC, a Delaware limited
liability company

By: 
Name: *Marvin Schlander*
Title: *Chairman*

Property of Cook County Clerk's Office

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00951939

STATE OF NEW YORK)

ss.:

COUNTY OF NEW YORK)

On this the 13th day of November, 2000, before me personally appeared Marvin Schlanger, who acknowledged himself to be the Chairman of Resolution Performance Products LLC, a Delaware limited liability company, and that he, as such officer of Resolution Performance Products LLC, a Delaware limited liability company, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer on behalf of and as the act and deed of said company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Angel Leon
NOTARY PUBLIC
State of New York
My Commission Expires: 2/16/01

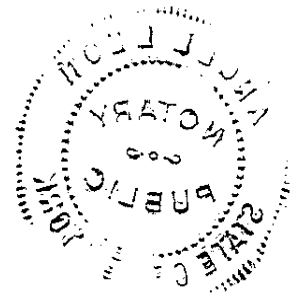
[SEAL]



ANGEL LEON
Notary Public, State of New York
No. 03-4920686
Qualified in Bronx County
Commission Expires Feb. 16, 2001

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Property of Cook County Clerk's Office



Leasehold Mortgage Provisions

Notwithstanding anything contained herein to the contrary, and in addition to any rights, privileges and remedies granted to the Mortgagee elsewhere in this Mortgage, the Mortgagee shall have, and the Mortgagor hereby grants to the Mortgagee for the benefit of the Secured Creditors, any and all rights, privileges and remedies of the Leasehold provided for in the Ground Lease (including without limitation, any renewal rights and options to purchase contained in the Ground Lease) without the necessity of particularly specifying any or all of such rights, privileges and remedies that are or could be granted to Leasehold mortgagees pursuant to the Ground Lease.

The Mortgagor hereby represents, covenants and agrees that:

- (a) This Mortgage is lawfully executed and delivered in conformity with the Ground Lease and any and all consents required therefor under the Ground Lease have been timely received and are effective.
- (b) The Mortgagor will pay when due the rents, taxes and other sums and charges mentioned in and made payable by the Mortgagor under the Ground Lease.
- (c) The Mortgagor will promptly, in all material respects, perform and observe all of the terms, covenants and conditions required to be performed and observed by it under the Ground Lease, within the periods (including any grace or cure periods) provided therein, and will do all things reasonably necessary to preserve and to keep unimpaired its rights under the Ground Lease. The Mortgagor does hereby irrevocably appoint and constitute the Mortgagee as its true and lawful attorney in fact, which appointment is irrevocable and coupled with an interest (but which power shall be exercisable only upon the occurrence and during the continuation of an Event of Default), in its name, place and stead, to take any and all actions deemed necessary or desirable by the Mortgagee in the exercise of its sole but reasonable discretion to perform and comply with all of the obligations of the Mortgagor under the Ground Lease, to do and take, but without any obligation so to do, any action which the Mortgagee deems necessary or desirable to prevent or cure any default by the Mortgagor under the Ground Lease, to enter into and upon the Mortgaged Property or any part thereof to such extent and as often as the Mortgagee, in its reasonable discretion, deems necessary or desirable in order to prevent or cure any default of the Mortgagor pursuant thereto, to the end that the rights of the Mortgagor in and to the Leasehold created by the Ground Lease shall be kept unimpaired and free from default, and all sums so expended by the Mortgagee, with interest thereon at the rate set forth in the Credit Agreement for Revolving Loans maintained as Base Rate Loans from the date of each such expenditure, shall be paid by the Mortgagor to the Mortgagee promptly upon demand by the Mortgagee and shall be added to the indebtedness secured hereby. The Mortgagor shall, within ten (10) Business Days after

the Mortgagor's receipt of written request by the Mortgagee, execute and deliver to the Mortgagee, or to any person designated by the Mortgagee, such further instruments, agreements, powers, assignments, conveyances or the like as may be necessary to complete or perfect the interest, rights or powers of the Mortgagee pursuant hereto.

