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**LEASEHOLD MORTGAGE**

**from**

**CHERNIN'S SHOES, INC.**

**Mortgagor**

**to**

**FLEET CAPITAL CORPORATION,**

**Mortgagee**

Record and Return to:
Vedder, Price, Kaufman & Kammholz
222 North LaSalle Street
Suite 2600
Chicago, Illinois 60601
Attention: John T. McEnroe

This instrument was prepared by the above named attorney.

**BOX 333-CTI**

98825858

FIRST LEASEHOLD MORTGAGE
ASSIGNMENT OF RENTS AND LEASES,
SECURITY AGREEMENT AND FIXTURE FILING

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# LEASEHOLD MORTGAGE

THIS FIRST LEASEHOLD MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT AND FIXTURE FILING (herein called this "Mortgage") is made as of the 7th day of August, 1998, by CHERNIN'S SHOES, INC., a Delaware corporation, having its chief executive office and principal place of business at 1001 South Clinton Street, Chicago, Illinois 60607 (herein, together with its successors and assigns, called "Mortgagor"), to FLEET CAPITAL CORPORATION, a Connecticut corporation, having an office at One North Franklin Street, Chicago, Illinois 60606 ("Mortgagee").



## WITNESSETH:

To secure the following obligations and liabilities:

(a) the payment to Mortgagee of (i) the principal sum of up to FIFTY TWO MILLION FIVE HUNDRED THOUSAND and No/100 DOLLARS ($52,500,000) (the "Revolving Credit Loan") in the aggregate to be paid plus all accrued interest thereon to be paid pursuant to the provisions under and as defined in that certain Loan Agreement dated May 16, 1997 made by Mortgagor and Mortgagee (the "Agreement"), which is incorporated herein by reference, and all Obligations (as defined in the Agreement) incurred by Mortgagor under the Agreement, (the Agreement, as such may be from time to time amended, supplemented, extended, renewed, or otherwise modified, being hereinafter referred to as the "Loan Agreement") (Any term capitalized, but not specifically defined in this Mortgage, which is defined in the Loan Agreement, shall have the same meaning in this Mortgage as in the Loan Agreement), (ii) the execution by Mortgagee of LC Guaranties by which Mortgagee shall guaranty the payment or performance by Mortgagor of its reimbursement obligations with respect to the Letters of Credit issued for Mortgagor's account which principal sum of the Letters of Credit shall not exceed ONE MILLION and No/100 Dollars ($1,000,000.00) (the "Letters of Credit") in the aggregate to be paid pursuant to the provisions of the Agreement, (iii) any and all other sums due or to become due under the Loan Agreement, this Mortgage or any other Loan Document (as hereinafter defined), (iv) any further or subsequent advances made under the Loan Agreement or this Mortgage, and (v) any extensions, renewals, replacements or modifications of the Loan Agreement or any other Loan Document (the items set forth in clauses (i) through (v) hereof being hereinafter collectively referred to as the "Indebtedness"); and

(b) the performance of all of the terms, covenants, conditions, agreements, obligations and liabilities of Mortgagor as they relate to the Obligations under (i) this Mortgage, (ii) the Loan Agreement, (iii) any mortgages or deeds of trust in addition to this Mortgage now or hereafter made by Mortgagor to Mortgagee to secure the Indebtedness as a result of the Obligations (such additional mortgages

and deeds of trust being hereinafter collectively referred to as the "New Mortgages"), (iv) any supplemental agreements, undertakings, instruments, documents or other writings executed by Mortgagor for the benefit of Mortgagee as a condition to advances under the Loan Agreement, or otherwise in connection with the Loan Agreement, (v) all chattel mortgages, pledges, powers of attorney, consents, assignments, notices, leases and financing statements heretofore, now or hereafter executed by or on behalf of Mortgagor and/or delivered to Mortgagee in connection with the Loan Agreement, and (vi) any extensions, renewals, replacements or modifications of any of the foregoing (this Mortgage, the Loan Agreement, the New Mortgages and any such instruments, documents, or other writings, together with (1) powers of attorney, consents, assignments, notices, leases and financing statements, (2) any guarantees of the Indebtedness and the Obligations, and (3) any deeds of trust, mortgages, security agreements or assignments, now or hereafter made by Mortgagor to secure the Indebtedness and/or the Obligations are hereinafter collectively referred to as the "Loan Documents");

and in consideration of Ten Dollars ($10.00), in hand paid, the receipt and legal sufficiency of which are hereby acknowledged, Mortgagor does hereby MORTGAGE, GIVE, GRANT, BARGAIN, SELL, WARRANT, ALIENATE, REMISE, RELEASE, CONVEY, ASSIGN, TRANSFER, HYPOTHECATE, DEPOSIT, PLEDGE, SET OVER and CONFIRM unto Mortgagee, the following described real and other property and all substitutions for and all replacements, reversions and remainders of such property, whether now owned or held or hereafter acquired by Mortgagor (collectively the "Mortgaged Property"):

Mortgagor's leasehold estate in all those plots, pieces or parcels of land more particularly described in Exhibit A annexed hereto and made a part hereof, together with the right, title and interest of Mortgagor, if any, in and to the streets and in and to the land lying in the bed of any streets, roads or avenues, open or proposed, public or private, in front of, adjoining or abutting said land to the center line thereof, the air space and development rights pertaining to said land and the right to use such air space and development rights, all rights of way, privileges, liberties, tenements, hereditaments and appurtenances belonging to, or in any way appertaining to, said land, all easements now or hereafter benefitting said land, all strips and gores belonging, adjacent or pertaining to said land and all royalties and rights appertaining to the use and enjoyment of said land, including, but without limiting the generality of the foregoing, all alley, vault, drainage, mineral, water, oil, coal, gas, timber and other similar rights (collectively the "Land");

TOGETHER with all of the right, title, interest and privileges of Mortgagor in, to, under and otherwise by virtue of the leases (the "Leases") more particularly described in Exhibit B annexed hereto and made a part hereof, and the leasehold estates created thereby (the "Leasehold Estates");

TOGETHER with all of Mortgagor's interest, as lessee, in and to the buildings and other improvements now or hereafter erected on the Land (the buildings and other improvements being hereinafter collectively referred to as the "Buildings", and the Land together with the

Buildings and the Fixtures (as hereinafter defined), being hereinafter collectively referred to as the "Real Estate");

TOGETHER with all of Mortgagor's interest, as lessee, in and to all and singular the reversion or reversions, remainder or remainders, rents, issues, profits and revenues of the Real Estate and all of the estate, right, title, interest, dower and right of dower, curtesy and right of curtesy, property, possession, claim and demand whatsoever, both in law and at equity, of Mortgagor of, in and to the Real Estate and of, in and to every part and parcel thereof, with the appurtenances, at any time belonging or in any way appertaining thereto;

TOGETHER with all of Mortgagor's interest, as lessee, in and to all of the fixtures, systems, machinery, apparatus, equipment and fittings of every kind and nature whatsoever and all appurtenances and additions thereto and substitutions or replacements thereof now owned or hereafter acquired by Mortgagor and now or hereafter attached or affixed to, or constituting a part of, the Real Estate or any portion thereof (collectively the "Fixtures"), including, but without limiting the generality of the foregoing, all heating, electrical, mechanical, lighting, lifting, plumbing, ventilating, air conditioning and air-cooling fixtures, systems, machinery, apparatus and equipment, refrigerating, incinerating and power fixtures, systems, machinery, apparatus and equipment, loading and unloading fixtures, systems, machinery, apparatus and equipment, escalators, elevators, boilers, communication systems, switchboards, sprinkler systems and other fire prevention and extinguishing fixtures, systems, machinery, apparatus and equipment, and all engines, motors, dynamos, machinery, wiring, pipes, pumps, tanks, conduits and ducts constituting a part of any of the foregoing, it being understood and agreed that all of the Fixtures are appropriated to the use of the Real Estate and, for the purposes of this Mortgage, shall be deemed conclusively to be Real Estate and mortgaged hereby;

TOGETHER with Mortgagor's right, title and interest, in, to and under all leases, subleases, underlettings, concession agreements, licenses and other occupancy agreements and all of Mortgagor's rights and benefits under all documents which now or hereafter may affect the Real Estate or any portion thereof, whether recorded or unrecorded, and under any and all guarantees, modifications, renewals and extensions thereof (collectively the "Subleases") and in and to any and all deposits made or hereafter made as security under the Subleases, subject to the prior legal rights under the Subleases of the sublessees making such deposits, together with any and all of the benefits, revenues, income, rents, issues and profits due or to become due or to which Mortgagor is now or hereafter may become entitled arising out of the Subleases or the Real Estate or any portion thereof (collectively the "Rents");

TOGETHER with all of Mortgagor's interest, as lessee, in, to and under all reciprocal easement agreements, and similar agreements however labeled or denominated, and supplements to such agreements and all guarantees, modifications, extensions and renewals thereof affecting the Real Estate (collectively, "Operating Agreements");

TOGETHER with (a) all unearned premiums accrued, accruing or to accrue under any insurance policies now or hereafter obtained by Mortgagor affecting the Real Estate and Mortgagor's interest in and to all proceeds which now or hereafter may be paid in connection with

the conversion of the Mortgaged Property or any portion thereof into cash or liquidated claims, together with the interest payable thereon and the right to collect and receive the same, including, but without limiting the generality of the foregoing, proceeds of casualty insurance, title insurance and any other insurance now or hereafter maintained by Mortgagor with respect to the Real Estate or in connection with the use or operation thereof (collectively the "Insurance Proceeds"), and (b) all awards, payments and/or other compensation made to Mortgagor, together with the interest payable thereon and the right to collect and receive the same, which now or hereafter may be made with respect to the Mortgaged Property as a result of (i) a taking by eminent domain, condemnation or otherwise, (ii) the change of grade of any street, road or avenue or the widening of any streets, roads or avenues adjoining or abutting the Land, or (iii) any other injury to, or decrease in the value of, the Mortgaged Property or any portion thereof (collectively the "Awards"), in any of the foregoing circumstances described in clauses (a) or (b) above to the extent of the entire amount of the Indebtedness outstanding as of the date of Mortgagee's receipt of any such Insurance Proceeds or Awards, notwithstanding that the entire amount of the Indebtedness may not then be due and payable, and also to the extent of reasonable attorneys' fees, costs and disbursements incurred by Mortgagee in connection with the collection of any such Insurance Proceeds or Awards. Mortgagor hereby assigns to Mortgagee and Mortgagee is hereby authorized to collect and receive, all Insurance Proceeds and Awards and to give proper receipts and acquittances therefor and to apply the same toward the Indebtedness as herein set forth notwithstanding that the entire amount of the Indebtedness may not then be due and payable. Mortgagor hereby agrees to make, execute and deliver, from time to time, upon demand, such further documents, instruments or assurances as may be requested by Mortgagee to confirm the assignment of the Insurance Proceeds and the Awards to Mortgagee, free and clear of any interest of Mortgagor whatsoever therein and free and clear of any other liens, claims or encumbrances of any kind or nature whatsoever;

TOGETHER with all right, title and interest of Mortgagor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Real Estate, and in each such case, the foregoing shall be deemed a part of the Real Estate and shall become subject to the lien of this Mortgage fully and completely, and with the same priority and effect, as though now owned by Mortgagor and specifically described herein, without any further mortgage, conveyance, assignment or other act by Mortgagor.

TO HAVE AND TO HOLD the Mortgaged Property and the rights and privileges hereby mortgaged or intended so to be unto Mortgagee and its successors and assigns, and for the uses and purposes herein set forth, until the Indebtedness is fully paid and the Obligations are fully performed in accordance with the provisions set forth herein and in the other Loan Documents.

Mortgagor further represents, warrants, covenants and agrees with Mortgagee as follows:

1. Warranty of Title. Mortgagor warrants that Mortgagor owns the Leasehold Estates and that Mortgagor owns (or possesses under the Leases) the Fixtures and has the right to mortgage the same in accordance with the provisions set forth in this Mortgage and that this Mortgage is a valid and enforceable first lien on the Mortgaged Property, subject only to the exceptions to title more particularly described as "Permitted Encumbrances" in the Loan Agreement

(collectively, the "Permitted Liens"). Mortgagor shall (a) preserve such title and the validity and priority of the lien of this Mortgage and shall forever warrant and defend the same unto Mortgagee against the claims of all and every person or persons, corporation or corporations and parties whomsoever, and (b) make, execute, acknowledge and deliver all such further or other deeds, documents, instruments or assurances and cause to be done all such further acts and things as may at any time hereafter be required by Mortgagee to confirm and fully protect the lien and priority of this Mortgage.

2. Payment of Indebtedness. (a) Mortgagor shall pay the Indebtedness at the times and places and in the manner specified in the Loan Documents and shall perform all of the Obligations in accordance with the provisions set forth herein and in the other Loan Documents.

(b) Any payment made in accordance with the terms of this Mortgage by any person at any time liable for the payment of the whole or any part of the Indebtedness, or by any subsequent owner of the Mortgaged Property, or by any other person whose interest in the Mortgaged Property might be prejudiced in the event of a failure to make such payment, or by any stockholder, officer or director of a corporation or by any partner of a partnership which at any time may be liable for such payment or may own or have such an interest in the Mortgaged Property shall be deemed, as between Mortgagee and all persons who at any time may be liable as aforesaid or may own the Mortgaged Property, to have been made on behalf of all such persons.

