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Cook County Recorder 107.50



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When recorded mail to:
FFCA Acquisition Corporation
17207 N. Perimeter Drive
Scottsdale, AZ 85255

ATTN: MICHELLE STEWART

THIS INSTRUMENT PREPARED BY:

Kutak Rock
The Omaha Building
1650 Farnam Street
Omaha, Nebraska 68102

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

THIS MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT AND FIXTURE FILING (this "Mortgage") is made as of **JUNE 30,** 1999 among MORTON'S OF CHICAGO/SCHAUMBURG LLC, a Delaware limited liability company ("Debtor"), whose address is 3333 New Hyde Park Road, New Hyde Park, New York 11042 and FFCA ACQUISITION CORPORATION, a Delaware corporation ("Mortgagee"), whose address is 17207 North Perimeter Drive, Scottsdale, Arizona 85255.

PRELIMINARY STATEMENT:

The capitalized terms used in this Mortgage, if not elsewhere defined herein, have the meanings set forth in Article I. Debtor holds a fee simple interest in the Land and the Improvements to be constructed thereon, subject to the Permitted Exceptions. Debtor is executing this Mortgage for the purpose of granting the interest of Debtor in and to the Mortgaged Property (as defined in the Granting Clauses below) as security for the payment of the Obligations. The Mortgaged Property shall be and remain subject to the lien of this Mortgage and shall constitute security for the Obligations so long as the Obligations shall remain outstanding.

GRANTING CLAUSES:

Debtor, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, by these presents does hereby create a security interest in, mortgage, grant, bargain, sell, assign, pledge, give, transfer, set over and convey unto Mortgagee and to its successors and assigns WITH POWER OF SALE, for the benefit and security of Mortgagee and its successors and assigns, all of Debtor's estate, right, title and interest in, to and under any and all of the following property (the "Mortgaged Property"), whether now owned or hereafter acquired, subject only to the Permitted Exceptions:

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Premises, Rents and Derivative Interests

The Premises; all rents, issues, profits, royalties, income and other benefits derived from the property comprising the Mortgaged Property other than operating profits (collectively, the "Rents"); all leases or subleases covering the Premises or any portion thereof now or hereafter existing or entered into (collectively, "Leases" and individually, a "Lease"), including, without limitation, all cash or security deposits, advance rentals and deposits or payments of similar nature; all options to purchase or lease the Premises or any portion thereof or interest therein, and any greater estate in the Premises; all interests, estate or other claims, both in law and in equity, with respect to the Premises; all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto, and all water rights and shares of stock evidencing the same; all land lying within the right-of-way of any street, open or proposed, adjoining the Premises and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Premises;

Intangibles

All files, books of account, agreements, permits, licenses and certificates necessary or desirable in connection with the acquisition, ownership, leasing, construction, operation, servicing or management of the property comprising the Mortgaged Property, whether now existing or entered into or obtained after the date hereof, including, without limitation, all construction contracts, architect agreements, plans, specifications, drawings, permits, licenses, agreements, approvals, consents, warranties and other contract rights now or hereafter relating to the construction of the Improvements and all amendments and modifications thereto;

Claims and Awards

All claims or demands with respect to the Mortgaged Property, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Mortgaged Property, including, without limitation, any awards resulting from a change of grade of streets and awards for severance damages.

TO HAVE AND TO HOLD the Mortgaged Property hereby granted or mortgaged or intended to be granted or mortgaged, unto Mortgagee, and its successors and assigns, upon the terms, provisions and conditions set forth herein.

THIS MORTGAGE SHALL SECURE THE FOLLOWING INDEBTEDNESS AND OBLIGATIONS (the "Obligations"):

- (i) Payment of indebtedness evidenced by the Note together with all extensions, renewals, amendments and modifications thereof; and

(ii) Payment of all other indebtedness and other sums, with interest thereon, which may be owed under, and performance of all other obligations and covenants contained in, any Loan Document, together with any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby or thereby.

It is the intention of the parties hereto that the Mortgaged Property shall secure all of the Obligations presently or hereafter owed, and that the priority of the security interest created by this Mortgage for all such Obligations shall be controlled by the time of proper recording of this Mortgage. In addition, this Mortgage shall also secure unpaid balances of advances made with respect to the Mortgaged Property for the payment of taxes, assessments, insurance premiums, costs or any other advances incurred for the protection of the Mortgaged Property, together with interest thereon until paid at the rate provided for in Section 3.13 hereof, all as contemplated in this Mortgage, all of which shall constitute a part of the Obligations. This paragraph shall serve as notice to all persons who may seek or obtain a lien on the Mortgaged Property subsequent to the date of recording of this Mortgage, that until this Mortgage is released, any debt owed Mortgagee by Debtor, including advances made subsequent to the recording of this Mortgage, shall be secured with the priority afforded this Mortgage as recorded.

IT IS HEREBY COVENANTED, DECLARED AND AGREED that the Note and the other Loan Documents are to be executed, delivered and secured and that the Mortgaged Property is to be held and disposed of by Mortgagee, upon and subject to the provisions of this Mortgage.

ARTICLE I

DEFINED TERMS

Unless the context otherwise specifies or requires, the following terms shall have the meanings specified (such definitions to be applicable equally to singular and plural nouns and verbs of any tense):

"Affiliate" means any person or entity which directly or indirectly controls, is under common control with, or controlled by any other person or entity. For purposes of this definition "controls", "under common control with" and "controlled by" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting securities or otherwise.

"Amended and Restated Note" means the Amended and Restated Note attached as an exhibit to the Loan Agreement. All references in this Mortgage to the Note which are applicable to the time period from and after the execution of the Amended and Restated Note shall mean the Amended and Restated Note.

"Mortgagee Entities" means, collectively, Mortgagee, Franchise Finance and any Affiliate of Mortgagee or Franchise Finance.

“Code” means the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, as amended.

“Debtor Entities” means, collectively, Debtor and Guarantor.

“Default Rate” means 13% per annum or the highest rate permitted by law, whichever is less.

“De Minimis Amounts” shall mean, with respect to any given level of Hazardous Materials, that level or quantity of Hazardous Materials in any form or combination of forms which does not constitute a violation of any Environmental Laws and is customarily employed in, or associated with, similar businesses located in the state in which the Mortgaged Property is located.

“Environmental Indemnity Agreement” means that certain Environmental Indemnity Agreement dated as of the date of this Mortgage executed by Debtor for the benefit of Mortgagee with respect to the Premises, as the same may be amended from time to time.

“Environmental Insurer” means such environmental insurance company as Mortgagee shall select in its reasonable discretion.

“Environmental Laws” means any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, relating to Hazardous Materials and/or the protection of human health or the environment by reason of a Release or a Threatened Release of Hazardous Materials or relating to liability for or costs of Remediation or prevention of Releases. “Environmental Laws” includes, but is not limited to, the following statutes, as amended, any successor thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Materials Transportation Act; the Resource Conservation and Recovery Act (including but not limited to Subtitle I relating to underground storage tanks); the Solid Waste Disposal Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Occupational Safety and Health Act; the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; and the River and Harbors Appropriation Act. “Environmental Laws” also includes, but is not limited to, any present and future federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law: conditioning transfer of property upon a negative declaration or other approval of a Governmental Authority of the environmental condition of the property; requiring notification or disclosure of Releases or other environmental condition of the Mortgaged Property to any Governmental Authority or other person or entity, whether or not in connection with transfer of title to or interest in property; imposing conditions or requirements relating to Hazardous Materials in connection with permits or other authorization for lawful activity; relating to nuisance, trespass or other causes of action related to Hazardous Materials; and relating to wrongful death, personal injury, or property or

other damage in connection with the physical condition or use of the Mortgaged Property by reason of the presence of Hazardous Materials in, on, under or above the Mortgaged Property.

“*Environmental Policy*” means that certain environmental insurance policy issued by Environmental Insurer to Mortgagee with respect to the Premises, which Environmental Policy shall be in form and substance satisfactory to Mortgagee in its reasonable discretion.

“*Final Disbursement Date*” shall have the meaning set forth in the Loan Agreement.

“*Fixtures*” shall mean all fixtures (other than trade fixtures) including, without limitation, the HVAC, plumbing and lighting fixtures, parking lot sign poles and parking lot lights.

“*Franchise Finance*” means Franchise Finance Corporation of America, a Delaware corporation, and its successors.

“*Governmental Authority*” means any governmental authority, agency, department, commission, bureau, board, instrumentality, court or quasi-governmental authority of the United States, the state in which the Premises are located or any political subdivision thereof.

“*Guarantor*” means Morton’s Restaurant Group, Inc., a Delaware corporation.

“*Guaranty*” means that certain Unconditional Guaranty of Payment and Performance dated as of the date of this Mortgage executed by Guarantor for the benefit of Mortgagee with respect to the Note, as the same may be amended from time to time.

“*Hazardous Materials*” means (i) any toxic substance or hazardous waste, substance, solid waste or related material, or any pollutant or contaminant; (ii) radon gas, asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contains dielectric fluid containing levels of polychlorinated biphenyls in excess of federal, state or local safety guidelines, whichever are more stringent, or any petroleum product; (iii) any substance, gas, material or chemical which is or may be defined as or included in the definition of “hazardous substances,” “toxic substances,” “hazardous materials,” “hazardous wastes” or words of similar import under any Environmental Laws; and (iv) any other chemical, material, gas or substance the exposure to or release of which is or may be prohibited, limited or regulated by any Governmental Authority that asserts or may assert jurisdiction over the Mortgaged Property or the operations or activity at the Mortgaged Property, or any chemical, material, gas or substance that does or may pose a hazard to the health and/or safety of the occupants of the Mortgaged Property or the owners and/or occupants of property adjacent to or surrounding the Mortgaged Property.

“*Improvements*” means all buildings, fixtures (other than trade fixtures, walk-in coolers, hoods, vents and exhaust fans) and other improvements now or hereafter located on and affixed to the Land, including, without limitation, the Fixtures.

"Indemnified Parties" means Mortgagee, Environmental Insurer (only with respect to any environmental matters) and any person or entity who is or will have been involved in the servicing of the Loan, any person or entity in whose name the encumbrance created by this Mortgage is or will have been recorded, persons and entities who may hold or acquire or will have held a full or partial interest in the Loan (including, but not limited to, investors in the securities contemplated by Section 7.18, as well as custodians, trustees and other fiduciaries who hold or have held a full or partial interest in the Loan for the benefit of third parties), as well as the respective directors, officers, shareholders, employees, affiliates, successors and assigns of any and all of the foregoing (including, but not limited to, any other person or entity who holds or acquires or will have held a participation or other full or partial interest in the Loan or the Mortgaged Property, whether during the term of the Loan or as a part of or following a foreclosure of the Loan and including, but not limited to, any successors by merger, consolidation or acquisition of all or a substantial portion of Mortgagee's assets and business).

"Land" means the parcel or parcels of real estate legally described in Exhibit A attached hereto, and all rights, privileges and appurtenances therewith.

"Loan" means the loan made by Mortgagee to Debtor which is evidenced by the Note and secured by this Mortgage.

"Loan Agreement" means the Loan Agreement dated as of even date herewith between Debtor and Mortgagee, as the same may be amended from time to time.

"Loan Documents" means, collectively, this Mortgage, the Note, the Loan Agreement, the Environmental Indemnity Agreement and the Guaranty, all as amended and supplemented.

"Losses" means any and all claims, suits, liabilities (including, without limitation, strict liabilities), actions, proceedings, obligations, debts, damages, losses, costs, expenses, diminutions in value, fines, penalties, charges, fees, expenses, judgments, awards, amounts paid in settlement (subject to Debtor's reasonable prior approval, such approval not to be unreasonably withheld or delayed) and damages of whatever kind or nature (including, without limitation, reasonable attorneys' fees and other costs of defense).

"Material Adverse Effect" means a material adverse effect on (i) the Mortgaged Property, including, without limitation, the operation of the Mortgaged Property as a Morton's Restaurant and/or the value of the Mortgaged Property or (ii) Debtor's ability to perform its obligations under the Loan Documents.

"Morton's Restaurant" means a Morton's of Chicago restaurant operated in accordance with those standards adopted from time to time by Guarantor on a system-wide basis for restaurants commonly known as Morton's of Chicago restaurants.

"Note" means the promissory note dated as of even date herewith in the amount of \$3,000,000.00 executed by Debtor and payable to Mortgagee which is secured by this Mortgage and any amendments, extensions or modifications thereof, including without limitation, any

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amendment and restatement of the Note as a result of a prepayment as contemplated by Section 10 of the Loan Agreement. Debtor and Mortgagee shall amend and restate the Note in its entirety as of the Final Disbursement Date pursuant to the Amended and Restated Note, and all references in this Mortgage to the Note which are applicable to the time period from and after the execution and delivery of the Amended and Restated Note shall mean the Amended and Restated Note.

“*Permitted Exceptions*” means those recorded easements, restrictions, liens and encumbrances set forth as exceptions in the title insurance policy issued by Title Company to Mortgagee and approved by Mortgagee in connection with this Mortgage.

