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DEED OF TRUST, SECURITY AGREEMENT, FIXTURE FILING AND  
ASSIGNMENT OF LEASES AND RENTS

between

S & A PROPERTIES CORP.  
Grantor

12404 Park Central Drive  
Dallas, Texas 75251

INVESTORS TITLE INSURANCE COMPANY  
Trustee  
137 East Rosemary Street  
Chapel Hill, North Carolina 22514  
(Attention of Mr. Carl Wallace)

and

CHEMICAL BANK,  
as Agent,  
Mortgagee

277 Park Avenue  
New York, New York 10172

Dated as of: July 25, 1989

Prepared by and after recording return to:

Gary R. Eisenman, Esq.  
Cravath, Swaine & Moore  
Worldwide Plaza  
825 Eighth Avenue  
New York, N.Y. 10019

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DEED OF TRUST, SECURITY AGREEMENT, FIXTURE FILING  
AND ASSIGNMENT OF LEASES AND RENTS

THIS DEED OF TRUST, SECURITY AGREEMENT, FIXTURE FILING AND ASSIGNMENT OF LEASES AND RENTS dated as of July 25, 1989 (the "Deed of Trust"), by S & A Properties Corp., a Delaware corporation (the "Grantor"), having its principal office at 12404 Park Central Drive, Dallas, Texas 75251, to INVESTORS TITLE INSURANCE COMPANY, as trustee, having an office at 137 East Rosemary Street, Chapel Hill, North Carolina 22514 (attention of Mr. Carl Wallace) (the "Trustee"), and CHEMICAL BANK, as Agent for the Banks (as defined herein), having its principal office at 277 Park Avenue, New York, New York 10172 (the "Beneficiary");

WITNESSETH THAT:

A. Benale Holdings Corporation, a Delaware corporation ("Benale Holdings"), has acquired S&A Restaurant Corp., a Delaware corporation ("S&A Corp."), pursuant to the merger (the "Merger") of Benale Corporation, a Delaware corporation (the "Company"), with and into S&A Corp. S&A Corp. is the surviving corporation in the Merger.

B. Pursuant to the Credit Agreement among Benale Holdings, the Company and Chemical Bank as Agent for the Banks (the "Credit Agreement"), the Banks (as defined in Section 2.01 of the Credit Agreement) have loaned or agreed to loan to the Company (a) term loans of up to an aggregate principal amount of \$106,000,000 at any time outstanding (the "Term Loans") and (b) real estate bridge loans of up to an aggregate principal amount of \$159,000,000 at any time outstanding (the "Real Estate Bridge Loans"), which Real Estate Bridge Loans shall, unless repaid in full on or before the Conversion Date (as defined in the Credit Agreement), convert into real estate term loans (such Real Estate Bridge Loans and real estate term loans, collectively, the "Real Estate Loans"). The proceeds of the Term Loans and the Real Estate Bridge Loans have been used by the Company solely to pay the purchase price for the acquisition of all of the outstanding shares of capital stock of S&A Corp., which acquisition was followed immediately thereafter by the Merger.

C. The Term Loans and Real Estate Loans made by each Bank (collectively, the "Loans") are respectively evidenced by notes duly executed on behalf of the Company

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dated as of the date hereof, payable to the order of such Bank in a principal amount equal to the amount advanced to the Company by such Bank (individually, a "Note" and, collectively, the "Notes"). In the aggregate, the Notes evidence the indebtedness of the Company to the Banks of \$265,000,000 with interest thereon (the "Obligation of the Company").

D. On or prior to the date hereof the Company has caused certain of its operating subsidiaries to convey their respective fee simple interests in certain real property to Grantor (the "Fee Properties") and simultaneously therewith the Grantor has leased to certain operating subsidiaries the right to use and operate the Fee Properties (collectively, the "operating leases" and, with respect to the operating leases encumbering the Trust Property, the "Operating Lease" with the tenant(s) thereunder being the "Operator"). Grantor has agreed in consideration of the conveyance of the Fee Properties to enter into that certain Real Estate Conveyance and Guarantee Agreement with the Company (the "Guarantee Agreement") (attached hereto as Exhibit B) wherein among other things Grantor has agreed to guarantee the Obligation of the Company, which guarantee shall be terminated and cancelled upon consummation of the Permanent Mortgage Financing (as defined in the Credit Agreement) which includes without limitation the payment by the Company of the Real Estate Bridge Loan as more fully set forth in Section 2.10 of the Credit Agreement. (As used herein (the "Guarantee") means all of Grantor's obligations and covenants set forth in the Guarantee Agreement, excluding those relating to the Revolving Credit Loans (as defined in the Credit Agreement).)

E. Pursuant to the requirements of the Credit Agreement, the Grantor and Beneficiary are entering into this Deed of Trust to create a security interest in the Trust Property to secure the performance by the Grantor of the terms of the Guarantee. The Credit Agreement also requires the creation by Grantor of security interests in certain other of the Fee Properties (the "Other Mortgages") to secure the performance by the Grantor of the terms of the Guarantee.