3. Requirements; Proper Care and Use. (a) To the extent that Mortgagor is so obligated under the Leases, and subject to the right of Mortgagor to contest a Legal Requirement (as hereinafter defined) as provided in Article 11 hereof, Mortgagor promptly shall comply with, or cause to be complied with, all applicable present and future laws, statutes, codes, ordinances, orders, judgments, decrees, injunctions, rules, regulations, restrictions and requirements (collectively, "Legal Requirements") of every Governmental Authority (as hereinafter defined) having jurisdiction over Mortgagor or the Mortgaged Property, the failure to comply with which would have a material adverse effect on the Mortgaged Property or the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or Restoration (as hereinafter defined) of the Real Estate, without regard to the nature of the work to be done or the cost of performing the same, whether foreseen or unforeseen, ordinary or extraordinary, and shall perform, or cause to be performed, all obligations, agreements, covenants, restrictions and conditions now or hereafter of record which may be applicable to Mortgagor or to the Mortgaged Property or to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or Restoration of the Real Estate, provided, however, that so long as Mortgagor is making reasonable efforts to comply with any such Legal Requirement, Mortgagor shall have until twenty (20) days prior to any date specified by any Governmental Authority to so perform or comply, and if no date is specified, then a reasonable period of time.

(b) Mortgagor shall (i) not abandon the Real Estate or any portion thereof, (ii) to the extent that Mortgagor is so obligated under the Leases, maintain the Real Estate and Fixtures in good repair, order and condition, (iii) to the extent that Mortgagor is so obligated under the Leases, promptly make all necessary repairs, renewals, replacements, additions and improvements to the Real Estate and Fixtures, (iv) not commit or suffer waste with respect to the

Real Estate and Fixtures, (v) refrain from impairing or diminishing the value or integrity of the Real Estate and the Leasehold Estates or the priority or security of the lien of this Mortgage, (vi) not remove, demolish or materially alter any of the Real Estate and Fixtures without the prior written consent of Mortgagee in each instance, except that Mortgagor shall have the right to remove and dispose of, free of the lien of this Mortgage, such Fixtures as may, from time to time, become worn out or obsolete, provided that, simultaneously with or prior to such removal, any such Fixtures shall be replaced with other Fixtures which shall have a value and utility at least equal to that of the replaced Fixtures and which shall be free of any security agreements or other liens or encumbrances of any kind or nature whatsoever, and by such removal and replacement, Mortgagor shall be deemed to have subjected such replacement Fixtures to the lien and priority of this Mortgage, (vii) not make, install or permit to be made or installed, any alterations or additions to the Real Estate if doing so would, in the opinion of Mortgagee, impair to any extent the value of the Mortgaged Property, (viii) not make, suffer or permit any nuisance to exist on the Real Estate or any portion thereof, and (ix) permit Mortgagee and its agents, at all times to enter upon the Real Estate for the purpose of inspecting and appraising the Real Estate or any portion thereof.

(c) Mortgagor shall not by any act or omission permit any building or other improvement located on any property which is not subject to the lien of this Mortgage to rely upon the Real Estate or any portion thereof or any interest therein to fulfill any Legal Requirement and Mortgagor hereby assigns to Mortgagee any and all rights to give consent for all or any portion of the Real Estate or any interest therein to be so used. Mortgagor's use of the Real Estate is a permitted use under the applicable zoning for the Real Estate and Mortgagor shall not, by any act or omission, impair the integrity of the Real Estate or initiate or join in any zoning change, private easement or any other modification of the zoning regulating the Real Estate. Any act or omission by Mortgagor which would result in a violation of any of the provisions of this Article 3 shall be null and void.

4. Taxes on Mortgaged Property or Mortgagee or any Lender. (a) If the United States of America, the State in which the Real Estate is located or any political subdivision thereof or any city, town, county or municipality in which the Real Estate is located or any agency, department, bureau, board, commission or instrumentality of any of the foregoing now existing or hereafter created (collectively "Governmental Authorities") shall levy, assess or charge any tax, assessment, fee or imposition upon this Mortgage or any other Loan Document, the Indebtedness, the interest of Mortgagee in the Mortgaged Property, or Mortgagee or any Lender by reason of this Mortgage or any other Loan Document, the Indebtedness or Mortgagee's interest in the Mortgaged Property (individually a "Tax" and collectively "Taxes") (excepting therefrom any income tax on payments of interest made under the Loan Agreement), Mortgagor shall pay all such Taxes to, for, or on account of, Mortgagee or such Lender as they became due and payable and, on demand, shall furnish proof of such payment to Mortgagee or such Lender. If Mortgagor shall fail to pay any such Tax, then, Mortgagee, at its option and without notice, may pay such Tax, and, in such event, the amount so paid (i) shall be deemed to be Indebtedness, (ii) shall be a lien on the Mortgaged Property prior to any right or title to, interest in, or claim upon, the Mortgaged Property subordinate to the lien of this Mortgage, and (iii) immediately shall be due and payable, on demand, together with interest thereon at the rate of interest then payable under the Loan Agreement, including, in calculating such rate of interest, any additional interest which may be imposed under the Loan

Agreement by reason of any default thereunder (such rate of interest being hereinafter referred to as the "Interest Rate"), from the date of any such payment by Mortgagee to the date of repayment. In the event of the passage of any law or regulation permitting, authorizing or requiring any such Tax, to be levied, assessed or charged, which law or regulation, in the sole opinion of Mortgagee, may prohibit Mortgagor from paying any Taxes, to, for or on account of, Mortgagee or any Lender or which may make such payment by Mortgagor result in the imposition of interest exceeding the maximum rate of interest then permitted by law, then, Mortgagee shall give written notice of such fact to Mortgagor, and, sixty (60) days thereafter, may declare the entire amount of the Indebtedness immediately due and payable.

(b) If any Governmental Authority shall at any time require revenue, documentary or similar stamps to be affixed to this Mortgage or any other Loan Document or shall require the payment of any Taxes with respect to the ownership or recording of this Mortgage or any other Loan Document, Mortgagor, upon demand, shall pay for such stamps in the required amount and shall deliver the same to Mortgagee, together with a copy of the receipted bill therefor. Mortgagee, at its option and without notice, may pay for the same and, in such event, the amount so paid (i) shall be deemed to be Indebtedness, (ii) shall be a lien on the Mortgaged Property prior to any right or title to, or interest in, or claim upon, the Mortgaged Property subordinate to the lien of this Mortgage, and (iii) immediately shall be due and payable on demand, together with interest thereon at the Interest Rate, from the date of any such payment by Mortgagee to the date of repayment. Mortgagor shall indemnify Mortgagee and each Lender for, and shall hold Mortgagee and each Lender harmless from and against, any and all liability which Mortgagee or such Lender may incur on account of such revenue, documentary or other similar stamps or by reason of any Taxes referred to in Paragraphs 4(a) and 4(c) hereof whether such liability arises before or after payment of the Indebtedness and whether or not the lien of this Mortgage shall have been released.

(c) In the event of the passage, after the date of this Mortgage, of any law of the jurisdiction in which the Real Estate is located which shall deduct from the value of the Mortgaged Property, for purposes of taxation, any lien thereon or shall change in any way the laws for the taxation of mortgages or debts secured by mortgages for State or local purposes or the manner of the collection of any such Taxes and shall impose any Tax, either directly or indirectly, on this Mortgage or any other Loan Document, then, Mortgagee may release this Mortgage and require Mortgagor to substitute collateral and security with a value equivalent, in Mortgagee's reasonable opinion, to the value of the Mortgaged Property; provided, however, that such election shall be ineffective if Mortgagor is exempt from payment of such Tax or, if not exempt from payment of such Tax, if Mortgagor shall be permitted by law to pay the whole of such Tax in addition to all other payments required hereunder and under the other Loan Documents and if Mortgagor shall pay such Tax when the same shall be due and payable and shall agree in writing to pay such Taxes when thereafter levied or assessed against the Mortgaged Property.

5. Payment of Impositions. (a) To the extent that Mortgagor is so obligated under the Leases, and subject to the provisions of Article 11 hereof, not later than the date (the "Delinquency Date") which is the day before the date on which any fine, penalty, interest, late charge or loss may be added thereto or imposed by reason of the non-payment thereof, Mortgagor

shall pay and discharge all Taxes (including, but without limiting the generality of the foregoing, all real property taxes and assessments, personal property taxes, income, franchise, withholding, profits and gross receipts taxes), charges for any easement or agreement maintained for the benefit of the Mortgaged Property or any portion thereof, general and special assessments and levies, permit, inspection and license fees, water and sewer rents and charges and any other charges of every kind and nature whatsoever, foreseen or unforeseen, ordinary or extraordinary, public or private, which, at any time, are imposed upon or levied or assessed against Mortgagor or the Mortgaged Property or any portion thereof, or which arise with respect to, or in connection with, the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or Restoration of the Real Estate or any portion thereof, together with any penalties, interest or late charges which may be imposed in connection with any of the foregoing (all of the foregoing taxes, assessments, levies and other charges, together with such interest, penalties and late charges, being hereinafter collectively referred to as "Impositions"). If, however, any Legal Requirement shall allow that any Imposition may, at Mortgagor's option, be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Mortgagor may exercise the option to pay such Imposition in such installments, and, in such event, Mortgagor shall be responsible for the payment of all such installments, together with the interest, if any, thereon, in accordance with the provisions of the applicable Legal Requirement. Not later than the Delinquency Date, Mortgagor shall deliver to Mortgagee evidence acceptable to Mortgagee showing the payment of such Imposition. At the request of Mortgagee, Mortgagor also shall deliver to Mortgagee, within ten (10) days after receipt thereof, copies of all settlements and notices pertaining to any Imposition which may be issued by any Governmental Authority.

(b) Nothing contained in this Mortgage shall affect any right or remedy of Mortgagee under this Mortgage or otherwise to pay, without notice or demand to Mortgagor, any Imposition from and after the date on which such Imposition shall have become due and payable and, in such event, the amount so paid (i) shall be deemed to be indebtedness, (ii) shall be a lien on the Mortgaged Property prior to any right or title to, interest in or claim upon, the Mortgaged Property subordinate to the lien of this Mortgage, and (iii) shall be immediately due and payable, on demand, together with interest thereon at the Interest Rate, from the date of any such payment by Mortgagee to the date of repayment.

(c) The provisions of Article 5(a) hereof shall not apply if, and to the extent, the lessor of the Land and/or Buildings subject to the Leases is obligated to pay the Impositions under the Leases.

6. Deposits. (a) Subject to the provisions of paragraph (b) below, in order to assure the payment of all Impositions under Article 5 hereof and all premiums for insurance required under Article 7 hereof, and to the extent not deposited with Landlord pursuant to the Leases, Mortgagor agrees that after and during the continuance of either an Event of Default under the Loan Agreement or a Default hereunder, Mortgagor shall deposit with Mortgagee, on the first day of each month from and after the date hereof, an amount equal to one-twelfth (1/12th) of each of (i) the annual Impositions, and (ii) the annual premiums for the insurance required to be provided hereunder with respect to the Real Estate (such premiums for insurance being hereinafter referred to as "Insurance Premiums"). The amount of annual Impositions and Insurance Premiums, when

unknown, shall be estimated by Mortgagee. Such deposits shall be used by Mortgagee to pay Impositions and Insurance Premiums when due. From time to time, on demand, Mortgagor shall pay to Mortgagee additional sums sufficient to permit payment of the next due installments of Impositions and Insurance Premiums, if, and to the extent that, the required monthly deposits thereafter falling due before the respective payment dates would otherwise be insufficient to permit the full payment thereof. To the extent permitted by law, the sums deposited pursuant to this Article 6 shall bear no interest and may be commingled with other funds of Mortgagee. Upon an assignment of this Mortgage, Mortgagee shall have the right to pay over the balance of any sums deposited pursuant to this Article 6 and then in its possession to Mortgagee's assignee, and, thereupon, Mortgagee and each Lender shall be completely released from all liability with respect to such sums and Mortgagor shall look solely to Mortgagee's assignee with respect thereto. The foregoing provisions shall apply to every transfer of such deposits to a new assignee. Upon payment of the entire amount of the Indebtedness and performance of the Obligations in accordance with the provisions of this Mortgage and the other Loan Documents, or, at the election of Mortgagee, at any prior time, the balance of the deposits then in Mortgagee's possession shall be paid over to the record owner of the Mortgaged Property. Mortgagor, at Mortgagee's request, shall make the aforesaid deposits with such servicer or financial institution as Mortgagee from time to time shall designate.

(b) Notwithstanding anything to the contrary contained in paragraph (a) above, (i) Mortgagee may not make such demand for deposits under paragraph (a) above, and may not require such deposits, unless and until a Default (as hereinafter defined) shall have occurred; provided, however, that if such Default shall be cured by Mortgagor, and no other Default shall occur thereafter for a period of one year, then no further deposits under said paragraph (a) shall be required to be made by Mortgagor unless and until there shall have occurred a new Default and Mortgagee shall make demand for such deposits, pursuant to said paragraph (a); (ii) on or immediately prior to each January 1 of each year during the term hereof, Mortgagor shall submit to Mortgagee a statement (with supporting evidence) of the amount of Impositions and Insurance Premiums payable during the fiscal year ending on the immediately preceding December 31 with respect to the Real Estate and, subject to the provisions of Article 1 hereof, indicating the dates and amounts of Mortgagor's payments in respect thereof (with supporting evidence).

