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ASSUMPTION AND PAYMENT AGREEMENT

THIS AGREEMENT dated as of the 8th day of April, 1987 by La Quinta Motor Inns, Inc., a Texas corporation (the "Purchaser"), for the benefit of Northwestern National Life Insurance Company, a Minnesota corporation (the "Mortgagee") and all subsequent holders of the Note hereafter described, Main Bank, an Illinois banking association organized under the laws of the State of Illinois, not personally but solely as Trustee under the provisions of a Trust Agreement dated June 7, 1986 and known as Trust No. 86-160 (the "Seller"), S&A Restaurant Corp., a Delaware corporation, and Steak and Ale of Illinois, Inc., a Nevada corporation (collectively the "Guarantors") and John Sellis and Angelo Sellis.

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RECITALS

A. As of the date of this Agreement, Seller is selling to Purchaser certain land located in the Village of Arlington Heights, County of Cook, State of Illinois legally described on Exhibit A attached hereto and made a part hereof (the "Premises") and the improvements thereon.

B. The Premises, the improvements thereon and certain other property (collectively the "Mortgaged Property") have been mortgaged to the Mortgagee pursuant to a

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Mortgage dated September 1, 1977 (as amended prior to and as of this date and as hereafter amended, the "Mortgage") from La Salle National Bank, a national banking association organized under the laws of the United States of America, not personally but solely as Trustee under the provisions of a Trust Agreement dated September 3, 1964, and known as Trust No. 32798 (the "Original Land Trust"), to secure a Mortgage Note of the Original Land Trust dated September 1, 1977 payable to Mortgagee or registered assigns in the original principal amount of $575,000 (as amended by a previously-executed addendum dated as of June 11, 1986 and subject to the Addendum hereafter described and together with all notes issued in substitution or exchange therefor, the "Note"). The original Mortgage was recorded on September 1, 1977, with the Recorder of Deeds for Cook County, Illinois as document number 24 088 301. The Original Land Trust thereafter conveyed the Mortgaged Property to La Salle National Bank, not personally but solely as Trustee under the provisions of a Trust Agreement dated July 15, 1980, and known as Trust No. 102903 (the "Second Land Trust"), which thereafter reconveyed the Mortgaged Property to the Seller.

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C. Payment of the Note and performance of the Mortgage have been assumed by the Seller pursuant to an Assumption Agreement dated as of June 11, 1986 (the "Seller's Assumption Agreement") and guaranteed by the Guarantors, and performance of the Seller's obligations under its assumption of the Note and the Mortgage have been guaranteed by John Sellis and Angelo Sellis.

D. Under the terms of the Mortgage, the transfer of the Mortgaged Property to the Purchaser is permitted only if the Mortgagee consents thereto. Mortgagee is willing to so consent and to consent to certain amendments to the Mortgage included in the 1987 Mortgage Amendment hereafter described only if (i) the Purchaser assumes the Mortgage and agrees to prepay the entire unpaid principal amount of the Note on September 1, 1997, and (ii) the Guarantors and John Sellis and Angelo Sellis consent to the transfer of the Mortgaged Property to the Purchaser, and the Guarantors and John Sellis and Angelo Sellis will so consent only if the Purchaser assumes the Note and the Mortgage.

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NOW THEREFORE, in order to obtain the consent of the Mortgagee to the transfer of the Mortgaged Property to the Purchaser and to the 1987 Mortgage Agreement and for other good and valuable

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consideration, receipt whereof is hereby acknowledged, the Purchaser hereby agrees as follows:

1. The Purchaser hereby expressly (i) assumes and agrees to perform, observe, and be bound as if it were the Original Land Trust by, all of the obligations, covenants, conditions and agreements to which the Original Land Trust is bound, as of this date, under the Note and the Mortgage, including, without limitation, the obligations to make all principal and interest payments on the Note as if the Purchaser were a maker of the Note and (ii) assumes and agrees to perform, observe and be bound as if it were the Seller by, all obligations of the Seller under the Seller's Assumption Agreement. The Purchaser further agrees to prepay the entire unpaid principal amount of the Note on September 1, 1997, plus all accrued interest thereon and the applicable premium provided for in the Note. The Purchaser further agrees that all covenants, agreements and obligations of Mortgagor under the Mortgage shall be deemed to be covenants, agreements and obligations not only of the Original Land Trust but also of the Purchaser. Notwithstanding anything to the contrary stated in the Note, the Mortgage or the Seller's Assumption Agreement, the obligations of the Purchaser created by this Agreement shall be full recourse obligations of the Purchaser and collection thereon against the Purchaser shall not be limited to the proceeds of the Mortgaged Property.

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2. The Purchaser waives acceptance of this Agreement by the Original Land Trust, the Second Land Trust, the Seller, the Mortgagee, the Guarantors, John Sellis or Angelo Sellis and hereby agrees that Mortgagee, any subsequent registered holder(s) of the Note or their successors or assigns may proceed against the Purchaser to recover on the Note and the other obligations hereby assumed by the Purchaser and the other obligations of the Purchaser contained herein (including without limitation the obligation of Purchaser to prepay the Note in full on September 1, 1997) without resorting to any security held by or for the benefit of the Mortgagee, any subsequent registered holder(s) of the Note or their successors or assigns and without resorting to the Original Land Trust, the Second Land Trust, the Seller, the Guarantors, John Sellis or Angelo Sellis. The Purchaser further agrees that until each and all of the terms and conditions of the Note and the Mortgage and each of the obligations of the Purchaser under this Agreement are fully performed, the Purchaser shall not be released (i) by any act or thing which might but for this Agreement be deemed a legal or equitable discharge, including, without limitation, the release of any security, including the Mortgaged Property or any portion thereof, securing the Note or the modification of any terms of the Note or the Mortgage; (ii) by reason of any waiver, extension, modification, forebearance or termination by the Mortgagee, any subsequent registered holder(s) of the Note, their successors or assigns, of any of the obligations of the Purchaser or the Original Land Trust under

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this Agreement, the Note or the Mortgage or of the Guarantors, Seller, John Sellis or Angelo Sellis under any guaranty or assumption agreement; (iii) by the failure of Mortgagee, any subsequent registered holder(s) of the Note, their successors or assigns, to proceed promptly or otherwise against the Purchaser, the Seller or the Original Land Trust under this Agreement, the Note or the Mortgage or against any of the Guarantors, Seller, John Sellis or Angelo Sellis under any guaranty or assumption agreement; (iv) by reason of any further obligation or agreement between any owner of the Mortgaged Property and the Mortgagee, any subsequent registered holder(s) of the Note, their successors or assigns, relating to the payment of any sum evidenced by the Note or secured by the Mortgage or to any other terms, covenants, and conditions in the Note or the Mortgage; (v) by reason of the failure of the Mortgagee, any subsequent registered holder(s) of the Note, their successors or assigns, to give notice to the Purchaser of the occurrence of any default or Event of Default under the Mortgage; (vi) by reason of the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, bankruptcy, insolvency, assignment for the benefit of creditors or other similar proceedings of or affecting the Original Land Trust, the Second Land Trust, the Seller, the Purchaser, either Guarantor, John Sellis, Angelo Sellis or any of their respective assets or (vii) by reason of the transfer or assignment of the Mortgaged Property or any

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interest therein or of any beneficial or shareholder interest in the Purchaser, the Seller, the Original Land Trust or the Second Land Trust, and the Purchaser, to the extent permitted by law, hereby expressly waives and surrenders any defense to liability based upon any of the foregoing acts, things, agreements or waivers.

3. The Purchaser further acknowledges that the Mortgaged Property will be acquired by the Purchaser subject to the Mortgage, and that each instrument of transfer of Mortgaged Property to the Purchaser will recite that the transfer of the Mortgaged Property is subject to the Mortgage and that the Purchaser assumes all obligations of the Original Land Trust under the Mortgage, including the obligations to pay principal of and interest on the Note. Nothing herein stated shall limit, impair or otherwise affect the remedies available to the Mortgagee, any subsequent registered holder(s) of the Note, their successors or assigns, under the Note or the Mortgage or any other remedies available at law or in equity in the event of the occurrence of a default or Event of Default under the Mortgage.