“*Premises*” means the Land and the Improvements.

“*Questionnaire*” means that certain environmental questionnaire completed by Debtor, including, without limitation, that certain [].

“*Release*” means any presence, release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Materials.

“*Remediation*” means any response, remedial, removal, or corrective action, any activity to cleanup, detoxify, decontaminate, contain or otherwise remediate any Hazardous Material, any actions to prevent, cure or mitigate any Release, any action to comply with any Environmental Laws or with any permits issued pursuant thereto, any inspection, investigation, study, monitoring, assessment, audit, sampling and testing, laboratory or other analysis, or any evaluation relating to any Hazardous Materials.

“*Restoration*” means the restoration, replacement or rebuilding of the Premises, or any part thereof, as nearly as possible to its value, condition and character immediately prior to any damage, destruction or Taking (as defined in Section 4.01 hereof).

“*Securitization*” shall have the meaning set forth in the Loan Agreement.

“*Securitized Loan Pool*” shall have the meaning set forth in the Loan Agreement.

“*State*” means the state where the Premises is located.

“*Threatened Release*” means a substantial likelihood of a Release which requires action to prevent or mitigate damage to the soil, surface waters, groundwaters, land, stream sediments, surface or subsurface strata, ambient air or any other environmental medium comprising or surrounding the Premises which may result from such Release.

“*UCC-1 Financing Statements*” means the UCC-1 Financing Statements executed by Debtor pursuant to the Loan Agreement.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor hereby represents and warrants to Mortgagee and, with respect to Section 2.06(b) to 2.06(e), Environmental Insurer as follows (which representations and warranties shall survive the execution and delivery of this Mortgage):

Section 2.01. **Title.** Debtor has good and marketable fee simple title to the Mortgaged Property, free and clear of all liens, encumbrances, charges and other exceptions to title except the Permitted Exceptions. Debtor has full power and lawful authority to grant the Mortgaged Property to Mortgagee in the manner and form herein done or intended and forever warrant and defend Debtor's title in the Mortgaged Property against the claims of all persons, subject to the Permitted Exceptions. This Mortgage constitutes a valid first lien upon and security interest in the Mortgaged Property.

Section 2.02. **Organization and Status of Debtor; Enforceability.** (a) Debtor has been duly organized or formed, is validly existing and in good standing under the laws of its state of incorporation or formation and is qualified as a foreign corporation, partnership or limited liability company to do business in any jurisdiction where such qualification is required. Debtor is not a "foreign corporation", "foreign partnership", "foreign trust" or "foreign estate", as those terms are defined in the Internal Revenue Code and the regulations promulgated thereunder. Debtor's United States tax identification number is correctly set forth on the signature page of this Mortgage. The persons who have executed this Mortgage on behalf of Debtor are duly authorized to do so.

(b) This Mortgage constitutes the legal, valid and binding obligation of Debtor, enforceable against Debtor in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights generally, and to general principles of equity.

Section 2.03. **Litigation; Absence of Breaches or Defaults.** (a) Except as previously disclosed in writing by Debtor to Mortgagee, there are no material suits, actions, proceedings or investigations pending, or to the best of its knowledge, threatened against or involving Debtor, Guarantor or the Mortgaged Property before any arbitrator or Governmental Authority which might reasonably result in any material adverse change in the contemplated business, financial condition, worth or operations of Debtor, Guarantor or the Mortgaged Property.

(b) Except in such circumstances where a breach or default would not have a Material Adverse Effect, Debtor and Guarantor are not in default under any other document, instrument or agreement to which Debtor and/or Guarantor is a party or by which Debtor, Guarantor, the Premises or any of the property of Debtor or Guarantor is subject or bound. The authorization, execution, delivery and performance of this Mortgage and the documents, instruments and agreements provided for herein will not result in any breach of or default under any other document, instrument or agreement to which Debtor and/or Guarantor are a party or by which

Debtor, Guarantor, the Mortgaged Property or any of the property of Debtor or Guarantor is subject or bound except where such breach or default could not have a Material Adverse Effect.

Section 2.04. **Licenses and Permits.** Debtor has obtained all required licenses and permits, both governmental and private, to conduct the activities taking place at the Mortgaged Property.

Section 2.05. **Financial Condition; Information Provided to Mortgagee.** The financial statements, all financial data and all other documents and information heretofore delivered to Mortgagee by or with respect to Debtor, Guarantor and/or the Mortgaged Property in connection with this Mortgage and/or relating to Debtor, Guarantor and/or the Mortgaged Property are true, correct and complete in all material respects, and there have been no material amendments to such financial statements, financial data and other documents and information since the date such financial statements, financial data, documents and other information were prepared or delivered to Mortgagee, and no material adverse change has occurred to any such financial statements, financial data, documents and other information not disclosed in writing to Mortgagee.

Section 2.06. **Compliance With Laws.** (a) The current use and occupation of the Mortgaged Property, and the condition thereof complies fully with all applicable statutes, regulations, rules, ordinances, codes, licenses, permits, orders and approvals of each Governmental Authority having jurisdiction over the Mortgaged Property, including, without limitation, all health, building, fire, safety and other codes, ordinances and requirements and all applicable standards of the National Board of Fire Underwriters and all policies or rules of common law, in each case, as amended, and any judicial or administrative interpretation thereof, including any judicial order, consent, decree or judgment applicable to Debtor or Guarantor (collectively, "Applicable Regulations"), which the failure to comply with could have a Material Adverse Effect. Debtor and Guarantor are in compliance with all Applicable Regulations, which the failure to comply with could have a Material Adverse Effect.

(b) To the best of Debtor's knowledge, except as otherwise set forth in the Questionnaire, the Mortgaged Property and Debtor are not in violation of, or subject to, any pending or, to Debtor's actual knowledge, threatened investigation or inquiry by any Governmental Authority or to any remedial obligations under any Environmental Laws that could have a Material Adverse Effect, and this representation and warranty would continue to be true and correct following disclosure to each Governmental Authority of all relevant facts, conditions and circumstances, if any, pertaining to the Mortgaged Property.

(c) To the best of Debtor's knowledge, other than those permits, licenses or other authorities already obtained, Debtor has not obtained and is not required to obtain any permits, licenses or similar authorizations to conduct the activities taking place thereon by reason of any Environmental Laws.

(d) To the best of Debtor's knowledge, Debtor has taken all reasonable steps to determine and has determined to its reasonable satisfaction that (i) no Hazardous Materials have been used, handled, manufactured, generated, produced, stored, treated, processed, transferred,

disposed of or otherwise Released in, on, under, from or about the Mortgaged Property, except (A) in De Minimis Amounts, (B) to the extent any such Hazardous Materials would not have a Material Adverse Effect, or (C) as set forth in the Questionnaire as applicable; (ii) except as set forth in the Questionnaire, as applicable, the Mortgaged Property does not contain Hazardous Materials other than in De Minimis Amounts or in material compliance with Environmental Laws or underground storage tanks the existence of either of which could have a Material Adverse Effect; (iii) to the best of Debtor's knowledge, after due inquiry, except as set forth in the Questionnaire, there is no threat of any Release migrating to the Mortgaged Property that could have a Material Adverse Effect; (iv) to the best of Debtor's knowledge, after due inquiry, except as set forth in the Questionnaire, as applicable, there is no past or present non-compliance with Environmental Laws, or with permits issued pursuant thereto, in connection with the Mortgaged Property that could have a Material Adverse Effect; (v) Debtor has not received any written or oral notice or other communication from any person or entity (including but not limited to a Governmental Authority) relating to Hazardous Materials or Remediation thereof, of possible liability of any person or entity pursuant to any Environmental Law, other environmental conditions in connection with the Mortgaged Property, or any actual or potential administrative or judicial proceedings in connection with any of the foregoing, in each case with respect to a condition or event that could have a Material Adverse Effect; and (vi) Debtor has, to the best of its knowledge, truthfully and fully provided to Mortgagee, in writing, any and all information relating to environmental conditions in, on, under or from the Mortgaged Property that is known to Debtor and that is contained in Debtor's files and records, including but not limited to any reports relating to Hazardous Materials in, on, under or from the Mortgaged Property.

(e) To the best of Debtor's knowledge after due inquiry, except as set forth in the Questionnaire, as applicable, (i) all uses and operations on or of the Mortgaged Property, whether by Debtor or any other person or entity, have been in compliance with all Environmental Laws and permits issued pursuant thereto except such failures to comply that have not had a Material Adverse Effect; (ii) there have been no Releases in, on, under or from the Mortgaged Property, except in De Minimis Amounts or in material compliance with all Environmental Laws; (iii) there are no Hazardous Materials in, on or under the Mortgaged Property, except in De Minimis Amounts or in material compliance with all Environmental Laws; (iv) the Mortgaged Property has been kept free and clear of all liens and other encumbrances imposed pursuant to any Environmental Law (the "Environmental Liens"); (v) Debtor has not allowed any tenant or other user of the Mortgaged Property to do any act that materially increased the dangers to human health or the environment, posed an unreasonable risk of harm to any person or entity (whether on or off the Mortgaged Property), materially impaired the value of the Mortgaged Property, is contrary to any requirement of any insurer, constituted a public or private nuisance, constituted waste, or violated any covenant, condition, agreement or easement applicable to the Mortgaged Property other than those acts that would not have had a Material Adverse Effect.

Section 2.07. *Incorporation of Representations and Warranties.* The representations and warranties of Debtor set forth in the Loan Agreement are incorporated by reference into this

Mortgage as if stated in full in this Mortgage and such representations and warranties as incorporated herein shall be deemed to have been made as of the date of this Mortgage and shall survive the execution and delivery of this Mortgage.

ARTICLE III

COVENANTS OF DEBTOR

Debtor hereby covenants to Mortgagee and, with respect to Sections 3.07(c) to 3.07(f), Environmental Insurer, and agrees as follows until the Obligations are satisfied in full:

Section 3.01. **Payment of the Note.** Debtor shall punctually pay, or cause to be paid, the principal, interest and all other sums to become due in respect of the Note and the other Loan Documents in accordance with the Note and the other Loan Documents.

Section 3.02. **Title.** Debtor shall maintain good and marketable fee simple title to the Premises and the remainder of the Mortgaged Property, free and clear of all liens, encumbrances, charges and other exceptions to title, except the Permitted Exceptions. This Mortgage shall constitute a valid first lien upon and security interest in the Mortgaged Property.

Section 3.03. **Organization and Status of Debtor.** Debtor shall be validly existing and in good standing under the laws of its state of incorporation or formation and qualified as a foreign corporation, partnership or limited liability company to do business in any jurisdiction where such qualification is required.

Section 3.04. **Licenses and Permits.** From and after the completion by Debtor of the construction of the Improvements, Debtor shall obtain and maintain all required licenses and permits, both governmental and private, to use and operate the Mortgaged Property as a Morton's Restaurant.

Section 3.05. **Recording.** Debtor shall, upon the execution and delivery hereof and thereafter from time to time, take such actions as Mortgagee may reasonably request to cause this Mortgage, each supplement and amendment to such instrument and financing statements with respect thereto and each instrument of further assurance (collectively, the "Recordable Documents") to be filed, registered and recorded as may be required by law to publish notice and maintain the first security interest hereof upon the Mortgaged Property and to publish notice of and protect the validity of the Recordable Documents. Debtor shall, from time to time, perform or cause to be performed any other reasonable act and shall execute or cause to be executed any and all further instruments (including financing statements, continuation statements and similar statements with respect to any of said documents) requested by Mortgagee for carrying out the intention of, or facilitating the performance of, this Mortgage. If Debtor shall fail to comply with this Section, Mortgagee shall be and is hereby irrevocably appointed the agent and attorney-in-fact of Debtor to comply therewith (including the execution, delivery and filing of such financing statements and other instruments), which appointment is coupled with an interest, but this sentence shall not prevent any default in the observance of this Section from constituting

an Event of Default. To the extent permitted by law, Debtor shall pay or cause to be paid recording taxes and fees incident thereto and all expenses, taxes and other governmental charges incident to or in connection with the preparation, execution, delivery or acknowledgment of the Recordable Documents, any instruments of further assurance and the Note.

Section 3.06. Use; Maintenance and Repair. (a) The Mortgaged Property shall be used solely for the operation of a Morton's Restaurant and/or any other restaurant concept other than a fast food restaurant generally run by Debtor or Guarantor which has been established by Debtor to have shown a positive cash flow over the previous year and for no other purpose. Except as may otherwise be permitted under this Agreement or any of the other Loan Documents, Debtor shall not, by itself or through any lease or other type of transfer, convert the Premises to an alternate use while this Mortgage is in effect without Mortgagee's consent, which consent shall not be unreasonably withheld. Mortgagee may consider any or all of the following in determining whether to grant its consent, without being deemed to be unreasonable: (i) whether the converted use will be consistent with the highest and best use of the Mortgaged Property, and (ii) whether the converted use will materially increase Mortgagee's financial or underwriting risks or materially decrease the value of the Mortgaged Property. Notwithstanding any of the foregoing, if Mortgagee does not consent to a proposed alternate use then Debtor may substitute the Mortgaged Property in accordance with Section 14 of the Loan Agreement.