7. Insurance. (a) Mortgagor shall provide and keep in full force and effect, or require to be provided and kept in full force and effect, for the benefit of Mortgagee as hereinafter provided:

(i) insurance for the Buildings and the Fixtures (1) against loss or damage by fire, lightning, windstorm, tornado, hail, disaster, earthquake, riot and such other further and additional hazards of whatever kind or nature as are now or hereafter may be covered by standard extended coverage "all risk" endorsements (including, but without limiting the generality of the foregoing, and specifically, vandalism, malicious mischief and damage by water) of whatsoever kind, (2) against war risks as, when and to the extent such insurance is obtainable from the United States of America or an agency thereof, (3) against flood disaster pursuant to the Flood Disaster Protection Act of 1973, 84 Stat. 572, 42 U.S.C. 4001 if the Real Estate is located in an area identified by the United States Department of Housing

and Urban Development as a flood hazard area, (4) against business interruption (for a period of not less than one (1) year) and, to the extent any Subleases exist, against loss of rentals due to any of the foregoing causes, and (5) when and to the extent required by Mortgagee, against any other risk insured against by persons operating properties similar to the Real Estate and located in the vicinity of the Real Estate or operations similar to the operations conducted at the Real Estate;

(ii) if a sprinkler system shall be located in the Buildings, sprinkler leakage insurance;

(iii) comprehensive public liability insurance with respect to the Real Estate and the operations related thereto, whether conducted on or off the Real Estate, against liability for personal injury, including bodily injury and death, and property damage. Such comprehensive public liability insurance shall be on an occurrence basis and shall specifically include, but not be limited to, sprinkler leakage legal liability (if a sprinkler shall be located in the Buildings), water damage legal liability, products liability, motor vehicle liability for all owned and non-owned vehicles, including rented and leased vehicles, and contractual indemnification;

(iv) employer's liability and workmen's compensation insurance; and

(v) such other insurance in such amounts as may from time to time be reasonably required by Mortgagee against such other insurable hazards as at the time are commonly insured against in the case of properties similar to the Real Estate and located in the vicinity of the Real Estate or operations similar to the operations conducted at the Real Estate.



All insurance provided hereunder shall be provided by an insurance policy or policies in such form or forms and in such amounts as, from time to time, shall be acceptable to Mortgagee, in its sole discretion, shall name Mortgagee, as a named insured under a standard "non-contributory mortgagee" endorsement or its equivalent, which shall be acceptable to Mortgagee, shall provide for loss payable to Mortgagee, shall be provided by insurance companies which shall be acceptable to Mortgagee in its sole discretion. Anything contained herein to the contrary notwithstanding, in no event shall the insurance provided under clause (1) of Paragraph 7(a)(i) hereof be in an amount which is less than One Hundred Percent (100%) of the full replacement cost of the Buildings and the Fixtures, including the cost of debris removal, but excluding the value of foundations and excavations, as reasonably determined from time to time by Mortgagee. Every policy of insurance referred to in this Paragraph 7(a) shall contain an agreement by the insurer that it will not cancel such policy except after thirty (30) days prior written notice to Mortgagee and that any loss payable thereunder shall be payable notwithstanding any act or negligence of Mortgagor or Mortgagee which might, absent such agreement, result in a forfeiture of all or a part of such insurance payment and notwithstanding (A) occupancy or use of the Mortgaged Property for purposes more hazardous than permitted by the terms of such policy, (B) any foreclosure or other action or proceeding taken by Mortgagee pursuant to this Mortgage upon the happening of a Default or (C) any change in title or ownership of the Mortgaged Property. Mortgagor shall assign and deliver to Mortgagee, all such

policies of insurance, or duplicate originals thereof and a certificate of insurance certified to Mortgagee by the insurer as being true copies, as collateral and further security for payment of the Indebtedness and performance of the Obligations. If any insurance required to be provided hereunder shall expire, be withdrawn, become void by breach of any condition thereof by Mortgagor or by any sublessee of the Real Estate or any portion thereof, or become void or questionable by reason of the failure or impairment of the capital of any insurer, or if for any other reason whatsoever any such insurance shall become unsatisfactory to Mortgagee, Mortgagor immediately shall obtain new or additional insurance which shall be satisfactory to Mortgagee in its sole discretion. Mortgagor shall not take out any separate or additional insurance which is contributing in the event of loss unless it is properly endorsed and otherwise satisfactory to Mortgagee in all respects.

(b) Mortgagor shall (i) pay as they become due all premiums for the insurance required hereunder, and (ii) not later than thirty (30) days prior to the expiration of each such policy, deliver a renewal policy or a duplicate original thereof and a certificate of insurance certified to Mortgagee by the insurer as being a true copy evidencing the insurance required to be provided hereunder, marked "premium paid", or accompanied by such other evidence of payment as shall be satisfactory to Mortgagee in its sole discretion.

(c) If Mortgagor shall be in default of its obligation to so insure or deliver any such prepaid policy or policies of insurance to Mortgagee in accordance with the provisions hereof, Mortgagee, at its option and without notice, may effect such insurance from year to year, and pay the premium or premiums therefor, and, in such event, the amount of all such premium or premiums (i) shall be deemed to be Indebtedness, (ii) shall be a lien on the Mortgaged Property prior to any right or title to, or interest in, or claim upon, the Mortgaged Property subordinate to the lien of this Mortgage, and (iii) shall be immediately due and payable, on demand, together with interest thereon at the Interest Rate, from the date of any such payment by Mortgagee to the date of repayment.

(d) Mortgagor promptly shall comply with, and shall cause the Buildings and the Fixtures to comply with, (i) all of the provisions of each such insurance policy, and (ii) all of the requirements of the insurers thereunder applicable to Mortgagor or to any of the Buildings or the Fixtures or to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or Restoration (as hereinafter defined) of any of the Buildings or the Fixtures, even if such compliance would necessitate structural changes or improvements or would result in interference with the use or enjoyment of the Real Estate or any portion thereof If Mortgagor shall use the Real Estate or any portion thereof in any manner which would permit the insurer to cancel any insurance required to be provided hereunder, Mortgagor immediately shall obtain a substitute policy which shall be satisfactory to Mortgagee and which shall be effective on or prior to the date on which any such other insurance policy shall be cancelled.

(e) If the Buildings or the Fixtures or any portion thereof shall be damaged or destroyed by fire or any other casualty (whether insured or uninsured), Mortgagor shall give immediate notice thereof to Mortgagee, and to the extent that Mortgagor is so obligated under the Leases, Mortgagor promptly shall commence and diligently shall continue and complete the

repair, restoration, replacement or rebuilding (hereinafter referred to as "Restoration") of the Buildings and the Fixtures so damaged, destroyed or injured substantially to their value, condition and character immediately prior to such damage, destruction or injury, in accordance with plans and specifications (bearing the signed approval of an architect satisfactory to Mortgagee) which shall have been approved by Mortgagee prior to the commencement of such Restoration or, Mortgagor, at Mortgagor's option, may elect not to undertake such Restoration and Mortgagor shall immediately provide written notice of such election to Mortgagee, in which event Mortgagee shall retain the Insurance Proceeds to be applied to payment of the Indebtedness then outstanding. To the extent that Mortgagor is so obligated under the Leases, Mortgagor diligently shall complete, and pay for the cost of the Restoration of the Buildings and the Fixtures located on the Land which are at any time in the process of construction, alteration or Restoration. Notwithstanding any damage to, or destruction of, or injury to, the Buildings or the Fixtures or any portion thereof by fire or other casualty, Mortgagor shall continue to make all payments due under this Mortgage, the Loan Agreement and the other Loan Documents in accordance with the provisions of this Mortgage, the Loan Agreement and the applicable provisions of the other Loan Documents. Any Insurance Proceeds remaining after completion of such Restoration shall be retained by Mortgagee and shall be applied to the payment of the Indebtedness then outstanding, in such proportion and priority as Mortgagee, in its sole discretion, may elect.

(f) If Mortgagee is entitled to collect Insurance Proceeds under clause (i) above, Mortgagor shall not adjust, collect or compromise such claims without Mortgagee's prior written approval, which shall not be unreasonably withheld or delayed. Mortgagee agrees to cooperate with Mortgagor in connection therewith. In any case in which Mortgagee is entitled to collect Insurance Proceeds under clause (i) above, each insurer is hereby authorized and directed to make payment of any Insurance Proceeds under any policies of insurance, including the return of unearned premiums, directly to Mortgagee instead of to Mortgagor and Mortgagee jointly, and Mortgagee is hereby authorized to endorse any draft therefor as Mortgagor's attorney-in-fact. To the extent Mortgagee collects any Insurance Proceeds as hereinabove provided, Mortgagee agrees to make the Insurance Proceeds or any portion thereof (after deducting therefrom all costs and expenses, including, but without limiting the generality of the foregoing, reasonable attorneys' fees, costs and disbursements, incurred by Mortgagee in connection with the collection thereof) available to Mortgagor, on such terms and conditions as Mortgagee, in its reasonable discretion, may specify, for the sole purpose of paying for the cost of Mortgagor's Restoration of the Buildings and the Fixtures so damaged, destroyed or injured, it being understood and agreed, however, that Mortgagee shall have no obligation whatsoever to see to the proper application of any Insurance Proceeds so paid to Mortgagor; provided, however, that if a Default shall have occurred and be then continuing, Mortgagee may retain such Insurance Proceeds, for application to payment of the Indebtedness then outstanding, or toward the cost of Restoration, in Mortgagee's sole and absolute discretion. Reduction of the outstanding amount of the Indebtedness resulting from the application of any such Insurance Proceeds to such Indebtedness by Mortgagee shall be deemed to take effect only on the date of Mortgagee's receipt of such Insurance Proceeds and its election to apply the same against the Indebtedness then outstanding hereunder. If, prior to the receipt by Mortgagee of any Insurance Proceeds, the Mortgaged Property or any portion thereof shall have been sold on foreclosure of this Mortgage, Mortgagee, shall have the right to receive the Insurance Proceeds to the extent of any deficiency found to be due upon such sale, whether or not a deficiency judgment on this Mortgage

shall have been sought or recovered or denied, together with interest thereon at the Interest Rate, and the reasonable attorneys' fees, costs and disbursements incurred by Mortgagee in connection with the collection of the Insurance Proceeds. Anything contained in any Legal Requirement or in this mortgage to the contrary notwithstanding, neither Mortgagee nor any Lender shall be deemed to be a trustee or other fiduciary with respect to its receipt of any Insurance Proceeds.

(g) The insurance required by this Mortgage may, at the option of Mortgagor, be effected by blanket or umbrella policies issued to Mortgagor covering the Buildings and the Fixtures as well as other properties (real and personal) which are owned or leased by Mortgagor, provided that, in each case, the policies otherwise comply with the provisions of this Mortgage and allocate to the Buildings and the Fixtures, from time to time, the coverage specified by Mortgagee, without possibility of reduction or coinsurance by reason of, or damage to, any other property (real or personal) named therein. If the insurance required by this Mortgage shall be effected by any such blanket or umbrella policies, Mortgagor shall furnish to Mortgagee original policies or duplicate originals thereof, with schedules attached thereto showing the amount of the insurance provided under such policies which is applicable to the Buildings and the Fixtures.

(h) Any transfer of the Mortgaged Property, in accordance with the provisions hereof, including a transfer by foreclosure or deed in lieu of foreclosure, shall transfer therewith all of Mortgagor's interest in all insurance policies then covering the Buildings and the Fixtures or the operations conducted at the Real Estate, including, but without limiting the generality of the foregoing, any unearned premiums.

(i) Notwithstanding anything to the contrary contained in this Article 7, in the event of any conflict or inconsistency between the insurance provisions contained in this Article 7 and the insurance provisions contained in the Loan Agreement, the provisions of the Loan Agreement shall control to the extent of the conflict or inconsistency.

(j) Notwithstanding anything to the contrary contained in this Article 7, in the event of any conflict or inconsistency between the provisions governing the obligations of Mortgagee in connection with the settlement or application of the insurance proceeds or Restoration of Property under this Mortgage (or the Loan Agreement) and those of the Leases, Mortgage shall be deemed to be in compliance with the terms of this Article 7 and the Loan Agreement if and so long as Mortgagee is in compliance with such terms and conditions of the Leases.