4. As of the date hereof and of the transfer of the Mortgaged Property to the Purchaser, the Purchaser shall enter into an Addendum to the Note (the "Addendum") in substantially the form attached as Exhibit B hereto, providing in part for the Agreement of the Purchaser to prepay the Note in full on Septem-

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ber 1, 1997, which Addendum shall be attached to the Note and become in all respects a part of such Note.

5. The Purchaser hereby represents and warrants that (i) it is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Texas and is duly qualified to do business in the State of Illinois; (ii) it is not in violation of any provisions of its articles of incorporation, its bylaws or any laws in any manner material to its ability to perform its obligations under this Agreement, the Note or the Mortgage; (iii) it has the full power and authority (corporate and otherwise) to enter into, and perform its obligations under, this Agreement, the Note and the Mortgage (including without limitation the 1987 Amendment to the Mortgage dated as of this date (the "1987 Mortgage Amendment")), and the execution and delivery of this Agreement, the Addendum and the 1987 Mortgage Amendment have been duly authorized by all necessary corporate action of the Purchaser; (iv) no provision of this Agreement, the Note or the Mortgage (including the 1987 Mortgage Amendment) violates, or constitutes a default under any agreement, instrument or indenture to which it is a party, or violates any provision of its articles of incorporation or bylaws, or contravenes any other requirement of law to which it may be subject; and (v) as of the date of this Agreement, the Purchaser has absolute title to the Mortgaged Property free and clear of all mortgages, security

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interests, liens and encumbrances, except the Permitted Encumbrances as defined in the Mortgage.

6. This Agreement is for the benefit of the Mortgagee and all subsequent holders of the Notes, the Seller, the Guarantors, John Sellis, Angelo Sellis and their respective successors and assigns. This Agreement shall be in addition to and not in substitution for any and all other agreements pursuant to which the Purchaser has or will assume obligations of the Original Land Trust or the Seller.

IN WITNESS WHEREOF the Purchaser has executed this agreement as of the day and year first above written.

LA QUINTA MOTOR INNS, INC.

BY _____
Robert R. Moore
Executive Vice President &
Chief Development Officer

ATTEST: _____
(Corporate Seal)

THIS DOCUMENT PREPARED BY:

Philip S. Garon
Faegre & Benson
2300 Multifoods Tower
Minneapolis, MN 55402
(612)371-5300

Mail to:

BOX 333-HV
3

COOK COUNTY RECORDER
FILED FOR RECORD
1987 APR -8 PM 2:21
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STATE OF Texas)
) ss.
COUNTY OF Bexar)

I, the undersigned, a Notary Public in and for the County and State aforesaid, do hereby certify that on this 8th day of April, 1987, Robert R. Moore and Lon G. Potter, Executive Vice President and Assistant Secretary, respectively, of LA QUINTA MOTOR INNS, INC., a Texas corporation, on behalf of said corporation, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Executive Vice President and Assistant Secretary, respectively, appeared before me in person and acknowledged that they are the Executive Vice President and Assistant Secretary of said corporation, that they signed and delivered said instrument as their own free and voluntary act and as the free and voluntary act of said corporation for the uses and purposes therein set forth, and caused the corporate seal of said corporation to be affixed to said instrument as their free and voluntary act and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

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Deborah A. Corrales
Notary Public
My Commission expires: 7/12/89.

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EXHIBIT A

Lot 1 in Arlington Industrial & Research Center Unit 9, being a Subdivision in part of the Northwest Quarter of Section 7, Township 42 North, Range 11, East of the Third Principal Meridian according to the Plat of Subdivision Recorded September 24, 1976 as Document Number 23650671 in the Office of the Recorder of Deeds, Cook County, Illinois.

PIN 1415 W. Dundee Rd
Arlington Hts, Ill.
PIN 03-07-102-003-0000
DROOK

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