#### Granting Clauses

NOW THEREFORE, IN CONSIDERATION OF the foregoing and in order to secure the (a) due and punctual payment and performance of the obligations of Grantor pursuant to the Guarantee and (b) all taxes, common area charges and

insurance premiums relating to the Trust Property, all disbursements made by Beneficiary for the payment of taxes, common area charges or insurance premiums, all fees, expenses or advances in connection with or relating to the Trust Property, and interest on such disbursements and other amounts not timely paid in accordance with the terms of the Guarantee and this Deed of Trust, Grantor hereby assigns and conveys as security, grants a security interest in, hypothecates, mortgages, warrants, pledges and sets over to Trustee, IN TRUST FOREVER, with power of sale all the following described property (the "Trust Property") whether now owned or held or hereafter acquired; provided, however, that the maximum amount secured by this Deed of Trust in the State of North Carolina upon recordation or upon any contingency which may be secured hereby at any time hereafter is \$265,000,000:

(1) all the fee estate in the land more particularly described on Exhibit A hereto (the "Land"), together with all rights appurtenant thereto, including the easements over certain other adjoining land granted by any easement agreements, and all air rights and development rights, if any, relating thereto, and also together with all of the other easements, rights, privileges and appurtenances thereunto belonging or in anywise appertaining and all of the estate, right, title, interest, claim or demand whatsoever of Grantor therein and in the streets and ways adjacent thereto, either in law or in equity, in possession or expectancy, now or hereafter acquired (the "Premises");

(2) the restaurant building and all other buildings, improvements, structures, paving, parking areas, walkways and landscaping, and all fixtures of every kind and type affixed to, attached to or forming part of any structures, buildings or improvements, and replacements thereof now or hereafter erected or located upon the Land (the "Improvements");

(3) to the extent now or hereafter owned by Grantor, all apparatus, movable appliances, building materials, equipment, fittings, furnishings, furniture, machinery and other articles of tangible personal property, and replacements thereof, now or at any time hereafter placed upon or used in any way in connection with the use, enjoyment, occupancy or operation of the Improvements or the Premises, including all of Grantor's books and records relating thereto and including all goods, machinery, tools, equipment (including fire

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sprinklers and alarm systems, cleaning rigs, air conditioning, heating, boilers, refrigerating, electronic monitoring, water, lighting, power, sanitation, waste removal, entertainment, recreational, window or structural, maintenance and all other equipment of every kind), restaurant, bar and all other indoor or outdoor furniture (including tables, chairs, booths, serving stands, planters, desks, sofas, racks, shelves, lockers and cabinets), bar equipment, glasses, cutlery, uniforms, linens, memorabilia and other decorative items, furnishings, appliances, supplies, inventory, rugs, carpets and other floor coverings, draperies, drapery rods and brackets, awnings, venetian blinds, partitions, chandeliers and other lighting fixtures, freezers, refrigerators, walk-in coolers, signs (indoor and outdoor), computer systems, cash registers and inventory control systems, and all other apparatus, equipment, furniture, furnishings, holiday decorations and articles used or useful in connection with the use or operation of the Improvements or the Premises, it being understood that the enumeration of any specific articles of property shall in no way result in or be held to exclude any items of property not specifically mentioned, but excluding alcoholic beverage licenses and permits and alcoholic beverage inventory (including proceeds therefrom) (the property referred to in this paragraph (3) and not covered by the foregoing exclusions being hereinafter called the "Personal Property"; provided that, to the extent that Section 1.01(b) of this Mortgage conflicts with the Security Agreement (as defined in the Credit Agreement), the Security Agreement shall supersede such Section with respect to the Personal Property);

(4) all general intangibles relating to design, development, operation, management and use of the Premises or the Improvements, all certificates of occupancy, zoning variances, building, use or other permits, approvals, authorizations and consents obtained from and all materials prepared for filing or filed with any governmental agency in connection with the development, use, operation or management of the Premises and Improvements, all construction, service, engineering, consulting, leasing, architectural and other similar contracts concerning the design, construction, management, operation, occupancy and/or use of the Premises and Improvements, all architectural drawings, plans, specifications, soil tests, feasibility studies, appraisals, environmental studies,

engineering reports and similar materials relating to any portion of or all of the Premises and Improvements, and all payment and performance bonds or warranties or guarantees relating to the Premises or the Improvements, all to the extent assignable (the "Permits, Plans and Warranties");

(5) Grantor's interest in and rights under the Operating Lease, all other leases (under which Grantor is landlord) and subleases (under which Grantor is sublandlord), the leases or subleases (under which Grantor is the tenant or subtenant other than Parking Agreements (as hereinafter defined)) all master leases or licenses of the Premises or the Improvements, any license, concession, management, mineral or other agreements of a similar kind that permit the use or occupancy of the Premises or the Improvements for any purpose in return for any payment, or the extraction or taking of any gas, oil, water or other minerals from the Premises in return for payment of any fee, rent or royalty (collectively, "Leases"), and all agreements or contracts for the sale or other disposition of all or any part of the Premises or the Improvements, now or hereafter entered into by Grantor, together with all charges, fees, income, issues, profits, receipts, rents, revenues or royalties payable thereunder ("Rents") and all right, title and interest of Grantor thereunder, including the right, upon the happening and during the continuation of an Event of Default specified in Section 2.01, to receive and collect the Rents thereunder; and