(b) Debtor shall (i) maintain the Mortgaged Property in good condition and repair, subject to reasonable and ordinary wear and tear, free from actual or constructive waste, (ii) operate, to the extent applicable, remodel, update and modernize the Mortgaged Property in accordance with those standards adopted from time to time on a system-wide basis for Morton's Restaurants or such other permitted alternate use, with such remodeling and modernizing being undertaken in accordance with the system-wide timing schedules for such activities, and (iii) pay all operating costs of the Premises in the ordinary course of business.

Section 3.07. Compliance With Laws. (a) Debtor's use and occupation of the Mortgaged Property, and the condition thereof, including, without limitation, any Restoration, shall, at Debtor's sole cost and expense, comply fully in all material respects with all Applicable Regulations now or hereafter in effect which the failure to comply with could have a Material Adverse Effect. In addition, Debtor shall, at all times while this Mortgage is in effect, comply with, and cause Guarantor to comply with, all Applicable Regulations now or hereafter in effect which the failure to comply with could have a Material Adverse Effect.

(b) Without limiting the generality of the other provisions of this Section, Debtor agrees that it shall be responsible for complying in all respects with the Americans with Disabilities Act of 1990, as such act may be amended from time to time, and all regulations promulgated thereunder (collectively, the "ADA"), as it affects the Mortgaged Property, including, without limitation, making required "readily achievable" changes to remove any architectural or communications barriers, and providing auxiliary aides and services within the Mortgaged Property, except where such failure to comply would not have a Material Adverse Effect. Debtor further agrees that any and all alterations made to the Mortgaged Property while

this Mortgage is in effect will comply with the requirements of the ADA, except where such failure to comply would not have a Material Adverse Effect. To the extent required hereunder, all plans for alterations which must be submitted to Mortgagee for its approval shall be submitted in accordance with the terms and conditions of this Mortgage. Any subsequent approval or consent to the plans by the Mortgagee shall not be deemed to be a representation on Mortgagee's part that the plans comply with the ADA, which obligation shall remain with Debtor. Debtor agrees that it will defend, indemnify and hold harmless the Indemnified Parties from and against any and all Losses caused by, incurred or resulting from Debtor's failure to comply with its obligations under this Section.

(c) The Mortgaged Property and Debtor shall not be in violation of or subject to any investigation or inquiry by any Governmental Authority or to any remedial obligations under any Environmental Laws that could have a Material Adverse Effect. If any such investigation or inquiry is initiated, Debtor shall promptly notify Mortgagee.

(d) Debtor covenants and agrees that: (i) all uses and operations on or of the Mortgaged Property, whether by Debtor or any other person or entity, shall be in compliance with all Environmental Laws and permits issued pursuant thereto except any failure to so comply that would not have a Material Adverse Effect; (ii) there shall be no Releases in, on, under or from the Mortgaged Property that could have a Material Adverse Effect, other than in De Minimis Amounts and in material compliance with all Environmental Laws; (iii) there shall be no Hazardous Materials in, on, or under the Mortgaged Property that could have a Material Adverse Effect, other than in De Minimis Amounts and in material compliance with all Environmental Laws; (iv) Debtor shall keep the Mortgaged Property free and clear of all Environmental Liens, whether due to any act or omission of Debtor or any other person or entity; (v) Debtor shall, at its sole cost and expense, fully and expeditiously cooperate in all activities pursuant to subsection (e) below, including but not limited to providing all relevant information and making knowledgeable persons available for interviews; (vi) in the event that Mortgagee notifies Debtor that it has knowledge of a Release or a Threatened Release at the Mortgaged Property or has a reasonable basis to believe that a material violation of Environmental Laws at the Mortgaged Property may have occurred, Debtor shall, at its sole cost and expense, perform any environmental site assessment or other investigation of environmental conditions in connection with the Mortgaged Property as may be reasonably requested by Mortgagee (including but not limited to sampling, testing and analysis of soil, water, air, building materials and other materials and substances whether solid, liquid or gas), and share with Mortgagee and Environmental Insurer the reports and other results thereof, and Mortgagee, Environmental Insurer and other Indemnified Parties shall be entitled to rely on such reports and other results thereof; (vii) Debtor shall, at its sole cost and expense, comply with all reasonable written requests of Mortgagee to (1) reasonably effectuate Remediation of any condition (including but not limited to a Release) in, on, under or from the Mortgaged Property; (2) comply with any Environmental Law; (3) comply with any directive from any Governmental Authority; and (4) take any other reasonable action necessary or appropriate for protection of human health or the environment; (viii) Debtor shall not do or allow any tenant or other user of the Mortgaged Property to do any act that materially increases the dangers to human health or the environment,

poses an unreasonable risk of harm to any person or entity (whether on or off the Mortgaged Property), materially impairs or may materially impair the value of the Mortgaged Property, is contrary to any requirement of any insurer, constitutes a public or private nuisance, constitutes waste, or materially violates any material covenant, condition, agreement or easement applicable to the Mortgaged Property; and (ix) Debtor shall immediately notify Mortgagee in writing of its knowledge of (A) any presence of Releases or Threatened Releases in, on, under, from or migrating towards the Mortgaged Property; (B) any non-compliance with any Environmental Laws related in any way to the Mortgaged Property which could have a Material Adverse Effect; (C) any actual or potential Environmental Lien; (D) any required or proposed Remediation of environmental conditions relating to the Mortgaged Property; and (E) any written or oral notice or other communication which Debtor becomes aware from any source whatsoever (including but not limited to a Governmental Authority) relating in any way to Hazardous Materials or Remediation thereof, possible liability of any person or entity pursuant to any Environmental Law, other environmental conditions in connection with the Mortgaged Property, or any actual or potential administrative or judicial proceedings in connection with anything referred to in this Section.

(e) Mortgagee and any other person or entity designated by Mortgagee, including but not limited to Environmental Insurer, any receiver, any representative of a governmental entity, and any environmental consultant, shall have the reasonable right, but not the obligation, to enter upon the Mortgaged Property following notice to Debtor at all reasonable times (including without limitation in connection with any transaction contemplated by Section 7.18 hereof or Section 13.P of the Loan Agreement or in connection with the exercise of any remedies set forth in this Mortgage or the other Loan Documents) to assess any and all aspects of the environmental condition of the Mortgaged Property and its use, including but not limited to conducting any environmental assessment or audit (the scope of which shall be determined in Mortgagee's reasonable discretion) and taking samples of soil, groundwater or other water, air, or building materials, and conducting other invasive testing. Debtor shall cooperate with and provide access to Mortgagee and any such person or entity designated by Mortgagee and Mortgagee shall reasonably attempt to minimize, during any such activity, interference with the operation of Debtor's business. The cost of any such assessment and investigation shall be reasonably minimized by Mortgagee but shall be at Debtor's sole cost and expense.

(f) Debtor shall, at its sole cost and expense, protect, defend, indemnify, release and hold harmless the Indemnified Parties from and against any and all Losses (excluding Losses suffered by an Indemnified Party directly arising out of such Indemnified Party's gross negligence or willful misconduct) and costs of Remediation (whether or not performed voluntarily), engineers' fees, environmental consultants' fees, and costs of investigation (including but not limited to sampling, testing, and analysis of soil, water, air, building materials and other materials and substances whether solid, liquid or gas) imposed upon or incurred by or asserted against any Indemnified Parties, and directly or indirectly arising out of or in any way relating to any one or more of the following: (i) any presence of any Hazardous Materials in, on, above, or under the Mortgaged Property; (ii) any past, present or Threatened Release in, on, above, under or from the Mortgaged Property; (iii) any activity by Debtor, any person or entity

affiliated with Debtor or any tenant or other user of the Mortgaged Property in connection with any actual, proposed or threatened use, treatment, storage, holding, existence, disposition or other Release, generation, production, manufacturing, processing, refining, control, management, abatement, removal, handling, transfer or transportation to or from the Mortgaged Property of any Hazardous Materials at any time located in, under, on or above the Mortgaged Property; (iv) any activity by Debtor, any person or entity affiliated with Debtor or any tenant or other user of the Mortgaged Property in connection with any actual or proposed Remediation of any Hazardous Materials at any time located in, under, on or above the Mortgaged Property, whether or not such Remediation is voluntary or pursuant to court or administrative order, including but not limited to any removal, remedial or corrective action; (v) any past, present or threatened non-compliance or violations of any Environmental Laws (or permits issued pursuant to any Environmental Law) in connection with the Mortgaged Property or operations thereon, including but not limited to any failure by Debtor, any person or entity affiliated with Debtor or any tenant or other user of the Mortgaged Property to comply with any order of any Governmental Authority in connection with any Environmental Laws; (vi) the imposition, recording or filing or the threatened imposition, recording or filing of any Environmental Lien encumbering the Mortgaged Property; (vii) any administrative processes or proceedings or judicial proceedings in any way connected with any matter addressed in this Section; (viii) any past, present or threatened injury to, destruction of or loss of natural resources in any way connected with the Mortgaged Property, including but not limited to costs to investigate and assess such injury, destruction or loss; (ix) any acts of Debtor or any tenant or user of the Mortgaged Property in arranging for disposal or treatment, or arranging with a transporter for transport for disposal or treatment, of Hazardous Materials owned or possessed by Debtor or such tenant or user, at any facility or incineration vessel owned or operated by another person or entity and containing such or similar Hazardous Materials; (x) any acts of Debtor or any tenant or user of the Mortgaged Property, in accepting any Hazardous Materials for transport to disposal or treatment facilities, incineration vessels or sites selected by Debtor or such tenant or user, from which there is a Release, or a Threatened Release of any Hazardous Material which causes the incurrence of costs for Remediation; (xi) any personal injury, wrongful death, or property damage arising under any statutory or common law or tort law theory, including but not limited to damages assessed for the maintenance of a private or public nuisance or for the conducting of an abnormally dangerous activity on or near the Mortgaged Property; and (xii) any misrepresentation or inaccuracy in any representation or warranty or material breach or failure to perform any material covenants or other obligations pursuant to this Section unless such misrepresentation, inaccuracy, breach or failure to perform would not have a Material Adverse Effect.

(g) The obligations of Debtor and the rights and remedies of Mortgagee set forth in this Section are independent from those of Debtor pursuant to the Environmental Indemnity Agreement. Furthermore, such obligations of Debtor and rights and remedies of Mortgagee shall survive the termination, expiration and/or release of the Note, the other Loan Documents, the Environmental Indemnity Agreement and/or the judicial or nonjudicial foreclosure of this Mortgage by Mortgagee or the delivery of a deed-in-lieu of foreclosure for the Premises by Debtor to Mortgagee.

Section 3.08. **Alterations and Improvements.** Except as otherwise provided for herein, after the completion by Debtor of the construction of the Improvements, Debtor shall not alter the exterior, structural, plumbing or electrical elements of the Mortgaged Property in any manner without the consent of Mortgagee, which consent shall not be unreasonably withheld or conditioned. Notwithstanding the foregoing, Debtor may undertake alterations of any kind to the Mortgaged Property costing less than \$500,000 without Mortgagee's consent if such alterations do not (i) cause the Improvements to encroach (in violation of any law or document, easement or agreement of record) upon any easement or any building setback line, (ii) decrease the number of parking spaces at the Premises below the number of spaces required by any Governmental Authority or (iii) diminish the fair market value of the Premises. If any such alterations alter or otherwise change the footprint of any of the Improvements, Debtor shall give Mortgagee notice following the completion of any such alterations. If Mortgagee's consent is required hereunder and Mortgagee consents to the making of any such alterations, the same shall be made by Debtor at Debtor's sole expense by a licensed contractor and according to plans and specifications approved by Mortgagee, which approval shall not be unreasonably withheld or delayed. Any work at any time commenced by Debtor on the Mortgaged Property shall be prosecuted diligently to completion, shall be of good workmanship and materials and shall comply fully with all the terms of this Mortgage. Upon completion of any alterations or any Restoration, Debtor shall promptly provide Mortgagee with (i) evidence of full payment to all laborers and materialmen contributing to the alterations, (ii) an architect's certificate certifying the alterations to have been completed in conformity with the plans and specifications, (iii) a certificate of occupancy (if the alterations are of such a nature as would require the issuance of a certificate of occupancy), and (iv) any other documents or information reasonably requested by Mortgagee.

Section 3.09. **After-Acquired Property.** All right, title and interest of Debtor in and to all improvements, alterations, substitutions, restorations and replacements of, and all additions and appurtenances to, the Mortgaged Property, hereafter acquired by or released to Debtor, immediately upon such acquisition or release and without any further granting by Debtor, shall become part of the Mortgaged Property and shall be subject to the lien hereof fully, completely and with the same effect as though now owned by Debtor and specifically described in the Granting Clauses hereof. Debtor shall execute and deliver to Mortgagee any further assurances, mortgages, grants, conveyances or assignments thereof as the Mortgagee may reasonably require to subject the same to the lien hereof.