(d) The Mortgagor will promptly (i) notify the Mortgagee in writing of the receipt by it of any written notice of default from the lessor under the Ground Lease; (ii) notify the Mortgagee in writing of the receipt by it of any notice under the Ground Lease of the termination of the Ground Lease; (iii) cause a copy of each such notice received by the Mortgagor from the lessor under the Ground Lease to be delivered to the Mortgagee; and (iv) cause a copy of any notice of election or the exercise of any rights of option, purchase or renewal under the Ground Lease sent by the Mortgagor to the lessor under Ground Lease, to be delivered to the Mortgagee.

(e) The Mortgagor will not, without the prior written consent of the Mortgagee, terminate or surrender or suffer or permit any termination or surrender of the Ground Lease, nor modify the Ground Lease, if the modification shall materially impair the Mortgagee's security interest in the Mortgaged Property or the rights and remedies of the Mortgagee under this Mortgage.

(f) The Mortgagor will, within twenty (20) days after written demand from the Mortgagee, use reasonable efforts to obtain from the lessor under the Ground Lease and deliver to the Mortgagee an estoppel certificate in the form provided for in the Ground Lease or if none is provided, in a form provided by the Mortgagee.

(g) The Mortgagor will furnish to the Mortgagee promptly after receipt of Mortgagee's written request therefor, proof of payment of all items which are required to be paid by the Mortgagor pursuant to the Ground Lease and a statement of any such payments which the Mortgagor is contesting or arbitrating pursuant to the terms of the Ground Lease.

(h) Except as otherwise provided in the Ground Lease, the Mortgagor will not consent to the subordination of the Ground Lease to any lien on the fee estate of the lessor under the Ground Lease without the prior written consent of the Mortgagee which consent shall not be unreasonably withheld.

(i) So long as any of the Obligations shall remain outstanding, and if an Event of Default has occurred and is continuing, the Mortgagor shall not fail to exercise any option or right to renew or extend the term of the Ground Lease without the prior written consent of the Mortgagee. The Mortgagor shall give the Mortgagee simultaneous written notice of the exercise of any such option or right to renew or extend, together with a copy of the instrument given to the lessor under the Ground Lease exercising such option or right, and thereafter, shall promptly deliver to the Mortgagee a copy of any acknowledgment by such lessor with respect to the exercise of such option or right. If any such option or right has not been exercised as aforesaid, then, not more than three hundred sixty (360) and not less than two hundred seventy (270) days before the right of

the Mortgagor to exercise any such option or right, the Mortgagor shall give the Mortgagee written notice specifying (i) the date on which, (ii) the term for which and (iii) the manner in which such option or renewal is to be exercised. If an Event of Default has occurred and is continuing, within ten (10) business days of written demand by the Mortgagee, the Mortgagor shall exercise any such option or renewal which is necessary to extend the term of the Ground Lease beyond the outside maturity date set forth in the Credit Agreement.

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(ILLINOIS)

**ADDENDUM TO LEASEHOLD MORTGAGE, SECURITY AGREEMENT,
ASSIGNMENT OF LEASES, RENTS AND PROFITS, FINANCING STATEMENT AND
FIXTURE FILING**

This Addendum to Leasehold Mortgage, Security Agreement, Assignment of Leases, Rents and Profits, Financing Statement and Fixture Filing is to be attached to and made a part of that certain Leasehold Mortgage, Security Agreement, Assignment of Leases, Rents and Profits, Financing Statement and Fixture Filing dated November 14, 2000, by Resolution Performance Products LLC as Mortgagor to Morgan Stanley & Co. Incorporated as Collateral Agent (the "Mortgage").