8. Condemnation/Eminent Domain. (a) Notwithstanding (i) any taking by eminent domain, condemnation or otherwise of all or any portion of the Mortgaged Property, or (ii) the change of grade of any street, road or avenue or the widening of streets, roads or avenues adjoining or abutting the Land, or (iii) any other injury to, or decrease in value of, the Mortgaged Property caused in any manner by any Governmental Authority (any of the foregoing events being hereinafter referred to as a "Taking"), Mortgagor shall continue to make all payments due under this Mortgage and under the Loan Agreement and the other Loan Documents in accordance with the provisions of this Mortgage, the Loan Agreement and the applicable provisions of the other Loan Documents. Mortgagor shall notify Mortgagee immediately upon obtaining knowledge of the institution of any proceedings for any Taking or of any contemplated Taking. All Awards made in

connection with any Taking shall be paid to Mortgagee, free and clear of all liens and encumbrances. Mortgagee shall not be limited to the interest paid on any such Award or proceeds thereof for such Taking, but shall be entitled to payment by Mortgagor at the Interest Rate thereon. If the amount of the Award exceeds One Hundred Thousand Dollars ($100,000), then Mortgagor shall not settle or stipulate to any matter or agree to judgment, in any such proceedings with respect to a Taking without Mortgagee's prior written approval, which shall not be unreasonably withheld or delayed. Mortgagee agrees to cooperate with Mortgagor in connection therewith. In any case in which Mortgagee is entitled to collect an Award under this Article 8, each Governmental Authority is hereby authorized and directed to make payment of any Award made in connection with any Taking directly to Mortgagee instead of to Mortgagor and Mortgagee jointly, and Mortgagee is hereby authorized to endorse any draft therefor as Mortgagor's attorney-in-fact. To the extent that Mortgagee collects any Award as hereinabove provided, Mortgagee agrees to make the Award or any portion thereof (after deducting therefrom all costs and expenses, including, but without limiting the generality of the foregoing, reasonable attorneys' fees, costs and disbursements, incurred by Mortgagee in connection with the collection thereof), available to Mortgagor, on such terms and conditions as Mortgagee, in its reasonable discretion, may specify, for the sole purpose of Mortgagor's Restoration of the Buildings and the Fixtures remaining after any such Taking, in the event that Mortgagor is so obligated under the Leases, it being understood and agreed, however, that neither Mortgagee nor any Lender shall have any obligation whatsoever to see to the proper application of any Award so paid to Mortgagor; provided, however, that if there shall have occurred any Default which is then continuing, Mortgagee may retain such Award for application to payment of the Indebtedness then outstanding or toward the cost of Restoration, in Mortgagee's sole and absolute discretion. Reduction of the outstanding amount of the Indebtedness resulting from the application of any such Award by Mortgagee shall be deemed to take effect only on the date of Mortgagee's receipt of such Award and its election to apply the same against the Indebtedness then outstanding hereunder. If, prior to the receipt by Mortgagee of any Award, the Mortgaged Property or any portion thereof shall have been sold on foreclosure of this Mortgage, Mortgagee, shall have the right to receive the Award to the extent of any deficiency found to be due upon such sale, whether or not a deficiency judgment in this Mortgage shall have been sought or recovered or denied, together with interest thereon at the Interest Rate, and the reasonable attorneys' fees, costs and disbursements incurred by Mortgagee in connection with the collection of the Award.

(b) If there shall be any Taking, to the extent that Mortgagor is so obligated under the Leases, Mortgagor promptly shall commence and diligently shall continue and complete the Restoration of the Buildings and the Fixtures remaining after such Taking substantially to their value, condition and character immediately prior to such Taking, in accordance with plans and specifications which shall have been approved by Mortgagee prior to the commencement of such Restoration or, Mortgagor, at Mortgagor's option, may elect not to undertake such Restoration and Mortgagor shall immediately provide written notice of such election to Mortgagee, in which event Mortgagee shall retain the entire Award to be applied to payment of the Indebtedness then outstanding. To the extent that Mortgagor is so obligated under the Leases, Mortgagor diligently shall complete, and pay for the cost of, the Restoration of any Buildings or Fixtures located on the Land which are at any time in the process of construction, alteration or Restoration. Any Award remaining after completion of such Restoration shall be retained by Mortgagee and shall be applied

to the payment of the Indebtedness then outstanding, in such proportion and priority as Mortgagee, in its sole discretion, may elect.

(c) Notwithstanding anything to the contrary contained in this Article 8, in the event of any conflict or inconsistency between the provisions governing the obligations of Mortgagee in connection with the settlement or application of the condemnation proceeds or Restoration of Property under this Mortgage (or the Loan Agreement) and those of the Leases, Mortgage shall be deemed to be in compliance with the terms of this Article 8 and the Loan Agreement if and so long as Mortgagee is in compliance with such terms and conditions of the Leases.

9. Sale and Leases of Real Estate. Mortgagor shall not, at any time, directly or indirectly (by operation of law or otherwise), without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld:

(a) sell, assign, transfer or convey all or any part of the Mortgaged Property or any interest therein, other than to replace obsolete fixtures; or

(b) transfer the ownership or control of Mortgagor; or

(c) sublease the Real Estate or any portion thereof, except for subleases with an aggregate rental over the term of any such sublease of less than One Hundred Thousand Dollars ($100,000), and except in accordance with the terms of Article 12 hereof; or

(d) (i) make any new or additional mortgage, deed of trust or other loan which is secured by the Mortgaged Property or any portion thereof (whether superior or junior to the lien of this Mortgage and whether recourse or non-recourse) unless such loan is made by Mortgagee, or (ii) except for the Permitted Encumbrances and subject to the provisions of Articles 10 and 11 hereof, otherwise create, grant, permit or suffer any lien, security interest, claim, charge or encumbrance of any kind or nature whatsoever, whether recorded or unrecorded, against the Mortgaged Property or any portion thereof.

10. Discharge of Liens. Subject to the provisions of Article 11 hereof, Mortgagor at all times shall keep the Mortgaged Property free from the liens of mechanics, laborers, contractors, subcontractors and materialmen and, except for the Permitted Encumbrances and any new or additional mortgages which may be made to Mortgagee, free from any and all other liens, claims, charges or encumbrances of any kind or nature whatsoever. If any such liens, claims, charges or encumbrances shall be filed or recorded, Mortgagor shall forthwith deliver copies thereof to Mortgagee and, within fifteen (15) days after receiving notice (from Mortgagee or others) of such recording or filing, Mortgagor shall cause the same to be discharged of record by payment, bonding or in such other manner as shall be satisfactory to Mortgagee, and shall exhibit to Mortgagee, upon demand, evidence satisfactory to Mortgagee, of such discharge.

11. Right of Contest. Mortgagor, at its sole cost and expense, may, in good faith, contest, by proper legal actions or proceedings, the validity of any Legal Requirement or the

application thereof to Mortgagor or the Mortgaged Property, or the validity or amount of any Imposition or the validity of the claims of any mechanics, laborers, subcontractors, contractors or materialmen (hereinafter referred to as "Contractor's Claims"). During the pendency of any such action or proceeding, compliance with such contested Legal Requirement or payment of such contested Imposition or payment of such contested Contractor's Claim may be deferred provided that, in each case, at the time of the commencement of any such action or proceeding, and during the pendency of such action or proceeding (a) no Default shall exist hereunder and no other event shall have occurred which, with the giving of notice or lapse of time, or both, would constitute a Default hereunder, (b) adequate reserves with respect thereto are maintained on Mortgagor's books in accordance with generally accepted accounting principles and the applicable provisions of the Loan Agreement, and (c) such contest operates to suspend enforcement of compliance with the contested Legal Requirement or collection of the contested Imposition or collection or enforcement of such contested Contractor's Claim and such contest is maintained and prosecuted continuously and with diligence. Notwithstanding any such reserves or the furnishing of any bond or other security, Mortgagor promptly shall comply with any contested Legal Requirement or shall pay any contested Imposition or Contractor's Claim, and compliance therewith or payment thereof shall not be deferred, if, at any time, the Mortgaged Property or any portion thereof shall be, in Mortgagee's sole judgment, in danger of being forfeited or lost by reason of any such contest or Mortgagor's non-compliance with any such Legal Requirement or non-payment of any such Imposition or Contractor's Claim. If such action or proceeding is terminated or discontinued adversely to Mortgagor, Mortgagor, upon demand, shall deliver to Mortgagee evidence satisfactory to Mortgagee, in its sole discretion, of Mortgagor's compliance with such contested Legal Requirement or payment of such contested Imposition or Contractor's Claim, as the case may be.

12. Subleases and Operating Agreements. (a) Mortgagor has no right or power, as against Mortgagee or any Lender, without the prior written consent of Mortgagee, which consent may be withheld for any reason, in each case (i) to enter into or modify, amend or cancel, any of the terms, covenants or conditions of any Subleases or Operating Agreements, (ii) to consent to any assignment of any Sublease or any subletting of the portion of the Real Estate subject to any Sublease, (iii) to assign, mortgage or otherwise encumber any of the Subleases or any of the Rents due or to become due thereunder or to which Mortgagee may now or hereafter become entitled, or (iv) to accept prepayments of installments of rent for more than thirty (30) days in advance of the time when the same shall become due or to anticipate the rents thereunder, except for security deposits not in excess of one (1) month's rent. Mortgagor shall notify Mortgagee not later than six (6) months prior to the date of the expiration of the term of any Sublease of its intent on either to renew or not renew any such Sublease and if Mortgagor shall intend to renew the Sublease, the terms and conditions of any such renewal Sublease. Notwithstanding anything to the contrary contained in this Paragraph 12(a), the provisions of this Paragraph 12(a) shall apply only to Subleases with an aggregate rental over the term of any such Sublease in excess of One Hundred Thousand Dollars ($100,000). (Any such Sublease shall hereinafter be referred to as a "Material Sublease".) Mortgagor shall promptly deliver to Mortgagee true and correct copies of all notices received or given pursuant to the terms of the Operating Agreements.

(b) In addition to containing such other terms and conditions as Mortgagee shall approve, each Sublease which shall be entered into in accordance with the

provisions hereof shall (i) not permit the sublessee thereunder to terminate or invalidate the terms of its Sublease as a result of any action taken by Mortgagee to enforce this Mortgage either by foreclosure, or acceptance of a deed in lieu of foreclosure, or by resort to any other rights or remedies available to Mortgagee hereunder or at law or in equity, (ii) include a subordination clause providing that the Sublease and the interest of the sublessee thereunder in the Mortgaged Property are in all respects subject and subordinate to this Mortgage, (iii) provide that, at the option of Mortgagee or the purchaser at a foreclosure sale or the grantee in a voluntary conveyance in lieu of foreclosure, the sublessee thereunder shall attorn to Mortgagee or to such purchaser or grantee under all of the terms of the Sublease and recognize such entity as the sublessor under the Sublease for the balance of the term of the Sublease, and (iv) provide that, in the event of the enforcement by Mortgagee of the rights and remedies provided by law or in equity or by this Mortgage, any person succeeding to the interest of Mortgagee as a result of such enforcement shall not be bound by any prepayment of installments of rent for more than thirty (30) days in advance of the time when the same shall become due or any amendment, modification, extension, cancellation or renewal of the Sublease made without the prior written consent of Mortgagee.

(c) As to all Subleases and Operating Agreements which shall be consented to by Mortgagee, Mortgagor shall (i) promptly perform all of the provisions of such Subleases and Operating Agreements on its part to be performed, (ii) promptly enforce all of the provisions of the Subleases and Operating Agreements on the part of the sublessee and other parties thereunder to be performed, (iii) refrain from taking any action which would result in the termination of any Material Sublease or Operating Agreement or the diminution of the Rents under any Sublease, (iv) appear in and prosecute or defend any action or proceeding arising under, growing out of, or in any manner connected with, the Subleases or Operating Agreements to which it is a party, (v) exercise, within five (5) days after demand by Mortgagee, any right to request from the sublessee under any Sublease or other party to any Operating Agreement a certificate with respect to the status thereof, (vi) deliver to Mortgagee, within five (5) days after demand by Mortgagee, a written statement containing the names of all sublessees, the terms of all Subleases and the spaces occupied and rentals payable thereunder and a statement of all Subleases which are then in default, including the nature and magnitude of any such default, (vii) provide Mortgagee with a copy of each notice of default received by Mortgagor under any Material Sublease or Operating Agreement immediately upon receipt thereof and deliver to Mortgagee a copy of each notice of default sent by Mortgagor under any Material Sublease or Operating Agreement simultaneously with its delivery of such notice and (viii) promptly deliver to Mortgagee a fully executed counterpart of each Sublease or Operating Agreement upon the execution of the same. All Subleases, if any, shall be subject and subordinate to this Mortgage.

(d) Mortgagor hereby assigns to Mortgagee, from and after the date hereof (including any period allowed by law for redemption after any foreclosure or other sale), primarily, on a parity with the Mortgaged Property, and not secondarily, as further security for the payment of the Indebtedness and the performance of the Obligations, the Subleases and the Rents. Nothing contained in this Article 12 shall be construed to bind Mortgagee or any Lender to the performance of any of the terms, covenants, conditions or agreements contained in any of the Subleases or otherwise impose any obligation on Mortgagee or any Lender (including, but without limiting the generality of the foregoing, any liability under the covenant of quiet enjoyment contained in any

Sublease in the event that any sublessee shall have been joined as a party defendant in any action to foreclose this Mortgage or commenced by reason of a Default hereunder or in the event any sublessee shall have been barred and foreclosed of any or all right, title and interest and equity of redemption in the Mortgaged Property), except that Mortgagee shall be accountable for any money actually received by Mortgagee pursuant to the aforesaid assignment. After and during the continuance of either an Event of Default under the Loan Agreement or a Default hereunder, Mortgagor hereby further grants to Mortgagee the right, but not the obligation (i) to enter upon and take possession of the Real Estate for the purpose of collecting the Rents, and/or exercising any rights or remedies under the Subleases, (ii) to dispossess by the usual summary proceedings any sublessee defaulting in making any payment due under any Sublease to Mortgagee or defaulting in the performance of any of its other obligations under its Sublease, (iii) to let the Real Estate or any portion thereof, (iv) to apply the Rents on account of the Indebtedness, and (v) to perform such other acts as Mortgagee is entitled to perform pursuant to this Article 12. Such assignment and grant shall continue in effect until the entire amount of the Indebtedness shall be paid in full and all of the Obligations shall be fully performed in accordance with this Mortgage and the other Loan Documents, the execution of this Mortgage constituting and evidencing the irrevocable consent of Mortgagor to the entry upon and taking possession of the Real Estate by Mortgagee pursuant to such grant, whether or not an action to foreclose this Mortgage has been instituted and without applying for a receiver. Mortgagee, however, grants to Mortgagor, not as a limitation or condition hereof, but as a personal covenant available only to Mortgagor and its successors and not to any sublessee or other person, a license, revocable upon five (5) days' written notice to Mortgagor, to collect all of the Rents and to retain, use and enjoy the same, unless a Default shall exist hereunder or unless any event shall have occurred which, with the giving of notice or the lapse of time, or both, would constitute a Default hereunder or, at Mortgagee's option, for any other reason whatsoever.