Section 3.10. **Taxes.** (a) Debtor shall do or cause to be done everything reasonably necessary to preserve the lien hereof without expense to Mortgagee, including without limitation, paying and discharging or causing to be paid and discharged, whether or not payable directly by Debtor or subject to withholding at the source, (i) all real estate taxes, assessments, levies, fees, water and sewer rents and charges and all other similar governmental charges, general, special, ordinary or extraordinary, assessed against the Mortgaged Property, which may at any time be assessed, levied or imposed upon the Mortgaged Property, this Mortgage, the Obligations or the Rents or which may arise in respect of the occupancy, use, possession or operation thereof but only to the extent such non-payment of any of the foregoing could impair the priority of the lien of this Mortgage, (ii) all income, excess profits, sales, gross receipts and

other taxes, duties or imposts, whether similar or not in nature, assessed, levied or imposed by any Governmental Authority on the Mortgaged Property or the Rents and (iii) all lawful claims and demands of mechanics, laborers, materialmen and others which, if unpaid, might create a lien on the Mortgaged Property, or on the Rents, unless Debtor shall contest the amount or validity thereof in accordance with subsection (b).

(b) Debtor may, at its own expense, contest or cause to be contested (in the case of any item involving more than \$100,000.00, after prior written notice to Mortgagee), by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any item specified in subsection (a) or lien therefor, provided that (i) neither the Mortgaged Property nor any interest therein would be in any danger of being sold, forfeited or lost by reason of such proceedings and (ii) no Event of Default has occurred and is continuing.

Section 3.11. **Insurance.** (a) Debtor shall maintain with respect to the Mortgaged Property, at its sole expense, the following types and amounts of insurance (which may be included under a blanket insurance policy if all the other terms hereof are satisfied), in addition to such other insurance as Mortgagee may reasonably require from time to time:

(i) Insurance against loss, damage or destruction by fire and other casualty, including theft, vandalism and malicious mischief, flood (if the Premises is in a location designated by the Federal Secretary of Housing and Urban Development as a flood hazard area), earthquake (if the Premises is in an area subject to destructive earthquakes within recorded history), boiler explosion (if there is any boiler upon the Premises), plate glass breakage, sprinkler damage (if the Premises have a sprinkler system), all matters covered by a standard extended coverage endorsement, special coverage endorsement commonly known as an "all risk" endorsement and such other risks as Mortgagee may reasonably require, insuring the Mortgaged Property for not less than 100% of their full insurable replacement cost.

(ii) Comprehensive general liability and property damage insurance, including a products liability clause, covering Mortgagee, Franchise Finance and Debtor against bodily injury liability, property damage liability and automobile bodily injury and property damage liability, including without limitation any liability arising out of the ownership, maintenance, repair, condition or operation of the Mortgaged Property or adjoining ways, streets or sidewalks and, if applicable, insurance covering Mortgagee and Franchise Finance against liability arising from the sale of liquor, beer or wine on the Premises. Such insurance policy or policies shall contain a broad form contractual liability endorsement under which the insurer agrees to insure Debtor's obligations under Section 7.16 hereof to the extent insurable, and a "severability of interest" clause or endorsement which precludes the insurer from denying the claim of either Debtor, Mortgagee or Franchise Finance because of the negligence or other acts of the other, shall be in amounts of not less than \$1,000,000.00 per injury and occurrence with respect to any insured liability, whether for personal injury or

property damage, or such higher limits as Mortgagee may reasonably require from time to time, and shall be of form and substance satisfactory to Mortgagee.

(b) State Worker's compensation insurance in the statutorily mandated limits, employer's liability insurance with limits not less than \$500,000 or such greater amount as Mortgagee may from time to time require and such other insurance as may be necessary to comply with applicable laws.

All insurance policies shall:

(i) Provide for a waiver of subrogation by the insurer as to claims against Mortgagee or Franchise Finance, their employees and agents and provide that such insurance cannot be unreasonably cancelled, invalidated or suspended on account of the conduct of Debtor, its officers, directors, employees or agents;

(ii) Provide that any "no other insurance" clause in the insurance policy shall exclude any policies of insurance maintained by Mortgagee or Franchise Finance and that the insurance policy shall not be brought into contribution with insurance maintained by Mortgagee or Franchise Finance;

(iii) Contain a standard without contribution mortgage clause endorsement in favor of Mortgagee and Franchise Finance and any other lender designated by Mortgagee;

(iv) Provide that the policy of insurance shall not be terminated, cancelled or substantially modified without at least thirty (30) days' prior written notice to Mortgagee, Franchise Finance and to any lender covered by any standard mortgage clause endorsement;

(v) Provide that the insurer shall not have the option to restore the Premises if Mortgagee elects to terminate this Mortgage in accordance with the terms hereof;

(vi) Be issued by insurance companies licensed to do business in the state in which the Premises is located and which are rated A:VI or better by Best's Insurance Guide or otherwise approved by Mortgagee; and

(vii) Provide that the insurer shall not deny a claim because of the negligence of Debtor, anyone acting for Debtor or any tenant or other occupant of the Mortgaged Property.

It is expressly understood and agreed that the foregoing minimum limits of insurance coverage shall not limit the liability of Debtor for its acts or omissions as provided in this Mortgage. All insurance policies (with the exception of worker's compensation insurance to the extent not available under statutory law) shall designate Mortgagee and Franchise Finance as additional insureds as their interests may appear and shall be payable as set forth in Article IV hereof. All such policies shall be written as primary policies, with deductibles not to exceed 10% of the amount of coverage. Any other policies, including any policy now or hereafter

carried by Mortgagee or Franchise Finance, shall serve as excess coverage. Debtor shall procure policies for all insurance for periods of not less than one year and shall provide to Mortgagee certificates of insurance or, upon Mortgagee's request, duplicate originals of insurance policies evidencing that insurance satisfying the requirements of this Mortgage is in effect at all times.

Section 3.12. **Impound Account.** Upon the occurrence and during the continuation of an Event of Default involving the payment of any principal, interest or other monetary sum due under any of the Loan Documents including a breach of the covenants in Section 3.09 and/or Section 3.10 of this Mortgage, Mortgagee may require Debtor to pay to Mortgagee sums which will provide an impound account (which shall not be deemed a trust fund) for paying up to the next one year of real estate taxes, assessments and/or insurance premiums. Upon such requirement, Mortgagee will reasonably estimate the amounts needed for such purposes and will notify Debtor to pay the same to Mortgagee in equal monthly installments, as nearly as practicable, in addition to all other sums due under this Mortgage. Should additional funds be required at any time, Debtor shall pay the same to Mortgagee within ten (10) days of written notice thereof. Debtor shall advise Mortgagee of all real estate taxes and insurance bills which are due and shall cooperate fully with Mortgagee in assuring that the same are paid. Mortgagee may deposit all impounded funds in interest-bearing accounts insured by any federal or state agency and may commingle such funds with other funds and accounts of Mortgagee. Upon an Event of Default and during the continuation thereof, Mortgagee may apply all impounded funds against any sums due from Debtor to Mortgagee. Mortgagee shall give to Debtor an annual accounting showing all credits and debits to and from such impounded funds received from Debtor.

Section 3.13. **Advances by Mortgagee.** Upon the failure of Debtor to comply with any of the obligations under Section 3.10 of this Mortgage, Mortgagee may make advances to perform any such obligations on Debtor's behalf, and all sums so advanced shall be secured hereby prior to the Note. Debtor shall repay on demand all sums so advanced with interest thereon at the Default Rate, such interest to be computed from and including the date of the making of such advance to and including the date of such repayment.

Section 3.14. **Negative Covenants.** Except as otherwise set forth herein, Debtor agrees that Debtor shall not, without the prior written consent of Mortgagee, sell, convey, mortgage, grant, bargain, encumber, pledge, assign, or otherwise transfer the Mortgaged Property or any part thereof or permit the Mortgaged Property or any part thereof to be sold, conveyed, mortgaged, granted, bargained, encumbered, pledged, assigned, or otherwise transferred other than sales from inventory in the ordinary course of business. Except as otherwise set forth herein, a sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer within the meaning of this Section shall be deemed to include, but not limited to, (a) an installment sales agreement wherein Debtor agrees to sell the Mortgaged Property or any part thereof for a price to be paid in installments; (b) an agreement by Debtor leasing all or any part of the Mortgaged Property or a sale, assignment or other transfer of, or the grant of a security interest in, Debtor's right, title and interest in and to any Lease or any Rents; (c) if Debtor or any general or limited partner or member of Debtor is a corporation, any merger or consolidation, by

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or with such corporation, or the voluntary or involuntary sale, conveyance, transfer or pledge of such corporation's stock (or the stock of any corporation directly or indirectly controlling such corporation by operation of law or otherwise) or the creation or issuance of new stock by which an aggregate of more than 10% of such corporation's stock shall be vested in a party or parties who are not now stockholders or Affiliates of stockholders; (d) if Debtor or any general or limited partner or any member of Debtor is a limited or general partnership or joint venture, the change, removal or resignation of a general partner, limited partner or managing partner or the transfer or pledge of the partnership interest of any general partner, limited partner or managing partner or any profits or proceeds relating to such partnership interest; and (e) if Debtor or any general or limited partner or member of Debtor is a limited liability company, the change, removal or resignation of a managing member or the transfer of the membership interest of any managing member or any profits or proceeds relating to such membership interest. To the extent a consent of Mortgagee is required under this Section, Mortgagee agrees not to unreasonably withhold or delay any such consent. Notwithstanding the foregoing, a transfer by devise or descent or by operation of law upon the death of a member, partner or stockholder of Debtor or any general or limited partner or member thereof shall not be deemed to be a sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer within the meaning of this Section. Further, notwithstanding the foregoing, (i) Debtor may pledge or otherwise encumber its stock and/or the stockholders of Debtor may pledge or otherwise encumber their stock in Debtor in favor of an unaffiliated third party and (ii) Debtor may pledge or otherwise encumber in favor of an unaffiliated third party the personal property or other items located at the Premises not otherwise included in the definition of Mortgaged Property and Mortgagee shall execute Debtor's equipment lender's or lessor's form of consent and/or waiver for the equipment to be installed at the Premises provided that such form is reasonably acceptable to Mortgagee.

Notwithstanding the foregoing, without the prior written consent of Mortgagee, Debtor may (i) transfer, sell, lease or convey the Mortgaged Property to an Affiliate of Debtor or an Affiliate of Guarantor (ii) merge, combine or otherwise consolidate with an affiliate of Debtor, Guarantor or an affiliate of Guarantor or (iii) convert its status as an corporation to a limited partnership or limited liability company upon the fulfillment of the following conditions:

(a) Debtor shall provide Mortgagee with notice at least 20 days, but in no event more than 90 days, before the proposed date of such transfer, sale or conveyance (the "Transfer"), the structure of the Transfer, the identity of the proposed transferee ("Transferee") and copies of all relevant documentation in connection with such Transfer.

(b) Debtor and Transferee shall have executed such transfer, assignment and assumption documents and such amendments to the Loan Documents reasonably required by Mortgagee and in form and substance reasonably satisfactory to Mortgagee in order to preserve Mortgagee's first priority lien on the Mortgaged Property, all other rights, remedies and benefits which Mortgagee holds in the Mortgaged Property and in order to evidence the non-release and continuing obligations of Debtor under the Loan Documents.

(c) Mortgagee shall have received an endorsement to Mortgagee's ALTA extended coverage policy of title insurance (or its equivalent, in the event such form is not issued in the jurisdiction where the Premises is located) for the Premises insuring Mortgagee's first priority lien upon and security interest in the Premises, subject only to the Permitted Exceptions.

(d) Transferee shall deliver, or cause to be delivered, with respect to Transferee and the Mortgaged Property opinions of their legal counsel in form and substance reasonably required by Mortgagee.

(e) no Event of Default shall have occurred and be continuing and no event shall have occurred and be continuing or upon the Transfer will occur, which is, or with the passage of time or the giving of notice or both under the Loan Documents would constitute, an Event of Default under any of the Loan Documents.

If consent to a transaction is required under this Section 3.14, Mortgagee reserves the right to condition such consent upon a reasonable modification of the terms hereof and on assumption of the Note, this Mortgage and the other Loan Documents as so modified by the proposed transferee, payment of a transfer fee equal to one percent (1%) of the principal balance of the Note and all of Mortgagee's reasonable expenses incurred in connection with such transfer, the approval by a rating agency selected by Mortgagee of the proposed transferee, the proposed transferee's continued compliance with the covenants set forth in this Mortgage, or such other conditions as Mortgagee shall determine in its sole discretion to be in the interest of Mortgagee. Upon the request of Debtor, Mortgagee shall demonstrate reasonable impairment of its security or increased risk of default hereunder in order to declare the Obligations immediately due and payable upon Debtor's sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer of the Mortgaged Property without Mortgagee's consent, if required hereunder. Except as otherwise provided for herein the provisions of this Section shall apply to every sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer of the Mortgaged Property regardless of whether voluntary or not, or whether or not Mortgagee has consented to any previous sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer of the Mortgaged Property.