1. The following paragraph is added just prior to the paragraph beginning "TO HAVE AND TO HOLD the above granted . . ." appearing on page 6 of the Mortgage:

"AND without limiting any of the other provisions of this Mortgage, the Mortgagor expressly grants to the Mortgagee, as secured party, a security interest in the portion of the Mortgaged Property which is or may be subject to the Illinois Uniform Commercial Code - Secured Transactions Illinois Compiled Statutes Chapter 810, Section 5/9-101 et seq. (the "Illinois Uniform Commercial Code") provisions applicable to secured transactions to secure the Obligations, and the Mortgagee shall have, in addition to all rights and remedies provided herein, and in any other agreements made by the Mortgagor to the Mortgagee, all of the rights and remedies of a "secured party" under said Illinois Uniform Commercial Code; it being understood and agreed that the Improvements and Equipment constituting fixtures are part and parcel of the Mortgaged Property appropriated to the use thereof and, while affixed or annexed to the Land or the buildings and structures thereon, shall for the purposes of this Mortgage be deemed conclusively to be real estate and transferred and conveyed hereby; and the Mortgagor agrees to execute and deliver from time to time, such further instruments (including security agreements) as may be reasonably requested by the Mortgagee to confirm the lien of this Mortgage on any Improvements."

2. The following five new sections are added after Section 1.10:

"1.11 Type of Property. The Mortgagor acknowledges that the transaction of which this Mortgage is a part is a transaction which does not include either agricultural real estate (as defined in the Illinois Mortgage Foreclosure Law, Illinois Compiled Statutes Chapter 735, Section 5/15-1101 et seq., herein the "Act"), or residential real estate (as defined in the Act). Mortgagor waives its statutory rights of redemption pursuant to the Act.

1.12 Business Law. The Mortgagor stipulates, represents, warrants, affirms, and agrees that the Obligations secured by this Mortgage constitute "Business loans" within the meaning of Sections 205/4(c) of Chapter 815 of the Illinois Compiled Statutes, as amended.

1.13 No Property Manager's Lien. Any property management agreement for or relating to all or any part of the Mortgaged Property entered into hereafter by the Mortgagor or on behalf of the Mortgagor, shall contain a subordination provision whereby the property manager forever and unconditionally subordinates to the lien of this Mortgage and the Financing Documents any and all mechanic's lien rights and claims that it or anyone claiming through or under it may have at any time pursuant to any statute or law, including, without limitation, Illinois Compiled Statutes, Chapter 770, Section 60/1. Such property management agreement or a short form thereof, including such subordination, shall, at the Mortgagee's request, be recorded with the office of the recorder of deeds for the county in which the Mortgaged Property is located. The Mortgagor's failure to cause any of the foregoing to occur shall constitute a default under this Mortgage.

1.14 Maturity Date. The last stated maturity date of the Obligations secured hereby is on or before November 14, 2008.

1.15 Maximum Amount Secured. The maximum amount of the Obligations which may be secured hereby is three hundred percent (300%) of the amount stated in the preambles to this Mortgage."

3. The following is added as a new article after the end of Article VI:

ARTICLE VII

STATE-SPECIFIC PROVISIONS

7.01 Compliance with Illinois Mortgage Foreclosure Law.

(a) If any provision of this Mortgage is inconsistent with any applicable provision of the Act (as defined above), the provisions of the Act shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can fairly be construed in a manner consistent with the Act.

(b) Without in any way limiting or restricting any of Mortgagee's rights, remedies, powers and authorities under this Mortgage, and in addition to all of such rights, remedies, powers, and authorities, the Mortgagee shall also have and may exercise any and all rights, remedies, powers and authorities which the holder of a mortgage is permitted to have or exercise under the provision of the Act, as the same may be amended from time to time, except as otherwise expressly provided herein.

(c) Without limiting the generality of the foregoing, all expenses incurred by Mortgagee, to the extent reimbursable under Section 5/15-1510, 5/15-1512, or any other provision of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether or not enumerated in any other provision of this Mortgage, shall be added to the indebtedness secured by this Mortgage and by the judgment of foreclosure."

(d) This Mortgage secures in part or in full a revolving credit arrangement as described in Section 5/15-1302(b)(3) of the Act.