(e) Mortgagor shall receive the Rents as set forth in Paragraph 12(d) hereof and shall hold the right to receive the Rents as a trust fund to be applied first to the payment of Impositions and then to the payment of the Indebtedness and thereafter, to the payment of Insurance Premiums for policies required to be provided hereunder before using any part of the total of the same for any other purpose.

(f) Upon notice and demand, Mortgagor shall, from time to time, execute, acknowledge and deliver to Mortgagee, or shall cause to be executed, acknowledged and delivered to Mortgagee, in form reasonably satisfactory to Mortgagee, one or more separate assignments (confirmatory of the general assignment provided in this Article 12) of the sublessor's interest in any Sublease. Mortgagor shall pay to Mortgagee the expenses incurred by Mortgagee in connection with the preparation and recording of any such instrument.

(g) Mortgagor, at its sole cost and expense, will at all times promptly and faithfully abide by, discharge and perform all of the covenants, conditions and agreements contained in the Operating Agreements, on the part of Mortgagor to be kept and performed thereunder. If Mortgagor shall commit a breach or default under the provisions of any Operating Agreement and such breach or default shall not have been cured within the cure period provided therefor (after required notices) under the applicable Operating Agreement, if any, then and in any such event, such

breach or default shall constitute a Default, entitling Mortgagee to remedies upon Default as provided herein and by law.

13. Estoppel Certificates. Mortgagor, within fifteen (15) business days after request by Mortgagee, shall deliver, in form satisfactory to Mortgagee, in its sole discretion, a written statement, duly executed and acknowledged, setting forth the amount of the Indebtedness then outstanding and whether any offsets, claims, counterclaims or defenses exist against the Indebtedness secured by this Mortgage, and if any are alleged to exist, the nature thereof shall be set forth in detail.

14. Expenses. Mortgagor shall pay all reasonable out-of-pocket expenses of Mortgagee in connection with the preparation of this Mortgage, the Loan Documents and the Other Agreements (as such term is defined in the Loan Agreement) (including, without limitation, the reasonable fees and expenses of all of its counsel retained in connection with this Mortgage, the Loan Documents, the Other Agreements, and the transactions contemplated thereby). If, at any time or times, regardless of the existence of a Default or Event of Default (as hereinafter defined) (except with respect to subparagraphs (c) and (d) below, which shall be subject to a Default having occurred and be continuing), Mortgagee (and in the case of subparagraphs (b), (c) and (d) below, any Lender) shall employ counsel for advice or other representation or incur reasonable legal or other costs and expenses in connection with:

(a) any amendment or modification of this Mortgage, any of the Loan Documents or the Other Agreements;

(b) any litigation, contest, dispute, suit, proceeding or action (whether instituted by Mortgagee or any Lender, Mortgagor or any other Person, as that term is defined in the Loan Agreement) in any way relating to the Mortgaged Property, this Mortgage, any of the Loan Documents or the Other Agreements or any other agreements to be executed or delivered in connection herewith;

(c) any attempt to enforce any rights of Mortgagee or any Lender, against Mortgagor or any other Person, including, without limitation, Account Debtors (as such term is defined in the Loan Agreement), that may be obligated to any Lender by virtue of any of the Loan Documents or the Other Agreements;

(d) any attempt to verify, protect, collect, sell, liquidate or otherwise dispose of the Mortgaged Property;

then, and in any such event, such reasonable attorneys' fees, including those of any appellate proceedings, and all expenses, costs, charges and other fees incurred by such counsel or Mortgagee or such Lender in any way or respect arising in connection with or relating to any of the events or actions described in this Article 14 shall be payable, on demand, by Mortgagor to Mortgagee or such Lender and shall be additional Obligations secured under this Mortgage and the Loan Documents. Without limiting the generality of the foregoing, such expenses, costs, charges and fees may include: paralegal fees, costs and expenses, accountants' fees, costs and expenses, court costs and expenses,

photocopying and duplicating expenses, court reporter fees, costs and expenses, long distance telephone charges, air express charges, telegram charges, secretarial overtime charges, and expenses for travel, lodging and food paid or incurred in connection with the performance of such legal services. Mortgagor shall also pay all filing, registration and recording fees and charges, documentary stamps, intangible taxes and all Federal, State, county and municipal taxes, duties, imposts, assessments and charges now or hereafter required by reason of, or in connection with, this Mortgage or any of the Loan Documents and, in any event, otherwise shall comply with the provisions set forth in Article 4 hereof.

15. Mortgagee's Right to Perform. In the event of any Default hereunder, Mortgagee may (but shall be under no obligation to), at any time perform the Obligations, without waiving or releasing Mortgagor from any Obligations or any Default under this Mortgage, and, in such event, the cost thereof, including, but without limiting the generality of the foregoing, reasonable attorneys' fees, costs and disbursements incurred in connection therewith (a) shall be deemed to be Indebtedness, (b) shall be a lien on the Mortgaged Property prior to any right or title to, interest in, or claim upon, the Mortgaged Property subordinate to the lien of this Mortgage, and (c) shall be payable, on demand, together with interest thereon at the Interest Rate, from the date of any such payment by Mortgagee to the date of repayment to Mortgagee. No payment or advance of money by Mortgagee pursuant to the provisions of this Article 15 shall cure, or shall be deemed or construed to cure, any such Default by Mortgagor hereunder or waive any rights or remedies of Mortgagee hereunder or at law or in equity by reason of any such Default.

16. Mortgagor's Existence. Mortgagor shall do all things necessary to preserve and keep in full force and effect its existence, franchises, rights and privileges under the laws of its State of incorporation and the laws of the State in which the Mortgaged Property is located and its right to own property and transact business in such States.

17 Mortgagee's Costs and Expense. If (a) Mortgagor shall fail to make any payment of Indebtedness when the same shall be due and payable, or shall fail to perform any of the Obligations under this Mortgage or any other Loan Document, or (b) Mortgagee shall exercise any of its rights or remedies hereunder, or (c) any action or proceeding is commenced in which it becomes necessary to defend or uphold the lien or priority of this Mortgage or any action or proceeding is commenced to which Mortgagee or any Lender is or becomes a party, or (d) the taking, holding or servicing of this Mortgage by Mortgagee is alleged to subject Mortgagee or any Lender to any civil or criminal fine or penalty, or (e) Mortgagee's review and approval of any document, including, but without limiting the generality of the foregoing, any Sublease, is requested by Mortgagor or required by Mortgagee, then, in any such event, all such reasonable costs, expenses and fees incurred by Mortgagee or such Lender in connection therewith (including, but without limiting the generality of the foregoing, any civil or criminal fines or penalties and reasonable attorneys' fees, costs and disbursements) (i) shall be deemed to be Indebtedness, (ii) shall be a lien on the Mortgaged Property prior to any right or title to, interest in, or claim upon, the Mortgaged Property subordinate to the lien of this Mortgage, and (iii) shall be payable, on demand, together with interest thereon at the Interest Rate, from the date of any such payment by Mortgagee to the date of repayment. In any action to foreclose this Mortgage or to recover or collect the Indebtedness or any portion thereof, the provisions of this Article 17 with respect to the recovery of costs,

expenses, disbursements and penalties shall prevail unaffected by the provisions of any Legal Requirement with respect to the same to the extent that the provisions of this Article 17 are not inconsistent therewith or violative thereof.

18. Defaults. (a) The occurrence of any one or more of the following events (regardless of the reason therefor) shall constitute a default ("Default") hereunder:

(i) the failure to make any payment of principal, interest, fees or premium or any other amount owing under the Loan Agreement when due and payable or declared due and payable whether by maturity or acceleration, which failure continues beyond any applicable grace period therefor set forth in the Loan Agreement; or

(ii) the failure to pay any other portion of the Indebtedness or the Obligations as and when the same shall become due and payable whether by maturity or acceleration, which failure continues beyond any applicable grace period therefor set forth in the Loan Agreement; or

(iii) any default by Mortgagor in the due observance or performance of any of the terms, covenants or provisions contained in this Mortgage including without limitation, Mortgagor's failure to comply with any of the provisions of Article 3 or Article 9 hereof which default continues for twenty (20) days after written notice thereof from Mortgagee to Mortgagor; provided, however, that if such default cannot be cured within such twenty (20) day period despite all reasonable efforts of Mortgagor, then such twenty (20) day period shall be extended by an additional thirty (30) days or such longer period of time as is necessary to cure such default, so long as Mortgagor is proceeding diligently to cure such default; or

(iv) the occurrence of any Event of Default under (and as defined, and more particularly described in) the Loan Agreement; or

(v) any default under the Leases or any failure by Mortgagor to perform its obligations under the Leases which shall not be cured with the period which is the lesser of (1) the grace period under Section 18(a)(iii) hereof or (2) the grace period under the Leases.

19. Remedies. (a) Upon the occurrence of any Default hereunder, Mortgagee may, without notice, presentment, demand or protest, all of which are hereby expressly waived by Mortgagor to the extent permitted by applicable law, take such action as Mortgagee deems advisable, in its sole discretion, to protect and enforce its rights in and to the Mortgaged Property, including, but without limiting the generality of the foregoing, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such manner as Mortgagee may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Mortgagee hereunder or at law or in equity:

(i) Mortgagee may declare the entire amount of the Indebtedness immediately due and payable if the Indebtedness has been accelerated under the Loan Agreement. Thereupon, all of the other Obligations also shall become immediately due and payable.

(ii) Mortgagee may, without releasing Mortgagor from any Obligation under this Mortgage or any other Loan Document and without waiving any Default, exercise any of its rights and remedies under Article 15 hereof.

(iii) Mortgagee may (1) institute and maintain an action of mortgage foreclosure against any of the Mortgaged Property and against any of the property subject to any of the Additional Mortgages, (2) institute and maintain an action with respect to the Mortgaged Property under any other Loan Document, or (3) take such other action as may be allowed at law or in equity for the enforcement of this Mortgage, the Additional Mortgages and the other Loan Documents. Mortgagee may proceed in any such action to final judgment and execution thereon for the whole of the Indebtedness, together with interest thereon at the Interest Rate, from the date on which Mortgagee shall declare the same to be due and payable to the date of repayment, and all costs of any such action, including, but without limiting the generality of the foregoing, reasonable attorneys' fees, costs and disbursements.

(iv) Mortgagee may, without releasing Mortgagor from any Obligation under this Mortgage, and without waiving any Default, enter upon and take possession of the Real Estate or any portion thereof, either personally or by its agents, nominees or attorneys, and dispossess Mortgagor and its agents and servants therefrom and, thereupon, Mortgagee may (1) use, manage and operate the Real Estate and the business conducted upon the Real Estate, and (2) exercise all rights and powers of Mortgagor with respect to the Mortgaged Property, either in the name of Mortgagor or otherwise, including, but without limiting the generality of the foregoing, the right to make, cancel, enforce or modify Subleases, obtain and evict sublessees, establish or change the amount of any Rents and the manner of collection thereof and perform any acts which Mortgagee deems proper, in its sole discretion, to protect the security of this Mortgage. After deduction of all costs and expenses of operating and managing the Real Estate, including, but without limiting the generality of the foregoing, reasonable attorneys' fees, costs and disbursements, administration expenses, management fees and brokers' commissions, satisfaction of liens on any of the Mortgaged Property, payment of Impositions, claims and Insurance Premiums, invoices of persons who may have supplied goods and services to or for the benefit of any of the Mortgaged Property and all costs and expenses of the maintenance, repair, Restoration, alteration or improvement of any of the Mortgaged Property, Mortgagee shall apply the Rents received by Mortgagee to payment of the Indebtedness or performance of the Obligations. Mortgagee may apply the Rents received by Mortgagee to the payment of any or all of the foregoing in such order and amounts as Mortgagee, in its sole discretion, may elect. Mortgagee may, in its sole discretion, determine the method by which, and extent to which, the

Rents will be collected and the obligations of the sublessees under the Subleases enforced and Mortgagee may waive or fail to enforce any right or remedy of the sublessor under any Sublease.

(v) Mortgagee may disaffirm and cancel any Sublease affecting the Real Estate or any portion thereof at any time during the period that it is exercising its remedies under this Article 19, even though Mortgagee shall have enforced such Sublease, collected Rents thereunder or taken any action that might be deemed by law to constitute an affirmance of such Sublease. Such disaffirmance shall be made by notice addressed to the sublessee at the Real Estate or, at Mortgagee's option, such other address of the sublessee as may be set forth in such Sublease.