Section 3.15. **Financial Statements.** Within 45 days after the end of each fiscal quarter and within 120 days after the end of each fiscal year of Guarantor, Debtor shall deliver to Mortgagee (i) complete financial statements of Guarantor including a balance sheet, profit and loss statement, cash flow statement and all other related schedules for the fiscal period then ended; (ii) income statements for the business at the Mortgaged Property; and (iii) such other financial information as Mortgagee may reasonably request in order to establish the compliance of Debtor and Guarantor with the financial covenants in the Loan Documents, including, without limitation, Section 7 of the Loan Agreement. Within 120 days after the end of each fiscal year of Debtor, Debtor shall deliver to Mortgagee (i) complete financial statements of Debtor, including a balance sheet, profit and loss statement (ii) such other financial information as Mortgagee may reasonably request in order to establish the compliance of Debtor with the

financial covenants in the Loan Documents, including, without limitation, Section 7 of the Loan Agreement. All such financial statements shall be prepared in accordance with generally accepted accounting principles, consistently applied from period to period, and shall be certified to be accurate and complete by Debtor (or the Treasurer or other appropriate officer of Debtor). Debtor understands that Mortgagee is relying upon such financial statements and Debtor represents that such reliance is reasonable. The financial statements delivered to Mortgagee need not be audited, but Debtor shall deliver to Mortgagee copies of any audited financial statements of Debtor which may be prepared, as soon as they are available.

ARTICLE IV

POSSESSION, USE AND RELEASE OF THE MORTGAGED PROPERTY

Section 4.01. *Casualty or Condemnation.* Debtor, immediately upon obtaining knowledge of any casualty to any portion of the Mortgaged Property or of any proceeding or negotiation for the taking of all or any portion of the Mortgaged Property in condemnation or other eminent domain proceedings, shall notify Mortgagee of such casualty, proceeding or negotiation. Any award, compensation or other payment resulting from such casualty or condemnation or eminent domain proceeding, as applicable, shall be applied as set forth below. Mortgagee may reasonably participate in any condemnation or eminent domain proceeding, and Debtor will deliver or cause to be delivered to Mortgagee all instruments reasonably requested by Mortgagee to permit such participation.

(a) *Casualty.* (i) In the event of any material damage to or destruction of the Mortgaged Property or any part thereof, Debtor will promptly give written notice to Mortgagee, generally describing the nature and extent of such damage or destruction. No damage to or destruction of the Mortgaged Property shall relieve Debtor of its obligation to pay any monetary sum due under the Loan Documents at the time and in the manner provided in the Loan Documents.

(ii) In the event of any damage to or destruction of the Mortgaged Property or any part thereof, Debtor, whether or not the insurance proceeds, if any, on account of such damage or destruction shall be sufficient for the purpose, at its expense, shall promptly cause the Restoration to be commenced and completed upon receipt of Net Insurance Proceeds and any such other amounts as required pursuant to Section 4.01(a)(iii).

(iii) Insurance proceeds received by Mortgagee and Debtor on account of any occurrence of damage to or destruction of the Mortgaged Property or any part thereof, less the reasonable costs, fees and expenses incurred by Mortgagee and Debtor in the collection thereof, including, without limitation, adjuster's fees and expenses and attorneys' fees and expenses (the "Net Insurance Proceeds"), shall be paid to (1) Debtor if the amount of such Net Insurance Proceeds is less than \$500,000 and applied by Debtor toward the cost of the Restoration, and (2) Mortgagee if the amount of such Net Insurance Proceeds is \$500,000 or greater. Net Insurance Proceeds paid to Mortgagee shall be held and disbursed by Mortgagee in such a reasonable manner as Mortgagee and Debtor shall mutually agree, as

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the Restoration progresses, to pay or reimburse Debtor for the cost of the Restoration, upon written request of Debtor accompanied by evidence, reasonably satisfactory to Mortgagee, that (v) the Restoration is in full compliance with all applicable laws, regulations, restrictions and requirements, whether governmental or private, (w) the amount requested has been paid or is then due and payable and is properly a part of such cost, (x) there are no mechanics' or similar liens for labor or materials theretofore supplied in connection with the Restoration (except for those liens which Debtor is disputing or contesting, in good faith and with due diligence, the amount, validity or application and Debtor shall have furnished the security as may be required in the contesting proceeding), (y) if the estimated cost of the Restoration exceeds the Net Insurance Proceeds by more than \$25,000.00, Debtor has deposited into an escrow reasonably satisfactory to Mortgagee such excess amount, which sum will be disbursed pursuant to escrow instructions reasonably satisfactory to Mortgagee, and (z) the balance of such Net Insurance Proceeds, together with the funds deposited into escrow, if any, pursuant to the preceding subsection (y), after making the payment requested will be sufficient to pay the balance of the cost of the Restoration. Upon receipt by Mortgagee of evidence reasonably satisfactory to it that the Restoration has been completed and the cost thereof paid in full, and that there are no mechanics' or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such Net Insurance Proceeds shall be paid to Debtor. If an Event of Default has occurred and is continuing at the time of the damage or destruction to the Mortgaged Property or at any time thereafter, all Net Insurance Proceeds shall be paid to Mortgagee, and Mortgagee may retain and apply the Net Insurance Proceeds toward the Obligations whether or not then due and payable, in such order, priority and proportions as Mortgagee in its discretion shall deem proper, or to cure such Event of Default, or, in Mortgagee's discretion, Mortgagee may pay such Net Insurance Proceeds in whole or in part to Debtor to be applied toward the cost of the Restoration. If Mortgagee shall receive and retain Net Insurance Proceeds, the lien of this Mortgage shall be reduced only by the amount received and retained by Mortgagee and actually applied by Mortgagee in reduction of the Obligations.

(b) *Eminent Domain.* (i) In case of a taking of all or any part of the Mortgaged Property or the commencement of any proceedings or negotiations which might result in a taking, for any public or quasi-public purpose by any lawful power or authority by exercise of the right of condemnation or eminent domain or by agreement between Mortgagee, Debtor and those authorized to exercise such right ("Taking"), Debtor will promptly give written notice thereof to Mortgagee, generally describing the nature and extent of such Taking. Mortgagee (or Debtor, at Debtor's election, so long as no Event of Default has occurred and is continuing) shall file and prosecute on behalf of Mortgagee and Debtor any and all claims for an award, and all awards and other payments on account of a Taking shall be paid to Mortgagee to be applied towards Restoration in accordance with this Mortgage.

(ii) In case of a Taking of the whole of the Mortgaged Property, other than for temporary use ("Total Taking"), or in case of a Taking of less than all of the Mortgaged Property ("Partial Taking"), the Loan Documents shall remain in full force and effect. In case of a Partial Taking, Debtor, whether or not the awards or payments, if any, on account

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of such Partial Taking shall be sufficient for the purpose (but provided they are made available by Mortgagee for such purpose), at its own cost and expense, will promptly after receipt of the award commence and complete the Restoration. In case of a Partial Taking, other than a temporary use, of such a substantial part of the Mortgaged Property as shall result in the Mortgaged Property remaining after such Partial Taking being unsuitable for use, such Taking shall be deemed a Total Taking.

(iii) In case of a temporary use of the whole or any part of the Mortgaged Property by a Taking, the Loan Documents shall remain in full force and effect without any reduction of any monetary sum payable under the Loan Documents. In any proceeding for such Taking, Mortgagee shall have the right to intervene and participate; provided that, if such intervention shall not be permitted, Debtor shall consult with Mortgagee, its attorneys and experts, and make all reasonable efforts to cooperate with Mortgagee in the prosecution or defense of such proceeding. At the termination of any such use or occupation of the Mortgaged Property, Debtor will upon its receipt of the condemnation award, at its own cost and expense, promptly commence and complete the Restoration.

(iv) Awards and other payments on account of a Taking, less the reasonable costs, fees and expenses incurred by Mortgagee and Debtor in connection with the collection thereof, including, without limitation, reasonable attorneys' fees and expenses, shall be applied as follows:

(x) Net awards and payments received on account of a Total Taking shall be allocated as follows:

(aa) There shall be paid to the Mortgagee an amount up to the sum of the outstanding principal, including all sums advanced by Mortgagee hereunder, and interest under the Note, all as of the date on which such payment is made, such amount shall be applied first against all sums advanced by Mortgagee under this Mortgage, second against the accrued but unpaid interest on the Note, and third to the remaining unpaid principal amount of the Note.

(bb) Any remaining balance shall be paid to Debtor.

(y) Net awards and payments received on account of a Partial Taking shall be held and allocated as follows: (i) toward the cost of the Restoration, such application of net awards and other payments to be made substantially in the manner provided in Section 4.01(a)(iii) of this Mortgage; (ii) after the cost of the Restoration has been paid, there shall be paid to Mortgagee, as the holder of this Mortgage, an amount equal to that portion of any unpaid principal amount of the Note, and any interest accrued thereon, bearing the same relationship to the total unpaid principal amount of the Note, and any interest accrued thereon, all as of the date on which such payment is made, as the square footage in the Mortgaged Property taken on account of such Partial Taking, bears to the total square footage

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in the Mortgaged Property prior to such Partial Taking, and such amount shall be applied against the unpaid principal amount of the Note; and (iii) any remaining balance shall be paid to Debtor.

(z) Net awards and payments received on account of a Taking for temporary use shall be held by Mortgagee and applied to the payment of the monthly installments of combined interest and principal becoming due under the Note, until such Taking for temporary use is terminated and the Restoration, if any, has been completed; provided, however, that, if any portion of any such award or payment is made by reason of any damage to or destruction of the Mortgaged Property, such portion shall be held and applied as provided in Section 4.01(a)(iii) hereof. The balance, if any, of such awards and payments shall be paid to Debtor.

(v) Notwithstanding the foregoing, if at the time of any Taking or at any time thereafter an Event of Default shall have occurred under the Loan Documents and shall be continuing, Mortgagee is hereby authorized and empowered, in the name and on behalf of Debtor and otherwise, to file and prosecute Debtor's claim, if any, for an award on account of any Taking and to collect such award and apply the same, after deducting all costs, fees and expenses incident to the collection thereof (the "Net Award"), toward the Obligations whether or not then due and payable, in such order, priority and proportions as Mortgagee in its discretion shall deem proper, or to cure such Event of Default, or, in Mortgagee's discretion, Mortgagee may pay the Net Award in whole or in part to Debtor to be applied toward the cost of the Restoration. If Mortgagee shall receive and retain the Net Award, the lien of this Mortgage shall be reduced only by the amount received and retained by Mortgagee and actually applied by Mortgagee in reduction of the Obligations.

Section 4.02. *Conveyance in Anticipation of Condemnation, Granting of Easements, Etc.* If no Event of Default shall have occurred and shall be continuing, Debtor may, from time to time with respect to its interest in the Mortgaged Property, and with Mortgagee's prior written consent, such consent not to be unreasonably withheld or delayed, (i) sell, assign, convey or otherwise transfer any interest therein to any person legally empowered to take such interest under the power of eminent domain, (ii) grant easements and other rights in the nature of easements, (iii) release existing easements or other rights in the nature of easements which are for the benefit of the Mortgaged Property, (iv) dedicate or transfer unimproved portions of the Mortgaged Property for road, highway or other public purposes, (v) execute petitions to have the Mortgaged Property annexed to any municipal corporation or utility district, and (vi) execute and deliver to any person any instrument appropriate to confirm or effect such grants, releases, dedications and transfers. Notwithstanding any of the foregoing, Mortgagee shall consent to and subordinate this Mortgage to (if required by any Governmental Authority) any easement, covenant, restriction and/or other interest acceptable to Mortgagee in its reasonable discretion, if such consent and/or subordination is required by any Governmental Authority in connection with Debtor's procurement of any licenses or permits required to operate, construct or alter a Morton's Restaurant and/or such other permitted use.

Section 4.03. *Mortgagee's Power.* At any time, or from time to time, without liability therefor, Mortgagee, without affecting the liability of any person for payment of the Obligations or the effect of this Mortgage upon the remainder of said Mortgaged Property, may from time to time without notice (i) release any part of said Mortgaged Property, (ii) consent in writing to the making of any map or plat thereof, (iii) join in granting any easement thereon, (iv) join in any extension agreement or any agreement subordinating the lien or charge hereof, (v) release any person so liable, (vi) extend the maturity or alter any of the terms of any Obligations, (vii) grant other indulgences, (viii) take or release any other or additional security for any Obligations, (ix) make compositions or other arrangements with debtors in relation thereto, or (x) advance additional funds to protect the security hereof or to pay or discharge the Obligations in the event Debtor fails to do so, and all amounts so advanced shall be secured hereby and shall be due and payable upon demand by Mortgagee.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 5.01. *Events of Default.* Each of the following shall be an event of default under this Mortgage (each, an "Event of Default"):

(i) If any representation or warranty of Debtor or Guarantor set forth in any of the Loan Documents is false in any material respect, or if Debtor or Guarantor renders any false statement or account which is false in any material respect to Mortgagee.