(ii)

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00951939

Argo (Cook), IL Legal Description

Parcel 1

The premises demised under the Argo Ground Lease and Grant of Easements by and between Shell Oil Company, a DE corporation and Shell Epoxy Resins LLC, a DE limited liability company dated as of 11/1/00, evidenced by Memorandum of Argo Ground Lease, Grant of Easements and Declaration of Separate Ownership of Improvements dated as of 11/1/00 (to be recorded) (the "Ground Lease") as described on Exhibit A hereto and (b) the buildings and improvements situated thereon.

Parcel 2

Rights and easements referenced in Grant of Easements contained in the Ground Lease over the premises described on Exhibit B hereto, less and except the premises described in the Ground Lease.

18 23 301 004 0000

18 23 301 005 0000

18 23 301 006 0000

18 23 302 004 0000

78th Ct and 71st St.

Argo Illinois

EXHIBIT A

Commencing at the intersection of the South line of Section twenty two (22), and the Southeasterly line of the right of way of the Gulf Mobile & Ohio R.R. Co.; thence east along the south line of section twenty two (22) and Twenty three (23), Nine Hundred Fifty (950) feet, to the point of beginning, Thence north 00 degrees 13 minutes 54 seconds west, 1,121.35 feet, to a point, thence westerly along a line which form an angle to the right 90 degrees 00 minutes 00 seconds 129.31 feet, to a point, thence northerly along a line which form an angle to the left 53 degrees 44 minutes 30 seconds, 669.30 feet, to a point, on a curved convex to the northeast, having a radius of three hundred twenty four and twenty seven hundredths (324.27) feet and being tangent to the north and west lines, distance of 305.48 feet as measured along the arc, to a point, thence south 89 degrees 59 minutes 06 seconds east, 194.51 feet, to a point, thence southerly along a line which form an angle to the right 89 degrees 46 minutes 00 seconds, 692.21 feet, to a point, thence westerly along a line which form an angle to the right 90 degrees 16 minutes 03 seconds, 354.23 feet, to a point, thence southerly along a line which form an angle to the right 93 degrees 24 minutes 40 seconds, 183.62 feet, to a point, thence southeasterly along a line which form an angle to the right 164 degrees 00 minutes 16 seconds, 93.33 feet, to a point, thence southerly along a line which form an angle to the left 161 degrees 58 minutes 14 seconds, 242.78 feet, to a point, thence southerly along a line which form an angle to the right 170 degrees 22 minutes 42 seconds, 254.21 feet, to a point, thence southeasterly along a line which form an angle to the right 139 degrees 40 minutes 38 seconds, 89.79 feet, to a point, thence southerly along a line which form an angle to the left 135 degrees 00 minutes 00 seconds, 267.35 feet, to a point, thence westerly along a line which form an angle to the right 90 degrees 00 minutes 00 seconds, 339.99 feet, to the point of beginning. Containing 665,125.59 square feet or 15.269 acres more or less.

Together with the nonexclusive easements benefiting said Land as reserved in Warranty Deed from Shell Oil Company to Equilon Enterprises LLC recorded October 23, 1998 under County Clerk's file number 98955203.

SAVE AND EXCEPT:

Tract 1Viscosity Improver Tankage Easement

Commencing at the intersection of the South line of Section twenty two (22), and the Southeasterly line of the right of way of the Gulf Mobile & Ohio R.R. Co.; thence Northwesterly along the Southeasterly line of the right of way of said Gulf Mobile & Ohio R.R. Co. a distance of 550.00 feet to a point; thence Easterly along a line which forms an angle to the right of 53 degrees 44 minutes 30 seconds, 790.00 feet; to the point of beginning; thence Northerly along a line which forms an angle to the left 90 degrees 00 minutes 00 seconds, 200.00 feet, to a point; thence Westerly along a line which forms an angle to the left 90 degrees 00 minutes 00 seconds, 100.00 feet, to a point; thence Southerly along a line which forms an angle to the left 90 degrees 00 minutes 00 seconds, 200.00 feet, to a point; thence Easterly along a line which forms an angle to the left 90 degrees 00 minutes 00 seconds, 100.00 feet, to the point of beginning.

and

The real property under which the dissolver kettle and the two (2) granulators (which equipment is part of the Improvements), are located.

Property of Cook County Clerk's Office