(b) Upon the filing of any complaint to foreclose this Mortgage, the court in which such complaint is filed may, upon application of Mortgagee or at any time thereafter, either before or after foreclosure sale, and without notice to Mortgagor or to any party claiming under Mortgagor, without regard to the solvency or insolvency at the time of such application of any person then liable for payments of any of the indebtedness, without regard to the then value of the Real Estate, and without requiring any bond from the complainant in such proceedings, appoint a receiver for the benefit of Mortgagee (which may be Mortgagee), with power to take possession, charge, and control of the Mortgaged Property, including, without limitation, the Real Estate, to operate or lease the same, to keep the Real Estate insured and in good repair, and to collect any revenues of operation or Rents during the pendency of such foreclosure suit and, in case of foreclosure sale and a deficiency, during any period of redemption. The court may, from time to time, authorize said receiver to pay the net amounts remaining in said receiver's hands, after deducting reasonable compensation for the receiver and the receiver's counsel to be allowed by the court, to Mortgagee to be applied to the Indebtedness in accordance with the Loan Agreement. This Mortgage and the right of foreclosure hereunder shall not be impaired or exhausted by one or any foreclosure or by one or any sale, and may be foreclosed successively and in parts, until all of the Real Estate has been foreclosed against and sold.

(c) In the case of a sale pursuant to an order, decree or judgment of foreclosure, the Mortgaged Property may, at Mortgagee's election, be sold in one (1) parcel. Mortgagee shall receive the proceeds of any such sale and shall apply the proceeds of such sale as follows, in the following order:

(i) to all costs, fees, charges and expenses incurred by Mortgagee in connection with any Default hereunder, the exercise of any of the rights and remedies of Mortgagee hereunder and any such sale, including, but without limiting the generality of the foregoing, reasonable attorneys' fees, costs and disbursements, receiver's fees, all expenses of such sale, including publication costs, stenographic charges, title searches and surveys, guarantee policies, Torrens certificates and documentary stamps and transfer taxes and recording fees and charges;

(ii) to payment of outstanding Impositions;

(iii) to payment of the amount of the Indebtedness then outstanding to Mortgagee and such other holders of instruments or agreements evidencing the Indebtedness, and performance of all of the other Obligations, in such manner and order of priority or preference as Mortgagee may, in its sole discretion, determine; and

(iv) the balance, if any, to the persons legally entitled thereto.

(d) Upon the occurrence of any Default hereunder, Mortgagee may sell, assign, transfer and deliver the whole or, from time to time, any part of the Mortgaged Property, or any interest in any part thereof, at any private sale or at public auction, with or without demand, advertisement or notice of the time or place of sale or adjournment thereof, or otherwise, for cash, on credit or for other property, for immediate or future delivery, and for such price or prices and on such terms as Mortgagee in its uncontrolled discretion may determine, or as may be required by law.

(e) Upon the occurrence and during the continuance of either an Event of Default under the Loan Agreement or a Default hereunder, Mortgagor irrevocably appoints Mortgagee as true and lawful attorney of Mortgagor in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or delivery for the enforcement of this Mortgage, whether pursuant to foreclosure or power of sale or otherwise, to execute and deliver all such deeds, bills of sale, assignments and other instruments as Mortgagee may consider necessary or appropriate, with full power of substitution, Mortgagor hereby ratifying and confirming all that its said attorney or any substitute shall lawfully do by virtue hereof. Nevertheless, if so requested by Mortgagee or any purchaser, Mortgagor shall ratify and confirm any such sale, assignment, transfer or delivery by executing and delivering to Mortgagee or such purchaser all proper deeds, bills of sale, assignments, releases and other instruments as may be designated in any such request.

(f) Mortgagee may be a purchaser of the Mortgaged Property or of any part thereof or of any interest therein at any sale thereof, whether pursuant to foreclosure or power of sale or otherwise hereunder, and may apply upon the purchase price thereof any outstanding Indebtedness. Mortgagee shall, upon such purchase, acquire good title to the Mortgaged Property so purchased, free of the lien of this Mortgage and free of all rights of redemption in Mortgagor.

(g) Upon any sale of the Mortgaged Property or any part thereof or any interest therein, whether pursuant to foreclosure or power of sale or otherwise hereunder, the receipt of the officer making the sale under judicial proceedings or of Mortgagee shall be sufficient discharge to the purchaser for the purchase money and such purchaser shall not be obliged to see to the application thereof.

(h) Any sale of the Mortgaged Property or any part thereof or any interest therein, whether pursuant to foreclosure or power of sale or otherwise hereunder, shall forever be a perpetual bar against Mortgagor.

(i) Mortgagor shall bear all expenses, including without limitation, reasonable attorneys' fees, costs and disbursements, of or incidental to, enforcement of any provision

of this Mortgage or the Indebtedness and for the compromise, curing, defending or asserting any provision, right or claim with respect thereto, by litigation or otherwise.

(j) The remedies and rights granted to Mortgagee hereunder are cumulative and are not in lieu of, but are in addition to, and shall not be affected by the exercise of, any other remedy or right available to Mortgagee whether now or hereafter existing either at law or in equity or under this Mortgage or any other Loan Document.

(k) Mortgagor shall indemnify and hold Mortgagee and each Lender harmless and defend each such party from any liability, cost and expense (including without limitation attorneys' fees and disbursements) and all claims, actions, proceedings and suits arising out of or in connection with any lawful action by Mortgagee or any Lender to enforce this Mortgage or any Loan Document, whether or not any action, proceeding or suit is filed.

20. Security Agreement under Uniform Commercial Code. It is the intention of Mortgagor and Mortgagee that this Mortgage shall constitute a Security Agreement within the meaning of the Uniform Commercial Code of the State in which the Mortgaged Property is located. Notwithstanding the filing of a financing statement covering any of the Mortgaged Property in the records normally pertaining to personal property, all of the Mortgaged Property, for all purposes and in all proceedings, legal or equitable, shall be regarded, at Mortgagee's option (to the extent permitted by law), as part of the Real Estate whether or not any such item is physically attached to the Real Estate or serial numbers are used for the better identification of certain items. The mention in any such financing statement of any of the Mortgaged Property shall never be construed in any way as derogating from or impairing this declaration and hereby stated intention of Mortgagor and Mortgagee that such mention in the financing statement is hereby declared to be for the protection of Mortgagee in the event any court shall at any time hold that notice of Mortgagee's priority of interest, to be effective against any third party, including the Federal government or any authority or agency thereof, must be filed in the Uniform Commercial Code records. Pursuant to the provisions of the Uniform Commercial Code, Mortgagor hereby authorizes Mortgagee, without the signature of Mortgagor, to execute and file financing and continuation statements if Mortgagee shall determine, in its sole discretion, that such financing or continuation statements are necessary or advisable in order to preserve or perfect its security interest in the Fixtures covered by this Mortgage, and Mortgagor shall pay to Mortgagee, on demand, any expenses incurred by Mortgagee in connection with the preparation, execution and filing of such statements that may be filed by Mortgagee.

21. Additional Representations and Warranties. Mortgagor represents and warrants that: (a) Mortgagor is a corporation duly organized and validly existing and in good standing under the laws of the State of its incorporation; (b) Mortgagor is qualified to do business in the State in which the Mortgaged Property is located; (c) Mortgagor has the requisite power and lawful authority to execute and deliver this Mortgage, the Loan Agreement and the other Loan Documents executed and delivered by it and to perform the Obligations; (d) the execution and delivery of this Mortgage, the Loan Agreement and the other Loan Documents by Mortgagor and performance of its obligations under this Mortgage, the Loan Agreement and the other Loan Documents will not result in the Mortgagor being in default under any provision of its Certificate

of Incorporation or By-Laws or of any mortgage, document, instrument, credit or other agreement to which it is a party or by which its assets are bound; (e) Mortgagor has the requisite power and lawful authority to mortgage the Mortgaged Property in the manner herein set forth; (f) the Board of Directors of Mortgagor has duly authorized the execution and delivery of this Mortgage, the Loan Agreement and the other Loan Documents and there is no provision in Mortgagor's Certificate of Incorporation or By-Laws requiring any other approvals or consents for the execution and delivery of this Mortgage, the Loan Agreement and the other Loan Documents; (g) on the date hereof, no portion of the Buildings or the Fixtures have been materially damaged, destroyed or injured by fire or other casualty which is not now fully restored; (h) Mortgagor has all necessary licenses, authorizations, registrations and approvals to own, use, occupy and operate the Real Estate and has full power and authority to carry on its business at the Real Estate as currently conducted and has not received any notice of any violation of any Legal Requirement; (i) as of the date hereof, Mortgagor has not received any notice of any Taking of the Mortgaged Property or any portion thereof and Mortgagor has no knowledge that any such Taking is contemplated; (j) Mortgagor is a business and commercial organization, and the transaction reflected in, and effectuated by, the Loan Documents is made solely to acquire or carry on a business and commercial enterprise; and (k) there are no Subleases affecting the Real Estate or any portion thereof.

22. No Waivers, Etc. A failure by Mortgagee or any Lender to insist upon the strict performance by Mortgagor of any of the terms and provisions of this Mortgage shall not be deemed to be a waiver of any of the terms, covenants, conditions and provisions hereof and Mortgagee, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by Mortgagor of any and all of the terms, covenants, conditions and provisions of this Mortgage to be performed by Mortgagor. Mortgagee may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate lien on the Mortgaged Property, any part of the security held for payment of the Indebtedness or any portion thereof or for the performance of the Obligations secured by this Mortgage without, as to the remainder of the security, in any manner whatsoever, impairing or affecting the lien of this Mortgage or the priority of the lien of this Mortgage over any subordinate lien. Mortgagee may resort for the payment of the Indebtedness secured by this Mortgage to any other security therefor held by Mortgagee in such order any manner as Mortgagee may elect.

23. Trust Funds. All deposits made as security under any Subleases shall be treated as trust funds, shall not be commingled with any other funds of Mortgagor and shall be held in accordance with the provisions of any other applicable Legal Requirements. Within ten (10) days after request by Mortgagee, Mortgagor shall furnish Mortgagee with evidence, satisfactory to Mortgagee, in its sole discretion, of compliance with this Article 23, together with a certified statement of the amount of all of the security deposited by sublessees and copies of all Subleases not theretofore delivered to Mortgagee.

24. Additional Rights. (a) Upon confirmation of a sale pursuant to any order, decree or judgment of foreclosure of this Mortgage, the appropriate governmental officer making such sale, or his successor in office, shall be and is hereby authorized immediately to execute and deliver to the purchaser at such sale, a deed, assignment or appropriate document conveying the Mortgaged Property to such purchaser. Upon the execution of such deed, assignment or appropriate

document, the recitals therein of facts such as the terms of the sale, the sale, the purchase, payment of purchase money and other facts affecting the regularity or validity of such sale shall be conclusive proof of the truthfulness thereof, that such sale was regularly and validly made, and any such deed, assignment or appropriate document shall be conclusive against all persons as to all matters and facts recited therein.

(b) The holder of any subordinate lien on the Mortgaged Property shall have no right to terminate any Sublease whether or not such Sublease is subordinate to this Mortgage.

25. Waivers by Mortgagor. (a) Mortgagor hereby waives all errors and imperfections in any proceedings instituted by Mortgagee or any Lender under this Mortgage, the Loan Agreement or any other Loan Document and all benefit of any present or future statute of limitations or any other present or future statute, law, stay, moratorium, appraisal or valuation law, regulation or judicial decision which, nor shall Mortgagor at any time insist upon or plead, or in any manner whatsoever, claim or take any benefit or advantage of any such statute, law, stay, moratorium, regulation or judicial decision which (i) provides for the valuation or appraisal of the Mortgaged Property prior to any sale or sales thereof which may be made pursuant to any provision herein or pursuant to any decree, judgment or order of any court of competent jurisdiction, (ii) exempts any of the Mortgaged Property or any other property, real or personal, or any part of the proceeds arising from any sale thereof, from attachment, levy or sale under execution, (iii) provides for homestead rights or exemptions or provides for any stay of execution, moratorium, marshaling of assets, exemption from civil process, reinstatement, redemption or extension of time for payment, (iv) requires Mortgagee to institute proceedings in mortgage foreclosure against the Mortgaged Property before exercising any other remedy afforded Mortgagee hereunder in the event of a Default, (v) affects any of the terms, covenants, conditions or provisions of this Mortgage, or (vi) conflicts with or may affect, in a manner which may be adverse to Mortgagee or any Lender, any provision, covenant, condition or term of this Mortgage, the Loan Agreement or any other Loan Document, nor shall Mortgagor at any time after any sale or sales of the Mortgaged Property pursuant to any provision herein, including, but without limiting the generality of the foregoing, after any sale pursuant to a judgment of foreclosure, claim or exercise any right under any present or future statute, law, stay, moratorium, regulation or judicial decision to redeem the Mortgaged Property or the portion thereof so sold.

(b) Mortgagor hereby waives the right, if any, to require any sale to be made in parcels, or the right, if any, to select parcels to be sold, and there shall be no requirement for marshalling of assets.

(c) Mortgagor hereby waives any right to trial by jury.

26. Failure to Consent. If Mortgagor shall seek the approval by, or the consent of, Mortgagee hereunder or under any other Loan Document, and Mortgagee shall fail or refuse to give such consent or approval, Mortgagor shall not be entitled to any damages for any withholding or delay of such consent by Mortgagee, it being intended that Mortgagor's sole remedy shall be to bring an action for an injunction or specific performance, which remedy of an injunction or specific

performance shall be available only in those cases in which Mortgagee has expressly agreed hereunder or under any other Loan Documents not to unreasonably withhold or delay its consent or approval.