(ii) If any principal, interest or other monetary sum certain due under the Note, this Mortgage or any other Loan Document is not paid within five days from the date when due; provided, however, notwithstanding the occurrence of such an Event of Default, Mortgagee shall not be entitled to exercise its remedies set forth in Section 5.02 below unless and until Mortgagee shall have given Debtor notice thereof and a period of seven days from the delivery of such notice shall have elapsed without such Event of Default being cured.

(iii) If Debtor fails to pay, prior to delinquency, including any applicable grace periods, any taxes, assessments or other charges the failure of which to pay will result in the imposition of a lien against the Mortgaged Property pursuant to Applicable Regulations.

(iv) If Debtor or Guarantor becomes insolvent within the meaning of the Code, files or notifies Mortgagee that it intends to file a petition under the Code, initiates a proceeding under any similar law or statute relating to bankruptcy, insolvency, reorganization, winding up or adjustment of debts (collectively, hereinafter, an "Action"), becomes the subject of an involuntary Action or petition under the Code without such involuntary Action or petition being dismissed within 60 days of filing or, if Debtor is diligently proceeding to dismiss such petition, such longer period of time as if required, but in no event shall such longer period of time be greater than 90 days, or is not generally paying its debts as the same become due.

(v) If Debtor fails to observe or perform any of the covenants, conditions, or obligations of this Mortgage; provided, however, if any such failure does not directly involve the payment of any principal, interest or other monetary sum certain due under the Note, is not willful or intentional, does not place any material rights or property of Mortgagee in immediate jeopardy, and is within the reasonable power of Debtor to cure within a reasonable period of time after receipt of notice thereof, all as determined by Mortgagee in its reasonable discretion, then such failure shall not constitute an Event of Default hereunder, unless otherwise expressly provided herein, unless and until Mortgagee shall have given Debtor notice thereof and a period of 30 days shall have elapsed, during which period Debtor may correct or cure such failure, upon failure of which an Event of Default shall be deemed to have occurred hereunder without further notice or demand of any kind being required; notwithstanding the foregoing, if such failure cannot reasonably be cured within such 30-day period, as determined by Mortgagee in its reasonable discretion, and Debtor is diligently pursuing a cure of such failure, then Debtor shall have a reasonable period to cure such failure beyond such 30-day period, which shall in no event exceed 120 days after receiving notice of the failure from Mortgagee. If Debtor shall fail to correct or cure such failure within such 120-day period, an Event of Default shall be deemed to have occurred hereunder without further notice or demand of any kind being required.

(vi) If there is an "Event of Default" under any other Loan Document.

(vii) If a final, nonappealable judgment is rendered by a court against Debtor which has a material adverse effect on the ability to conduct business at the Mortgaged Property for its intended use, or which does not have a material adverse effect on the ability to conduct business at the Mortgaged Property for its intended use but which is in the amount of \$250,000 or more, and in either event is not discharged or provision made for such discharge within 60 days from the date of entry thereof.

Section 5.02. **Remedies.** Upon the occurrence of an Event of Default, subject to the limitations set forth in Section 5.01, Mortgagee may declare all or any part of the Obligations to be due and payable, and the same shall thereupon become due and payable without any presentment, demand, protest or notice (including notice of intent to accelerate and notice of acceleration) of any kind except as otherwise expressly provided herein. Furthermore, upon the occurrence of an Event of Default and the continuation thereof, Mortgagee may:

(i) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon and take possession of the Mortgaged Property or any part thereof and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Mortgaged Property, or part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Mortgaged Property, take any action described herein, sue for or otherwise collect the Rents, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including reasonable attorneys' fees, upon any Obligations, all in

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such order as Mortgagee may determine. The entering upon and taking possession of the Mortgaged Property, the taking of any action described herein, the collection of such Rents and the application thereof as aforesaid, shall not cure or waive any Event of Default or notice of default or invalidate any act done in response to such Event of Default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Mortgaged Property or the collection, receipt and application of Rents, Mortgagee shall be entitled to exercise every right provided for in any of the Loan Documents or by law upon any Event of Default, including the right to exercise the power of sale herein conferred;

(ii) Commence an action to foreclose this Mortgage in a single parcel or in several parcels, appoint a receiver, specifically enforce any of the covenants hereof or sell Debtor's interest in the Mortgaged Property pursuant to the power of sale herein conferred;

(ii) Exercise any or all of the remedies available to a secured party under the Uniform Commercial Code as adopted in the State ("UCC"), including, without limitation:

(1) Either personally or by means of a court appointed receiver, commissioner or other officer, take possession of all or any portion of the Mortgaged Property which constitutes Fixtures (other than trade fixtures, walk-in coolers, hoods, vents and exhaust fans) (the "Collateral"), and exclude therefrom Debtor and all others claiming under Debtor, and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of Debtor in respect of the Collateral or any part thereof. In the event Mortgagee demands or attempts to take possession of the Collateral in the exercise of any rights under any of the Loan Documents, Debtor promises and agrees to promptly turn over and deliver complete possession thereof to Mortgagee;

(2) Without notice to or demand upon Debtor, make such payments and do such acts as Mortgagee may deem necessary to protect its security interest in the Collateral, including, without limitation, paying, purchasing, contesting or compromising any encumbrance, charge or lien which is prior to or superior to the security interest granted hereunder and, in exercising any such powers or authority, to pay all expenses incurred in connection therewith;

(3) Require Debtor to assemble the Collateral or any portion thereof, at the Premises, and promptly to deliver such Collateral to Mortgagee, or an agent or representative designated by it. Mortgagee, and its agents and representatives, shall have the right to enter upon any or all of Debtor's premises and property to exercise Mortgagee's rights hereunder;

(4) Sell, lease or otherwise dispose of the Collateral at public sale, with or without having the Collateral at the place of sale, and upon such terms and in such manner as Mortgagee may determine. Mortgagee may be a purchaser at any such sale;

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(5) Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Mortgagee shall give Debtor at least 10 days' prior written notice of the time and place of any public sale of the Collateral or other intended disposition thereof. Such notice may be delivered to Debtor at the address set forth at the beginning of this Mortgage and shall be deemed to be given as provided herein; and

(6) Any sale made pursuant to the provisions of this subsection shall be deemed to have been a public sale conducted in a commercially reasonable manner if held contemporaneously with the sale of all or a portion of the other Collateral under power of sale as provided herein upon giving the same notice with respect to the sale of the Collateral hereunder as is required for such sale of the other Collateral under power of sale, and such sale shall be deemed to be pursuant to a security agreement covering both real and Collateral under the UCC.

(iv) Apply any sums then deposited in the impound account described in Section 3.12 toward payment of the taxes, assessment and insurance premiums for the Mortgaged Property and/or as a credit on the Obligations in such priority and proportion as Mortgagee may determine in its sole discretion; and

(v) If held by Mortgagee, surrender the insurance policies maintained pursuant to Section 3.11, collect the unearned insurance premiums and apply such sums as a credit on the Obligations in such priority and proportion as Mortgagee in its sole discretion shall deem proper, and in connection therewith, Debtor hereby appoints Mortgagee as agent and attorney-in-fact (which is coupled with an interest and is therefore irrevocable) for Mortgagee to collect such insurance premiums

If Mortgagee elects to sell Debtor's interest in the Mortgaged Property by exercise of the power of sale herein contained, Mortgagee shall notify such persons required in the manner then required by law.

(a) Mortgagee shall cause to be recorded, published and delivered such notices of default and notices of sale as may then be required by law and by this Mortgage. Thereafter, Mortgagee, without demand on Debtor, after such time as may then be required by law and after recordation of such notice of default and after notice of sale having been given as required by law, sell Debtor's interest in the Mortgaged Property at the time and place of sale fixed by it, in such notice of sale, either as a whole, or in separate lots or parcels or items as Mortgagee shall deem expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale, or as otherwise may then be required by law. Mortgagee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Debtor or Mortgagee, may purchase at such sale. Mortgagee may sell the real property and other interests which are a part of the Mortgaged

Property, or any part thereof, as a unit and as a part of a single sale, or may sell any part of the Mortgaged Property separately from the remainder of the Mortgaged Property. Mortgagee shall not be required to take possession of any part of the Mortgaged Property. Mortgagee may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Mortgagee, including the posting of notices and the conduct of sale, but in the name and on behalf of Mortgagee. In the event any sale hereunder is not completed or is defective in the opinion of Mortgagee, such sale shall not exhaust the power of sale hereunder, and Mortgagee shall have the right to cause a subsequent sale or sales to be made hereunder.

(b) As may be permitted by law, after deducting all reasonable costs, reasonable fees and reasonable expenses of Mortgagee and of this Mortgage, including costs of evidence of title in connection with sale, Mortgagee shall apply the proceeds of sale to payment of (i) first, to payment of all costs, fees and expenses, including reasonable attorneys' fees and expenses incurred by the Mortgagee in exercising the power of sale or foreclosing this Mortgage, and (ii) second, to the payment of the Obligations (including, without limitation, the principal, accrued interest and other sums due and owing under the Note and the amounts due and owing to Mortgagee under this Mortgage) in such manner and order as Mortgagee may elect, and (iii) third, the remainder, if any, shall be paid to Debtor, or to Debtor's heirs, devisees, representatives, successors or assigns, or such other persons as may be entitled thereto by law.

(c) Mortgagee may in the manner provided by law postpone sale of all or any portion of the Mortgaged Property.

Section 5.03. **Appointment of Receiver.** If an Event of Default shall have occurred and shall be continuing, Mortgagee, as a matter of right and without notice to Debtor or anyone claiming under Debtor, and without regard to the then value of the Mortgaged Property or the interest of Debtor therein, or the insolvency of Debtor or the then-owner of the Mortgaged Property, may seek the appointment of a receiver for the Mortgaged Property upon *ex parte* application to any court of the competent jurisdiction. Debtor waives any right to any hearing or notice of hearing prior to the appointment of a receiver. Such receiver shall be empowered (a) to take possession of the Mortgaged Property and any businesses conducted by Debtor thereon and any business assets used in connection therewith, (b) to exclude Debtor and Debtor's agents, servants and employees from the Mortgaged Property, or, at the option of the receiver, in lieu of such exclusion, to collect a fair market rental from any such persons occupying any part of the Mortgaged Property, (c) to collect the Rents, (d) to complete any construction that may be in progress, (e) to continue the development, marketing and sale of the Mortgaged Property, (f) to do such maintenance and make such repairs and alterations as the receiver deems necessary, (g) to use all stores of materials, supplies and maintenance equipment on the Mortgaged Property and replace such items at the expense of the receivership estate, (h) to pay all taxes and assessments against the Mortgaged Property, all premiums for insurance thereon, all utility and other operating expenses, and all sums due under any prior or subsequent encumbrance, (i) to request that Mortgagee advance such funds as may reasonably be necessary to the effective

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exercise of the receiver's powers, on such terms as may be agreed upon by the receiver and Mortgagee, but not in excess of the Default Rate (as defined in the Note), and (j) generally to do anything that Debtor could legally do if Debtor were in possession of the Mortgaged Property. All reasonable expenses incurred by the receiver or his agents, including obligations to repay funds borrowed by the receiver, shall constitute a part of the Obligations. Any revenues collected by the receiver shall be applied first to the expenses of the receivership, including reasonable attorneys' fees incurred by the receiver and by Mortgagee, together with interest thereon at the highest rate of interest applicable in the Note from the date incurred until repaid, and the balance shall be applied toward the Obligations or in such other manner as the court may direct.

Section 5.04. **Remedies Not Exclusive.** Mortgagee shall be entitled to enforce payment and performance of any Obligations and to exercise all rights and powers under this Mortgage or under any Loan Documents or any laws now or hereafter in force, notwithstanding some or all of the Obligations may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Mortgage nor its enforcement, whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Mortgagee's right to realize upon or enforce any other security now or hereafter held by Mortgagee, it being agreed that Mortgagee shall be entitled to enforce this Mortgage and any other security now or hereafter held by Mortgagee in such order and manner as it may in its absolute discretion determine. No remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Documents to Mortgagee, or to which Mortgagee may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Mortgagee. Mortgagee may pursue inconsistent remedies.

The acceptance by Mortgagee of any sum after the same is due shall not constitute a waiver of the right either to require prompt payment, when due, of all other sums hereby secured or to declare a subsequent Event of Default as herein provided. The acceptance by Mortgagee of any sum in an amount less than the sum then due shall be deemed an acceptance on account only and upon condition that it shall not constitute a waiver of the obligation of Debtor to pay the entire sum then due, and failure of Debtor to pay such entire sum then due as contemplated by Section 5.01(ii) shall be an Event of Default, notwithstanding such acceptance of such amount on account, as aforesaid. Mortgagee shall be, at all times thereafter and until the entire sum then due shall have been paid, and notwithstanding the acceptance by Mortgagee thereafter of further sums on account, or otherwise, entitled to exercise all rights in this instrument conferred upon them or either of them, and the right to proceed with a sale under any notice of default, or an election to sell, or the right to exercise any other rights or remedies hereunder, shall in no way be impaired, whether any of such amounts are received prior or subsequent to such proceeding, election or exercise. Consent by Mortgagee to any action or inaction of Debtor which is subject to consent or approval of Mortgagee hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions or inactions.

Section 5.05. **Possession of Mortgaged Property.** In the event of a trustee's sale or foreclosure sale hereunder and after the time of such sale, Debtor occupies the portion of the Mortgaged Property so sold, or any part thereof, Debtor shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either tenant or landlord, at a reasonable rental per day based upon the value of the portion of the Mortgaged Property so occupied, such rental to be due and payable daily to the purchaser. An action of unlawful detainer shall lie if the tenant holds over after a demand in writing for possession of such Mortgaged Property; and this agreement and a trustee's or sheriff's deed shall constitute a lease and agreement under which the tenant's possession arose and continued. Nothing contained in this Mortgage shall be construed to constitute Mortgagee as a "mortgagee in possession" in the absence of its taking actual possession of the Mortgaged Property pursuant to the powers granted herein.

Section 5.06. **Waiver of Rights.** Debtor waives the benefit of all laws now existing or that hereafter may be enacted (i) providing for any appraisal before sale of any portion of the Mortgaged Property, or (ii) in any way extending the time for the enforcement of the collection of the Obligations or creating or extending a period of redemption from any sale made in collecting the Obligations. Debtor agrees that Debtor will not at any time insist upon, plea, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisal, valuation, stay, extension, redemption or homestead exemption, and Debtor, for Debtor, Debtor's representatives, successors and assigns, and for any and all persons ever claiming any interest in the Mortgaged Property, hereby waives and releases all rights of redemption, valuation, appraisal, stay of execution, homestead exemption, notice of election to mature or declare due the whole of the Obligations and marshaling in the event of foreclosure of the liens hereby created. If any law referred to in this Section and now in force, of which Debtor, Debtor's heirs, devisees, representatives, successors and assigns or other person might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this Section. Debtor expressly waives and relinquishes any and all rights, remedies and defenses that Debtor may have or be able to assert by reason of the laws of the State pertaining to the rights, remedies and defenses of sureties.

Section 5.07. **Relief From Stay.** In the event that Debtor commences a case under the Code or is the subject of an involuntary case that results in an order for relief under the Code, subject to court approval, Mortgagee shall thereupon be entitled and Debtor irrevocably consents to relief from any stay imposed by Section 362 of the Code on or against the exercise of the rights and remedies otherwise available to Mortgagee as provided in the Loan Documents and Debtor hereby irrevocably waives its rights to object to such relief. In the event Debtor shall commence a case under the Code or is the subject of an involuntary case that results in an order for relief under the Code, Debtor hereby agrees that no injunctive relief against Mortgagee shall be sought under Section 105 or other provisions of the Code by Debtor or other person or entity claiming through Debtor, nor shall any extension be sought of the stay provided by Section 362 of the Code.

Section 5.08. **Cash Collateral.** Debtor hereby acknowledges and agrees that in the event that Debtor commences a case under the Code or is the subject of an involuntary case that results in an order for relief under the Code: (i) that all of the Rents are, and shall for purposes be deemed to be, "proceeds, product, offspring, rents, or profits" of the Premises covered by the lien of this Mortgage, as such quoted terms are used in Section 552(b) of the Code; (ii) that in no event shall Debtor assert, claim or contend that any portion of the Rents are, or should be deemed to be, "accounts" or "accounts receivable" within the meaning of the Code and/or applicable state law; (iii) that the Rents are and shall be deemed to be in any such bankruptcy proceeding "cash collateral" of Mortgagee as that term is defined in Section 363 of the Code; and (iv) that Mortgagee has valid, effective, perfected, enforceable and "choate" rights in and to the Rents without any further action required on the part of Mortgagee to enforce or perfect its rights in and to such cash collateral, including, without limitation, providing notice to Debtor under Section 546(b) of the Code.

Section 5.09. **Assignment of Rents and Leases.** (a) Debtor hereby assigns, transfers, conveys and sets over to Mortgagee all of Debtor's estate, right, title and interest in, to and under the Leases, whether existing on the date hereof or hereafter entered into, together with any changes, extensions, revisions or modifications thereof and all rights, powers, privileges, options and other benefits of Debtor as the lessor under the Leases regarding the current tenants and any future tenants, and all the Rents from the Leases, including those now due, past due or to become due. Debtor irrevocably appoints Mortgagee its true and lawful attorney-in-fact, at the option of Mortgagee, at any time and from time to time upon an Event of Default and during the continuation thereof, to take possession and control of the Premises, pursuant to Debtor's rights under the Leases, to exercise any of Debtor's rights under the Leases and to demand, receive and enforce payment, to give receipts, releases and satisfaction and to sue, in the name of Debtor or Mortgagee, for all of the Rents. The power of attorney granted hereby shall be irrevocable and coupled with an interest and shall terminate only upon the payment of all sums due Mortgagee for all losses, costs, damages, fees and expenses whatsoever associated with the exercise of this power of attorney, and Debtor hereby releases Mortgagee from all liability (other than as a result of the gross negligence or willful misconduct of Mortgagee) whatsoever for the exercise of the foregoing power of attorney and all actions taken pursuant thereto. The consideration received by Debtor to execute and deliver this assignment and the liens and security interests created herein is legally sufficient and will provide a direct economic benefit to Debtor. It is intended by Debtor and Mortgagee that the assignment set forth herein constitutes an absolute assignment and not merely an assignment for additional security. Notwithstanding the foregoing, this assignment shall not be construed to bind Mortgagee to the performance of any of the covenants, conditions or provisions of Debtor contained in the Leases or otherwise to impose any obligation upon Mortgagee, and so long as there is no Event of Default which is continuing, Debtor shall have a license, revocable upon an Event of Default and while such Event of Default is continuing, to possess and control the Premises and collect and receive all Rents. Upon an Event of Default, such license shall be automatically revoked.

(b) Upon any Event of Default and while such Event of Default is continuing, Mortgagee may, at any time without notice (except if required by applicable law), either in

person, by agent or by a court-appointed receiver, regardless of the adequacy of Mortgagee's security, and at its sole election (without any obligation to do so), enter upon and take possession and control of the Premises, or any part thereof, to perform all acts necessary and appropriate to operate and maintain the Premises, including, but not limited to, execute, cancel or modify the Leases, make repairs to the Premises, execute or terminate contracts providing for the management or maintenance of the Premises, all on such terms as are deemed best to protect the security of this assignment, and in Mortgagee's or Debtor's name, sue for or otherwise collect such Rents as specified in this Mortgage as the same become due and payable, including, but not limited to, Rents then due and unpaid. Mortgagee may so sue for or otherwise collect such Rents with or without taking possession of the Premises. Debtor agrees that upon an Event of Default and while such Event of Default is continuing, each tenant of the Premises shall make its rent payable to and pay such rent to Mortgagee (or Mortgagee's agents) on Mortgagee's written demand therefor, delivered to such tenant personally, by mail, or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of an Event of Default by Debtor.

(c) All Rents collected subsequent to any Event of Default and while such Event of Default is continuing shall be applied at the direction of, and in such order as determined by, Mortgagee to the costs, if any, of taking possession and control of and managing the Premises and collecting such amounts, including but not limited to, reasonable attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Premises, premiums on insurance policies, taxes, assessments and other charges on the Premises, and the costs of discharging any obligation or liability of Debtor with respect to the Leases and to the sums secured by this assignment. Mortgagee or the receiver shall have access to the books and records used in the operation and maintenance of the Premises and shall be liable to account only for those Rents actually received.

(d) Mortgagee shall not be liable to Debtor, anyone claiming under or through Debtor or anyone having an interest in the Premises by reason of anything done or left undone by Mortgagee hereunder, except to the extent of Mortgagee's gross negligence or willful misconduct.

(e) Any entering upon and taking possession and control of the Premises by Mortgagee or the receiver and any application of Rents as provided herein shall not cure or waive any Event of Default hereunder or invalidate any other right or remedy of Mortgagee under applicable law or provided therein.

ARTICLE VI

MISCELLANEOUS

Section 6.01. **Satisfaction.** If and when the Obligations shall have become due and payable (whether by lapse of time or by acceleration or by the exercise of the privilege of prepayment), and Debtor shall pay or cause to be paid (provided such payment is permitted or required by the Note) the full amount thereof and shall also pay or cause to be paid all other

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sums payable by the Debtor Entities to the Mortgagee Entities with respect to the Obligations, then this Mortgage shall be void (otherwise it shall remain in full force and effect in law and equity forever) and Mortgagee agrees to execute an instrument evidencing the satisfaction of all obligations under this Mortgage and releasing this Mortgage which shall be prepared and recorded at Debtor's sole expense.

Section 6.02. **Limitation of Rights of Others.** Nothing in this Mortgage is intended or shall be construed to give to any person, other than Debtor and the holder of the Note, any legal or equitable right, remedy or claim under or in respect of this Mortgage or any covenant, condition or provision herein contained.

Section 6.03. **Severability.** In case any one or more of the provisions contained herein or in the Note shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Mortgage shall be construed as if such provision had never been contained herein or therein.

Section 6.04. **Notices; Amendments; Waiver.** All notices, demands, designations, certificates, requests, offers, consents, approvals, appointments and other instruments given pursuant to this Mortgage (collectively called "Notices") shall be in writing and given by (i) hand delivery, (ii) facsimile, (iii) express overnight delivery service or (iv) certified or registered mail, return receipt requested and shall be deemed to have been delivered upon (a) receipt, if hand delivered, (b) transmission, if delivered by facsimile, (c) the next business day, if delivered by express overnight delivery service, or (d) the third business day following the day of deposit of such notice with the United States Postal Service, if sent by certified or registered mail, return receipt requested. Notices shall be provided to the parties and addresses (or facsimile numbers, as applicable) specified below:

If to Debtor:

Mr. Thomas Baldwin
Chief Financial Officer
Morton's of Chicago/Schaumburg, LLC
3333 New Hyde Park Road
New Hyde Park, NY 11042
Telephone: (516) 627-1515
Telecopy: (516) 627-2050

with a copy to:

Mr. Thomas Baldwin
Chief Financial Officer
Morton's Restaurant Group, Inc.
3333 New Hyde Park Road
New Hyde Park, NY 11042
Telephone: (516) 627-1515
Telecopy: (516) 627-2050

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with a copy to:

David Gruber, Esq.
Salamon, Gruber, Newman and Blaymore
Suite 102
97 Powerhouse Road
Roslyn Heights, NY 11577
Telephone: (516) 625-1700
Telecopy: (516) 625-1795

If to Mortgagee:

Dennis L. Ruben, Esq.
Executive Vice President and General Counsel
FFCA Acquisition Corporation
17207 North Perimeter Drive
Scottsdale, AZ 85255
Telephone: (602) 585-4500
Telecopy: (602) 585-2226

or to such other address or such other person as either party may from time to time hereafter specify to the other party in a notice delivered in the manner provided above. Whenever in this Mortgage the giving of Notice is required, the giving thereof may be waived in writing at any time by the person or persons entitled to receive such Notice. Except as in this Mortgage otherwise expressly provided, (i) this Mortgage may not be modified except by an instrument in writing executed by Debtor, Mortgagee and (ii) no requirement hereof may be waived at any time except by a writing signed by the party against whom such waiver is sought to be enforced, nor shall any waiver be deemed a waiver of any subsequent breach or default.

Section 6.05. **Counterparts.** This Mortgage may be executed in any number of counterparts and each thereof shall be deemed to be an original and all such counterparts shall constitute but one and the same instrument.

Section 6.06. **Successors and Assigns.** All of the provisions herein contained shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto, to the same extent as if each such successor and assign were in each case named as a party to this Mortgage. Wherever used, the singular shall include the plural, the plural shall include the singular and the use of any gender shall include all genders.

Section 6.07. **Headings.** The headings appearing in this Mortgage have been inserted for convenient reference only and shall not modify, define, limit or expand the express provisions of this Mortgage.

Section 6.08. **Security Agreement.** With respect to any portion of the Mortgaged Property which constitutes Fixtures (other than trade fixtures, walk-in coolers, hoods, vents and exhaust fans) or other property governed by the UCC, this Mortgage shall constitute a security agreement between Debtor as the debtor and Mortgagee as the secured party, and Debtor hereby grants to Mortgagee a security interest in such portion of the Mortgaged Property. Cumulative of

all other rights of Mortgagee hereunder, Mortgagee shall have all of the rights conferred upon secured parties by the UCC. Debtor will execute and deliver to Mortgagee all financing statements that may from time to time be required by Mortgagee to establish and maintain the validity and priority of the security interest of Mortgagee, or any modification thereof, and all costs and expenses of any searches required by Mortgagee. Mortgagee may exercise any or all of the remedies of a secured party available to it under the UCC with respect to such property, and it is expressly agreed that if upon an Event of Default Mortgagee should proceed to dispose of such property in accordance with the provisions of the UCC, 10 days' notice by Mortgagee to Debtor shall be deemed to be reasonable notice under any provision of the UCC requiring such notice; provided, however, that Mortgagee may at its option dispose of such property in accordance with Mortgagee's rights and remedies with respect to the real property pursuant to the provisions of this Mortgage, in lieu of proceeding under the UCC.