27. No Joint Venture or Partnership. Mortgagor and Mortgagee and each Lender intend that the relationship created hereunder be solely that of mortgagor and mortgagee or borrower and lender as the case may be. Nothing herein is intended to create a joint venture, partnership, tenancy-in-common, or joint tenancy relationship between Mortgagor and Mortgagee or any Lender nor to grant Mortgagee or any Lender any interest in the Mortgaged Property other than that of mortgagee or lender.

28. Notices. Whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon either Mortgagor or Mortgagee, or whenever either Mortgagor or Mortgagee shall desire to give or serve upon the other any such communication with respect to this Mortgage or the Mortgaged Property, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and either shall be delivered in person with receipt acknowledged or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

(a) If to Mortgagee:

Fleet Capital Corporation
One North Franklin
Chicago, Illinois 60606
Attention: Art Pesavento
Facsimile No.: (312) 346-7038

With a copy to:

Vedder, Price, Kaufman & Kammholz
222 North LaSalle Street
Suite 2600
Chicago, Illinois 60601-1003
Attention: John T. McEnroe
Facsimile No.: (312) 609-5005

(b) If to Mortgagor:

Chernin's Shoes, Inc.
1001 South Clinton Street
Chicago, Illinois 60601
Attention: Jon Browne
Facsimile No.: (312) 922-3673

With a copies to:

Kenneth W. Miller, Esq.
Katten, Muchin & Zavis
525 W. Monroe Street, Suite 1600
Chicago, IL 60661-3693
Facsimile No.: (312) 902-1061

or to such other address as Mortgagor or Mortgagee may substitute by notice given as herein provided. Every notice, demand, request, consent, approval, declaration or other communication hereunder shall be deemed to have been duly given or served on the date on which personally delivered, with receipt acknowledged, or three (3) Business Days (as defined in the Loan Agreement) after the same shall have been deposited with the United States mails. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to the persons designated herein to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication.

29. Conflict with the Loan Documents. To the extent there shall be any conflict between the defined terms set forth herein and the defined terms set forth in any other Loan Document, then, the defined terms set forth in this Mortgage shall prevail with respect to this Mortgage. Subject to the foregoing, if there shall be any inconsistencies between the terms, covenants, conditions and provisions set forth in this Mortgage and the terms, covenants, conditions and provisions set forth in the Loan Agreement, then, unless this Mortgage expressly provides otherwise, the terms, covenants, conditions and provisions of the Loan Agreement shall prevail.

30. No Modification; Binding Obligations. This Mortgage may not be modified, amended, discharged or waived in whole or in part except by an agreement in writing signed by Mortgagor and Mortgagee. The covenants of this Mortgage shall run with the Land and shall bind Mortgagor and the heirs, distributees, personal representatives, successors and assigns of Mortgagor and all present and subsequent encumbrancers, lessees and sublessees of any of the Mortgaged Property and shall inure to the benefit of Mortgagee and its respective successors, assigns and endorsees.

31. Leasehold Mortgage Provisions. (a) Mortgagor hereby covenants, warrants and represents as follows:

(i) the Leases are in full force and effect, unmodified by any writing or otherwise;

(ii) all rent, additional rent and other charges reserved in or payable under the Leases have been paid to the extent that they are payable to the date hereof;

(iii) Mortgagor is in possession of the Leasehold Estates, and Mortgagor's right to continue such possession is not being disputed;

(iv) Mortgagor has not delivered or received any notices of default under the Leases and is not in default under any of the terms of the Leases, and there are no circumstances which, with the passage of time or the giving of notice or both, would constitute a default under the Leases;

(v) the lessor under the Leases is not in default under any of the terms of the Leases on its part to be observed or performed;

(vi) Mortgagor has delivered to Mortgagee a true, accurate and complete copy of the Leases;

(vii) Mortgagor promptly shall pay the rent and all other sums and charges mentioned in, and payable under, the Leases;

(viii) Mortgagor promptly shall perform and observe all of the terms, covenants and conditions required to be performed and observed by the lessee under the Leases, the breach of which could permit the lessor to terminate the Leases (including, but without limiting the generality of the foregoing, any payment obligations), and shall do all things necessary to preserve and to keep unimpaired its rights under the Leases;

(ix) Mortgagor shall not do, permit or suffer any event or omission as a result of which there could occur a default under the Leases or any event which, with the giving of notice or the passage of time, or both, would constitute a default under the Leases which could permit the lessor to terminate the Leases (including, but without limiting the generality of the foregoing, a default in any payment obligation);

(x) Mortgagor shall not cancel or terminate the Leases or modify or amend any provisions thereof or surrender the Leases or possession of the Real Estate or agree to any such cancellation, termination, amendment, modification or surrender or waive, excuse or discharge any of the obligations of the lessor under the Leases which would affect any of Mortgagee's rights under this Mortgage, the Loan Agreement or any of the Loan Documents without Mortgagee's prior written consent in each instance, which consent shall not be unreasonably withheld or delayed;

(xi) Mortgagor shall deliver to Mortgagee copies of all notices of default by any party under the Leases, and all notices from the lessor under the Leases of its intention to terminate the Leases or to re-enter and take possession of the Real Estate, immediately upon delivery or receipt of such notice, as the case may be;

(xii) Mortgagor shall promptly furnish to Mortgagee copies of such information and evidence as Mortgagee may request concerning Mortgagor's due observance, performance and compliance with the terms, covenants and conditions of the Leases;

(xiii) Mortgagor shall not consent to the subordination of the Leases (or the Leasehold Estates) to any mortgage of the fee interest in the Mortgaged Property; and

(xiv) Mortgagor, at its sole cost and expense, shall execute and deliver to Mortgagee, within five (5) days after request, such documents, instruments or agreements as may be required to permit Mortgagee to cure any default of Mortgagor under the Leases.

(b) In the event of default by Mortgagor in the performance of any of its obligations under the Leases, including, but without limiting the generality of the foregoing, any default in the payment of any sums payable thereunder, then, in each and every case, Mortgagee may, at its option, cause the default or defaults to be remedied and otherwise exercise any and all of the rights of Mortgagor thereunder in the name of and on behalf of Mortgagor. Mortgagor shall, on demand, reimburse Mortgagee or any Lender for all advances made and expenses reasonably incurred by Mortgagee or any Lender in curing any such default (including, without limiting the generality of the foregoing, reasonable attorneys' fees and disbursements), together with interest thereon computed at the Interest Rate from the date that such advance is made, to and including the date the same is paid to Mortgagee.

(c) Mortgagor shall give Mortgagee notice of its intention to exercise each and every option, if any, to extend the term of the Leases, at least thirty (30) days prior to the expiration of the time to exercise such option under the terms thereof If Mortgagor intends to extend the term of the Leases, it shall deliver to Mortgagee, with the notice of such decision, a copy of the notice of extension delivered to the lessor thereunder, together with the terms and conditions of such extension. If Mortgagor does not intend to extend the term of the Leases, Mortgagor shall deliver to Mortgagee notice of such decision together with a copy of the notice, if any, delivered to lessor; provided, however, that if there shall have occurred any Default which is then continuing Mortgagee may, at its option, exercise the option to extend in the name, and on behalf of Mortgagor. Upon the occurrence and during the continuance of an Event of Default under the Loan Agreement or a Default hereunder, Mortgagor hereby appoints Mortgagee its attorney-in-fact to execute and deliver all such instruments and documents in the name, and on behalf of, Mortgagor. This power, being coupled with an interest, shall be irrevocable during the continuance of either an Event of Default under the Loan Agreement or a Default hereunder.

(d) Mortgagor shall use its best efforts to obtain and deliver to Mortgagee within ten (10) days after written demand by Mortgagee, an estoppel certificate from the lessor under the Leases setting forth (i) the name of the lessee and the lessor thereunder, (ii) that the Leases is in full force and effect and has not been modified or, if it has been modified, the date of each modification (together with copies of each such modification), (iii) the basic rent payable under the Leases, (iv) the date to which all rental charges have been paid by the lessee under the Leases, (v) whether a notice of default has been received or given by the lessor under the Leases which has not been cured, and the date that same was received or given, as the case may be and the nature of the default, and (vi) whether there are any alleged defaults of the lessee under the Leases and, if there are, setting forth the nature thereof in reasonable detail.

(e) Anything contained herein to the contrary notwithstanding, this Mortgage shall not constitute an assignment of the Leases within the meaning of any provision thereof prohibiting its assignment and neither Mortgagee nor any Lender shall have any liability or obligation thereunder by reason of its acceptance of this Mortgage. Mortgagee shall be liable for the obligations of the lessee arising under the Leases for only that period of time which Mortgagee is in actual possession of the Mortgaged Property or has acquired, by foreclosure or otherwise, and is holding all of Mortgagor's right, title and interest therein.

(f) It is hereby agreed that the fee title and Leasehold Estates shall not merge but shall always be kept separate and distinct, notwithstanding the union of said estates in either the lessor under the Leases, Mortgagor or a third party, whether by purchase or otherwise. If Mortgagor shall acquire fee title to the property leased to Mortgagor, or any other estate, title or interest in the property demised under the Leases, or any portion thereof, then, immediately upon Mortgagor's acquisition thereof, this Mortgage automatically shall spread to cover Mortgagor's interest in such leased property on the same terms, covenants and conditions as set forth herein. Upon such acquisition, Mortgagor, at its sole cost and expense, shall deliver to Mortgagee an ALTA Form B Mortgage Title Insurance Policy issued by a title insurance company acceptable to Mortgagee, insuring that this Mortgage, as so spread to cover Mortgagor's interest in such leased property, is a valid first lien on Mortgagor's interest therein, subject only to the Permitted Encumbrances. It is the intention of Mortgagor and Mortgagee and each Lender that no documents, instruments or agreements shall be necessary to confirm the foregoing spread of this Mortgage to cover Mortgagor's interest in such fee property, as aforesaid, and that such spreading shall occur automatically upon the consummation of Mortgagor's acquisition of such estate, title or interest to such leased property. Notwithstanding the foregoing, Mortgagor shall make, execute, acknowledge and deliver to Mortgagee, or cause to be made, executed, acknowledged and delivered to Mortgagee, in form satisfactory to Mortgagee, all such further or other documents, instruments, agreements or assurances as may be required by Mortgagee to confirm the foregoing spread of this Mortgage to cover Mortgagor's interest in such fee property. Mortgagor shall pay all expenses incurred by Mortgagee or any Lender in connection with the preparation, execution, acknowledgment, delivery and/or recording of any such documents, including but without limiting the generality of the foregoing, all filing, registration and recording fees and charges, documentary stamps, mortgage taxes, intangible taxes, and reasonable attorneys' fees, costs and disbursements.

(g) If the Leases is cancelled or terminated and if Mortgagee or its nominee shall acquire an interest in any new lease of any portion of the Real Estate, Mortgagor shall have no right, title or interest in, to or under such new lease or the leasehold estate created thereby.

32. Subrogation. To the extent that Mortgagee, after the date hereof, pays any sum due under any provision of law or any instrument or documents creating any lien prior or superior to the lien of this Mortgage, Mortgagee shall have and be entitled to a lien on the Mortgaged Property equal in priority to that discharged, and Mortgagee shall be subrogated to, and receive and enjoy all rights and liens possessed, held or enjoyed by, the holder of such lien, which shall remain in existence for the benefit of Mortgagee, to secure the Indebtedness. Mortgagee shall be subrogated, notwithstanding its release of record, to mortgages, trust deeds, superior titles, vendor's liens, liens, charges, encumbrances, rights and equities on the Mortgaged Property to the

extent that any obligation under any thereof is paid or discharged with proceeds of disbursements or advances under any instrument evidencing the Indebtedness.

33. No Liability on Mortgagee or any Lender. Notwithstanding anything contained herein, this Mortgage is only intended as security for the Indebtedness and neither Mortgagee nor any Lender shall be obligated to perform or discharge, and does not hereby undertake to perform or discharge, any obligation, duty or liability of Mortgagor under or pursuant to any of the Mortgaged Property, and Mortgagor shall and does hereby agree to indemnify and hold Mortgagee and each Lender harmless of and from any and all liability, loss or damage which they may or might incur under any of the Mortgaged Property or under or by reason of their exercise of rights hereunder and of and from any and all claims and demands whatsoever which may be asserted against them by reason of any alleged obligations or undertakings on their part to perform or discharge any of the terms, covenants or agreements contained in any of the Mortgaged Property. Neither Mortgagee nor any Lender shall have responsibility for the control, care, management or repair of the Mortgaged Property nor shall Mortgagee or any Lender be responsible or liable for any negligence in the management, operation, upkeep, repair or control of the Mortgaged Property resulting in loss or injury or death to any licensee, employee, tenant or stranger. No liability shall be enforced or asserted against Mortgagee or any Lender in its exercise of the powers herein granted to it, and Mortgagor expressly waives and releases any such liability. Should Mortgagee or any Lender incur any such liability, loss or damage, under or by reason hereof, or in the defense of any claims or demands, Mortgagor agrees to reimburse Mortgagee or such Lender immediately upon demand for the amount thereof, including, without limitation, costs, expenses and reasonable attorneys' fees. Notwithstanding anything to the contrary contained in this Article 33, the provisions of this Article 33 shall not apply to Mortgagee's gross negligence or willful misconduct.

34. Permitted Acts. Mortgagor agrees that, without affecting or diminishing in any way the liability of Mortgagor or any other person (except any person expressly released in writing) for payment of the Indebtedness or for performance of the Obligations, Mortgagee may at any time and from time to time, without notice to or consent of any person: release any person liable for payment of the Indebtedness or for performance of the Obligations; extend the time or agree to alter the terms of payment for the Indebtedness; modify or waive any Obligation; subordinate, modify or otherwise deal with the lien hereof; accept additional security of any kind; release any Mortgaged Property or other property securing the Indebtedness; make releases of any portion of the Real Estate; consent to the making of any map or plat of the Real Estate, the creation of any easements thereon or any covenants restraining use of occupancy thereof; or exercise or refrain from exercising or waive any right Mortgagee may have.

35. Care by Mortgagee. Mortgagee shall be deemed to have exercised reasonable care in the custody and preservation of any of the Mortgaged Property in its possession if it takes such action for that purpose as Mortgagor requests in writing, but failure of Mortgagee to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and no failure of Mortgagee to preserve or protect any rights with respect to such Mortgaged Property against prior parties, or to do any act with respect to the preservation of such Mortgaged Property not so requested by Mortgagor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Mortgaged Property.

36. Defeasance. Upon the full and complete payment and satisfaction of the Indebtedness, in accordance with the terms and at the times and in the manner provided in the Loan Agreement, this conveyance shall be null and void, and upon demand therefor following such payment and satisfaction an appropriate instrument of reconveyance or release shall promptly be made by Mortgagee to Mortgagor, at Mortgagor's expense.

37. Miscellaneous. The Article headings in this Mortgage are used only for convenience and are not part of this Mortgage and are not to be used in determining the intent of the parties or otherwise in interpreting this Mortgage. As used in this Mortgage, the singular shall include the plural, the plural shall include the singular and the use of any gender shall be applicable to all genders as the context requires and the following words and phrases shall have the following meanings: (a) "provisions" shall mean "provisions, terms, covenants and/or conditions"; (b) "lien" shall mean "lien, charge, encumbrance, security interest, mortgage and/or deed of trust"; (c) "obligation" shall mean "obligation, duty, covenant and/or condition"; (d) "any of the Mortgaged Property" shall mean "the Mortgaged Property or any portion thereof or interest therein"; and (e) "Person" shall mean "any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or government (whether federal, state, county, city, municipal or otherwise, including, but without limiting the generality of the foregoing, any instrumentality division, agency, body or department thereof)." Any act which Mortgagee is permitted to perform under this Mortgage, the Loan Agreement or any other Loan Document may be performed at any time and from time to time by Mortgagee or by any person or entity designated by Mortgagee. Any act which is prohibited to Mortgagor under this Mortgage, the Loan Agreement or any other Loan Document is also prohibited to all sublessees of any of the Mortgaged Property. Each appointment of Mortgagee as attorney-in-fact for Mortgagor under this Mortgage, the Loan Agreement or any other Loan Document shall be irrevocable as long as any of the Indebtedness shall remain unpaid or any of the Obligations remain to be performed and shall be deemed to be coupled with an interest. Mortgagee shall have the right to refuse to grant its consent, approval or acceptance or to indicate its satisfaction whenever such consent, approval, acceptance or satisfaction shall be required under any of the Loan Documents.

38. Choice of Law. This Mortgage was negotiated in Illinois, and made by Mortgagor and accepted by Mortgagee in the State of Illinois, and the proceeds of the Loan secured hereby were disbursed from Illinois, which State the parties agree has a substantial relationship to the parties and to the underlying transaction embodied hereby, and in all respects, including, without limiting the generality of the foregoing, matters of construction, validity and performance, this Mortgage and the Obligations arising hereunder shall be governed by, and construed in accordance with, the laws of the State of Illinois applicable to contracts made and performed in such State, without regard to the principles thereof regarding conflicts of laws, and any applicable laws of the United States of America, except with respect to the provisions hereof which relate to realizing upon the security covered by this Mortgage which shall be governed by the State in which the Mortgaged Property is located, it being understood that, to the fullest extent permitted by the law of such State, the law of the State of Illinois shall govern the validity and enforceability of all Loan Documents, and the Indebtedness or Obligations arising hereunder. Whenever possible, each provision of this Mortgage shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Mortgage shall be prohibited by or invalid under applicable law, such

provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Mortgage. Nothing in this Mortgage or in any other Loan Documents shall require Mortgagor to pay, or Mortgagee to accept, interest in an amount which would subject Mortgagee to penalty under applicable law. In the event that the payment of any interest due hereunder or under any of the other Loan Documents or a payment which is deemed interest, exceeds the maximum amount payable as interest under the applicable usury laws, such excess amount shall be applied to the reduction of the Indebtedness, and upon payment in full of the Indebtedness, shall be applied to the performance of the Obligations, and upon performance in full of the Obligations, shall be deemed to be a payment made by mistake and shall be refunded to Mortgagor.

39. Receipt of Copy. Mortgagor acknowledges that it has received a true copy of this Mortgage, and fully has examined executed counterparts of the other Loan Documents.

**[Signature Page Follows]**

IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be duly executed and acknowledged under seal the day and year first above written.

MORTGAGOR:

CHERNIN'S SHOES, INC.,
a Delaware corporation

By: _____
Name: JOW H BRONZ
Title: EXEC VICE PRES

Attest: _____
Name: _____
Title: _____

STATE OF ILLINOIS )
) SS.
COUNTY OF _____ )

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I, the undersigned, a notary public in and for said County, in the state aforesaid, DO HEREBY CERTIFY THAT Jon Browne, personally known to me to be the Executive Vice President of Chernin's Shoes, Inc., a Delaware corporation, ~~and _____, personally known to me to be the _____ Secretary of said corporation~~, and personally known to me to be the same person~~s~~ whose name~~s~~ ~~are~~ subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Executive Vice President ~~and _____ Secretary~~, ~~they~~ he signed and delivered the said instrument as Executive Vice President ~~and _____ Secretary~~ of said corporation, ~~and caused the corporate seal of said corporation to be affixed thereto~~, pursuant to authority given by the Board of Directors of said corporation, as their free and voluntary act, and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 7th day of August, 1998.

Jennifer L. Smith
Notary Public

My commission expires:

OFFICIAL SEAL
JENNIFER L. SMITH
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 5-1-2000

**EXHIBIT A**

**[Description of the Land]**

**Parcel 1:**

The South 20 feet of Lot 2 and all of Lots 3, 4, 5, 6, 7, 8, 9, 10 and 11 in Block 2 in the Subdivision of Outlot "E" of Wrightwood, Being a Subdivision of the South West 1/4 of Section 28, Township 40 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois;

AND

Lots 12, 13, 14 and 15 in Block 2 in the Subdivision of Outlot "E" of Wrightwood, Being a Subdivision of the South West 1/4 of Section 28, Township 40 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

PIN: 14-28-302-002-0000; 14-28-302-003-0000; 14-28-302-004-0000; 14-28-302-0056-0000; 14-28-302-057-0000

Common Street Address: 2665 North Halsted Street, Chicago, Illinois

**Parcel 2:**

The following described real estate situated in the City of Chicago, County of Cook, and State of Illinois, to-wit:

Lot 18 (Except the East 7.12 Feet), All of Lot 19 and the Lot 20 (Except the West 12 Feet) in Eri Reynolds and G. W. Merrill's Subdivision of Block 36 in School Section Addition to Chicago in Section 16, Township 39 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois

PIN: 17-16-331-015-0000; 17-16-331-016-0000; 17-16-331-028-0000

Common Street Address: 600-614 West Roosevelt Road
Chicago, Illinois

**Parcel 3:**

A Tract of Land in the East ½ of the Southwest ¼ of School Section Addition to Chicago in Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, Bounded and Described as Follows:

Beginning at the Intersection of the South Line of West Taylor Street (as Widened) and the East Line of South Clinton Street (as Widened) Thence South 89 Degrees 42 Minutes 01 Second East Along the South Line of West Taylor Street a Distance of 321.07 Feet to the West Line of South Canal Street (as Widened) Thence South 0 Degrees 05 Minutes 03 Seconds East Along Said West Line of South Canal Street a Distance of 529.80 Feet to a Point Which is 23.48 Feet North of the South Line of Vacated

West Grensaw Street (60 Feet Wide); Thence North 89 Degrees 42 Minutes 34 Seconds West Along a Line Which Intersects the East Line of Said South Clinton Street at a Point 23.27 Feet North of the South Line of Said Vacated West Grenshaw Street a Distance of 145.54 Feet; Thence North 0 Degrees 02 Minutes 01 Seconds West Along a Line 176.00 Feet East of and Parallel With the East Line of Said South Clinton Street A Distance of 168.82 Feet); Thence North 89 Degrees 42 Minutes 01 Second West Along a Line 361.00 Feet South of and Parallel with the South Line of Said West Taylor Street a Distance of 176.00 Feet to the East Line of Said South Clinton Street; Thence North 0 Degrees 02 Minutes 01 Second West Along the East Line of Said South Clinton Street a Distance of 361.00 Feet to the Point of Beginning, in Cook County, Illinois.

PIN: 17-16-325-019-0000; 17-16-333-029-0000; and 17-16-333-036-0000

Common Street Address: 1001 South Clinton Street, Chicago, Illinois

## EXHIBIT A

### [Description of the Land]

**Parcel 1:**

The South 20 feet of Lot 2 and all of Lots 3, 4, 5, 6, 7, 8, 9, 10 and 11 in Block 2 in the Subdivision of Outlot "E" of Wrightwood, Being a Subdivision of the South West 1/4 of Section 28, Township 40 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois;

AND

Lots 12, 13, 14 and 15 in Block 2 in the Subdivision of Outlot "E" of Wrightwood, Being a Subdivision of the South West 1/4 of Section 28, Township 40 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

PIN: 14-28-302-002-0000; 14-28-302-003-0000; 14-28-302-004-0000; 14-28-302-0056-0000; 14-28-302-057-0000

Common Street Address: 2665 North Halsted Street, Chicago, Illinois

**Parcel 2:**

The following described real estate situated in the City of Chicago, County of Cook, and State of Illinois, to-wit:

Lot 18 (Except the East 7.12 Feet), All of Lot 19 and the Lot 20 (Except the West 12 Feet) in Eri Reynolds and G. W. Merrill's Subdivision of Block 36 in School Section Addition to Chicago in Section 16, Township 39 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois

PIN: 17-16-331-015-0000; 17-16-331-016-0000; 17-16-331-028-0000

Common Street Address: 600-614 West Roosevelt Road
Chicago, Illinois

**Parcel 3:**

A Tract of Land in the East ½ of the Southwest ¼ of School Section Addition to Chicago in Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, Bounded and Described as Follows:

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PIN: 17-16-325-019-0000; 17-16-333-029-0000; and 17-16-333-036-0000

Common Street Address: 1001 South Clinton Street, Chicago, Illinois

## EXHIBIT B

**[Description of the Leases]**

1. Lease dated March 15, 1998 by and between MyrDon L.L.C., as Lessor, and Chernin's Shoes, Inc., as Lessee, which was amended by that certain First Amendment To Lease dated August, 1998 for the leased premises commonly known as 600-614 West Roosevelt Road, Chicago, Illinois. The term of the Lease commenced on July 1, 1996 and expires on June 30, 2006, unless sooner terminated or extended as provided in the Lease.

2. Lease dated April 1, 1990 by and between La Salle National Bank, not personally but as Trustee under trust agreement dated December 1, 1983 and known as Trust Number 107380 and Clinton Associates, an Illinois general partnership, together as Lessor, and Chernin's Shoes, Inc. f/k/a Harris Chernin, Inc., as Lessee, for approximately 103,707 square feet within the building commonly known as 1001 Clinton Street, Chicago, Illinois, which Lease was amended by that certain Amendment To Lease dated May 29, 1993. The term of the Lease commenced on April 1, 1990 and expires on November 30, 2001, unless sooner terminated or extended as provided in the Lease.

3. Lease dated December 2, 1997 by and between La Salle National Bank, not personally but as Trustee under trust agreement dated December 1, 1983 and known as Trust Number 107380 and Clinton Associates, an Illinois general partnership, together as Lessor, and Chernin's Shoes, Inc. f/k/a Harris Chernin, Inc., as Lessee, for 29,930 square feet in the building commonly known as 1001 Clinton Street, Chicago, Illinois. The term of the Lease commenced on December 1, 1997 and expires on July 31, 1999, unless sooner terminated or extended as provided in the Lease.

4. Lease dated January 1, 1998 by and between La Salle National Bank, not personally but as Trustee under trust agreement dated December 1, 1983 and known as Trust Number 107380 and Clinton Associates, an Illinois general partnership, together as Lessor, and Chernin's Shoes, Inc. f/k/a Harris Chernin, Inc., as Lessee, for 9,843 square feet in the building commonly known as 1001 Clinton Street, Chicago, Illinois. The term of the Lease commenced on January 1, 1998 and expires on December 31, 1998, unless sooner terminated or extended as provided in the Lease.

5. Lease Of Land And Building dated November 22, 1991 by and between North Halsted Street Associates, as Lessor, and Chernin's Shoes, Inc. f/k/a Harris Chernin, Inc., as Lessee, for the leased premises commonly known as 2665 North Halsted Street, Chicago, Illinois. The term of the Lease commenced on October 1, 1991 and expires on November 30, 2001, unless sooner terminated or extended as provided in the Lease.