Debtor shall give advance notice in writing to Mortgagee of any proposed change in Debtor's name, identity or business form or structure and will execute and deliver to Mortgagee, prior to or concurrently with the occurrence of any such change, all additional financing statements that Mortgagee may require to establish and maintain the validity and priority of Mortgagee's security interest with respect to any of the Mortgaged Property described or referred to herein.

Section 6.09. *Effective as a Financing Statement.* This Mortgage shall be effective as a financing statement filed as a fixture filing with respect to all fixtures included within the Mortgaged Property and is to be filed for record in the real estate records of each county where any part of the Mortgaged Property (including such fixtures other than trade fixtures) is situated. This Mortgage shall also be effective as a financing statement covering any other Mortgaged Property and may be filed in any other appropriate filing or recording office. The mailing address of Debtor is the address of Debtor set forth in the introductory paragraph of this Mortgage, and the address of the Mortgagee from which information concerning the security interests hereunder may be obtained is the address of Mortgagee as set forth in the introductory paragraph of this Mortgage. A carbon, photographic or other reproduction of this Mortgage or of any financing statement relating to this Mortgage shall be sufficient as a financing statement for any of the purposes referred to in this Section.

Section 6.10. *Characterization; Interpretation.* It is the intent of the parties hereto that the business relationship created by the Note, this Mortgage and the other Loan Documents is solely that of creditor and debtor and has been entered into by both parties in reliance upon the economic and legal bargains contained in the Loan Documents. None of the agreements contained in the Loan Documents is intended, nor shall the same be deemed or construed, to create a partnership between Mortgagee and Debtor, to make them joint venturers, to make Debtor an agent, legal representative, partner, subsidiary or employee of Mortgagee, nor to make Mortgagee in any way responsible for the debts, obligations or losses of Debtor.

Mortgagee and Debtor acknowledge and warrant to each other that each has been represented by independent counsel and has executed this Mortgage after being fully advised by

said counsel as to its effect and significance. This Mortgage shall be interpreted and construed in a fair and impartial manner without regard to such factors as the party which prepared the instrument, the relative bargaining powers of the parties or the domicile of any party.

Section 6.11. **Time of the Essence.** Time is of the essence in the performance of each and every obligation under this Mortgage.

Section 6.12. **Document Review.** In the event Debtor makes any request upon Mortgagee requiring Mortgagee or its attorneys to review and/or prepare (or cause to be reviewed and/or prepared) any document or documents in connection with or arising out of or as a result of this Mortgage, then, except as expressly stated elsewhere herein, Debtor shall reimburse Mortgagee or its designee promptly upon Mortgagee's demand therefor a reasonable processing and reviewing fee for each such request.

Section 6.13. **Estoppel Certificate.** (a) At any time, and from time to time, Debtor agrees, promptly and in no event later than 15 days after a request from Mortgagee, to execute, acknowledge and deliver to Mortgagee a certificate in the form supplied by Mortgagee, certifying: (1) the date to which principal and interest have been paid under the Note and the amount thereof then payable; (2) that no notice has been received by Debtor of any default under this Mortgage which has not been cured, except as to defaults specified in the certificate; (3) the capacity of the person executing such certificate, and that such person is duly authorized to execute the same on behalf of Debtor; and (4) any other information reasonably requested by Mortgagee in connection with the Loan Documents.

(b) If Debtor shall fail or refuse to sign a certificate in accordance with the provisions of this Section within 10 days following a request by Mortgagee, Debtor irrevocably constitutes and appoints Mortgagee as its attorney-in-fact to execute and deliver the certificate to any such third party, it being stipulated that such power of attorney is coupled with an interest and is irrevocable and binding.

(c) At any time, and from time to time, Mortgagee agrees, promptly and in no event later than 15 days after a request from Debtor, to execute, acknowledge and deliver to Debtor a certificate in the form supplied by Debtor, certifying: (1) the date to which principal and interest have been paid under the Note and the amount thereof then payable; (2) that no notice has been received by Mortgagee of any default under this Mortgage which has not been cured, except as to defaults specified in the certificate; (3) the capacity of the person executing such certificate, and that such person is duly authorized to execute the same on behalf of Mortgagee, and (4) any other information reasonably requested by Debtor in connection with the Loan Documents.

Section 6.14. **Limitation of Interest.** Notwithstanding anything to the contrary contained in any of the Loan Documents, the obligations of Debtor to Mortgagee under the Note, this Mortgage and any other Loan Documents are subject to the limitation that payments of interest and late charges to Mortgagee shall not be required to the extent that receipt of any such payment by Mortgagee would be contrary to provisions of applicable law limiting the maximum rate of interest that may be charged or collected by Mortgagee. The portion of any such payment

received by Mortgagee that is in excess of the maximum interest permitted by such provisions of law shall be credited to the principal balance of the Note or if such excess portion exceeds the outstanding principal balance of the Note, then such excess portion shall be refunded to Debtor. All interest paid or agreed to be paid to Mortgagee shall, to the extent permitted by applicable law, be amortized, prorated, allocated and/or spread throughout the full term of the Note (including, without limitation, the period of any renewal or extension thereof) so that interest for such full term shall not exceed the maximum amount permitted by applicable law.

Section 6.15. **Forum Selection; Jurisdiction; Venue; Choice of Law.** Debtor acknowledges that this Mortgage was substantially negotiated in the State of Arizona, the executed Mortgage was delivered in the State of Arizona, all payments under the Loan Documents will be delivered in the State of Arizona and there are substantial contacts between the parties and the transactions contemplated herein and the State of Arizona. For purposes of any action or proceeding arising out of this Mortgage, the parties hereto expressly submit to the jurisdiction of all federal and state courts located in the State of Arizona. Debtor consents that it may be served with any process or paper by registered mail or by personal service within or without the State of Arizona in accordance with applicable law. Furthermore, Debtor waives and agrees not to assert in any such action, suit or proceeding that it is not personally subject to the jurisdiction of such courts, that the action, suit or proceeding is brought in an inconvenient forum or that venue of the action, suit or proceeding is improper. The creation of this Mortgage and the rights and remedies of Mortgagee with respect to the Mortgaged Property, as provided herein and by the laws of the State, shall be governed by and construed in accordance with the internal laws of the State without regard to principles of conflict of law. With respect to other provisions of this Mortgage, this Mortgage shall be governed by the internal laws of the State of Arizona. Nothing in this Section shall limit or restrict the right of Mortgagee to commence any proceeding in the federal or state courts located in the State to the extent Mortgagee deems such proceeding necessary or advisable to exercise remedies available under the Mortgage or the other Loan Documents.

Section 6.16. **Indemnification.** Debtor shall indemnify and hold harmless each of the Indemnified Parties from and against any and all Losses (excluding Losses suffered by an Indemnified Party arising out of such Indemnified Party's gross negligence or willful misconduct), caused by, incurred or resulting from Debtor's operations of, or relating in any manner to, the Mortgaged Property, whether relating to its original design or construction, latent defects, alteration, maintenance, use by Debtor or any person thereon, supervision or otherwise, or from any breach of, default under or failure to perform any term or provision of this Mortgage by Debtor, its officers, employees, agents or other persons. It is expressly understood and agreed that Debtor's obligations under this Section shall survive the expiration or earlier termination of this Mortgage for any reason.

Section 6.17. **Waiver of Jury Trial and Punitive, Consequential and Indirect Damages.** MORTGAGEE, BY ACCEPTING THIS MORTGAGE, AND DEBTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY AND ALL ISSUES

PRESENTED IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR ITS SUCCESSORS WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS MORTGAGE, THE RELATIONSHIP OF MORTGAGEE AND DEBTOR, DEBTOR'S USE OR OCCUPANCY OF THE MORTGAGED PROPERTY, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. THIS WAIVER BY THE PARTIES HERETO OF ANY RIGHT EITHER MAY HAVE TO A TRIAL BY JURY HAS BEEN NEGOTIATED AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN. FURTHERMORE, DEBTOR AND MORTGAGEE HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT THEY MAY HAVE TO SEEK PUNITIVE, CONSEQUENTIAL AND INDIRECT DAMAGES FROM THE OTHER PARTY WITH RESPECT TO ANY AND ALL ISSUES PRESENTED IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY THEM AGAINST THE OTHER PARTY HERETO OR ITS SUCCESSORS WITH RESPECT TO ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS MORTGAGE OR ANY DOCUMENT CONTEMPLATED HEREIN OR RELATED HERETO. THE WAIVER BY DEBTOR AND MORTGAGEE OF ANY RIGHT THEY MAY HAVE TO SEEK PUNITIVE, CONSEQUENTIAL AND INDIRECT DAMAGES HAS BEEN NEGOTIATED BY THE PARTIES HERETO AND IS AN ESSENTIAL ASPECT OF THEIR BARGAIN.

Section 6.18. **Transfer of Loan.** Following the Disbursement Date (as defined in the Loan Agreement), Mortgagee may, at any time, sell, transfer or assign the Note, this Mortgage and the other Loan Documents, and any or all servicing rights with respect thereto, or grant participations therein or issue mortgage pass-through certificates or other securities evidencing a beneficial interest in a rated or unrated public offering or private placement as contemplated by the Loan Agreement.

Section 6.19. **Reliance by Environmental Insurer.** Debtor acknowledges and agrees that Environmental Insurer may rely on the representations, warranties and covenants set forth in Sections 2.06(b) to 2.06(e) and Sections 3.07(c) to 3.07(f) of the Mortgage, that Environmental Insurer is an intended third-party beneficiary of such representations, warranties and covenants and that Environmental Insurer shall have all rights and remedies available at law or in equity as a result of a breach of such representations, warranties or covenants, including, to the extent applicable, the right of subrogation.

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Mortgage

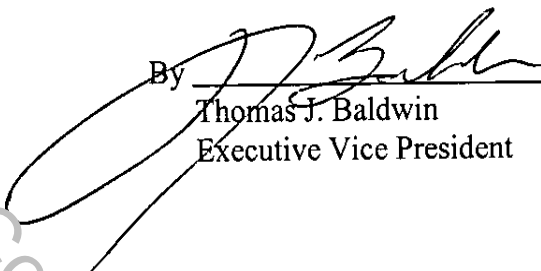
IN WITNESS WHEREOF, Debtor has caused this ~~Deed of Trust~~ to be executed and delivered as of the day and year first above written.

DEBTOR:

MORTON'S OF CHICAGO/SCHAUMBURG
LLC, a Delaware limited liability company

By: Morton's of Chicago Holding, Inc., its
member

By


Thomas J. Baldwin
Executive Vice President

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STATE OF *New York*]
] SS.
COUNTY OF *Nassau*]

The foregoing instrument was acknowledged before me on *June 18*, 1999 by Thomas J. Baldwin, Executive Vice President of Morton's of Chicago Holding, Inc., a member of Morton's of Chicago/Schaumburg LLC, a Delaware limited liability company, on behalf of the corporation.

Joan A. Curtin

Notary Public

Joan A. Curtin

Print Name

My Commission Expires:
December 21, 2000

JOAN A. CURTIN
Notary Public, State of New York
No. 01CU6017875
Qualified in Nassau County
Commission Expires December 21, 20*00*

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EXHIBIT A

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LEGAL DESCRIPTION OF PREMISES

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LEGAL DESCRIPTION

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PARCEL 1: LOT 3 IN WINDY POINT OF SCHAUMBURG, BEING A SUBDIVISION OF PART OF SECTION 12, TOWNSHIP 41 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED FEBRUARY 9, 1999 AS DOCUMENT NUMBER 99137488, IN COOK COUNTY, ILLINOIS.

PARCEL 2: EASEMENTS FOR INGRESS AND EGRESS FOR THE BENEFIT OF PARCEL 1 AFORESAID, AS SET FORTH IN THE DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, RECIPROCAL RIGHTS AND EASEMENTS FOR WINDY POINT OF SCHAUMBURG RECORDED FEBRUARY 9, 1999 AS DOCUMENT NUMBER 99137489 AND CREATED BY DEED FROM WINDY POINT OF SCHAUMBURG L.L.C., A DELAWARE LIMITED LIABILITY COMPANY TO MORTON'S OF CHICAGO/SCHAUMBURG LLC, A DELAWARE LIMITED LIABILITY COMPANY BY DEED DATED MAY 12, 1999 AND RECORDED MAY 17, 1999 AS DOCUMENT NUMBER 99474179.

COMMONLY KNOWN AS: LOT 3
NEC MEECHAM ROAD AND MCCONNOR PARKWAY
SCHAUMBURG, ILLINOIS

PIN: 07-12-400-036-0000 (AFFECTS PART OF THE LAND AND OTHER PROPERTY NOT NOW
IN QUESTION).

VOLUME 187.