(6) all real estate tax refunds and all proceeds of the conversion, voluntary or involuntary, of any of the other Trust Property into cash or liquidated claims ("Proceeds"), including proceeds of insurance and condemnation awards, any awards which may become due by reason of the taking by eminent domain of the whole or any part of the Premises or Improvements or any rights appurtenant thereto, and any awards for change of grade of streets, together with any and all moneys now or hereafter on deposit for the payment of real estate taxes, assessments or common area charges levied against the Trust Property, premiums on policies of fire and other insurance covering the Trust Property;

TO HAVE AND TO HOLD the Trust Property and the rights and privileges hereby mortgaged or intended to be,

unto Trustee, its successors and assigns for the uses and purposes herein set forth, for the benefit of the Beneficiary subject only to the Permitted Exceptions (as herein-after defined) and to satisfaction and cancelation as provided in Section 3.05. IN TRUST, NEVERTHELESS, upon the terms and trust herein set forth for the benefit and security of the Beneficiary.

## ARTICLE I

### Representations, Warranties and Covenants of Grantor

Grantor agrees, covenants, represents and/or warrants as follows:

#### SECTION 1.01. Title; Operating Lease.

(a) Grantor covenants with Trustee and Beneficiary that it is seized of the Land and Improvements in fee simple, has the right to convey the same in fee simple, that the title is good and marketable and free of all encumbrances and that it will warrant and defend the title against the lawful claims of all persons whomsoever, subject only to, in each case, the exceptions and encumbrances referred to in Beneficiary's final title policy described in Schedule A annexed hereto ("Permitted Exceptions").

(b) Grantor has good and marketable title to all the Personal Property subject to no lien, charge or encumbrance other than this Deed of Trust and Security Agreement and the Permitted Exceptions. The Personal Property will constitute all of such items as are necessary, except for alcoholic beverage licenses and permits and alcoholic beverage inventory, for the use of the Premises and Improvements as a restaurant of the type (and, in particular, of the Steak and Ale or Bennigan's "concept") there conducted on the date hereof. Except to the extent as otherwise permitted under Section 6.02 of the Credit Agreement, the Personal Property is not and will not become the subject matter of any lease or other arrangement that is not identified on Schedule B hereto whereby the ownership of any Personal Property will be held by any person or entity other than Grantor, none of the Personal Property will be removed from the Premises or the Improvements unless the same is no longer needed for the continued operation of the Premises and the Improvements as currently operated or is replaced by other Personal Property of substantially equal or greater utility and value, and Grantor will not create or cause to be created any security interest covering any of the

Personal Property that Grantor may replace from time to time other than the security interest in the Personal Property created in favor of Beneficiary by this Deed of Trust or any other agreement collateral hereto.

(c) The Operating Lease (as described in Schedule C hereto) between Grantor and the Operator is in full force and effect, there are no defaults thereunder, and no event has occurred or is occurring which after notice or the passage of time or both will result in such a default. The Operating Lease is subject to no lien, charge or encumbrance other than this Deed of Trust and the Permitted Exceptions. Grantor will perform or cause to be performed all of the other covenants and conditions required to be performed by it under the Operating Lease, will do all things necessary to preserve unimpaired its rights thereunder, will do all things necessary to cause the Operator to perform all of the covenants and conditions required to be performed by the Operator under the Operating Lease, and will not enter into any agreement modifying or amending the Operating Lease (except as permitted by Section 1.12) or releasing any obligations imposed upon it thereby without Beneficiary's prior written consent.

(d) All easement agreements, supplemental agreements and other instruments hereinabove referred to and mortgaged hereby are and will remain valid, subsisting and in full force and effect, and Grantor is not in default thereunder and has fully performed the material terms thereof required to be performed through the date hereof, and has no knowledge of any default thereunder or failure to fully perform the material terms thereof by any other party, nor of the occurrence of any event which after notice or the passage of time or both will constitute a default thereunder. All utilities serving the Trust Property are located in and in the future will be located in, and adequate vehicular access to the Premises and the Improvements is provided by, either directly by a public right-of-way abutting the Land or valid easements covered by this Deed of Trust.

(e) Grantor will forever warrant and defend its title to the Personal Property, the rights of Beneficiary therein under this Deed of Trust and the financing statements executed by Grantor simultaneously herewith and the validity and priority of the lien hereof thereon against the claims of all persons and parties except those having rights under Permitted Exceptions to the extent of those rights.

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(f) Grantor has full power and authority to convey the Trust Property in the manner and form herein done or intended hereafter to be done and to make and perform the representations, warranties, covenants and agreements provided herein.

(g) The Premises, the Improvements and the Operating Lease, and the use of the Premises, the Improvements and the Personal Property by the Operator and its agents, assignees, employees, invitees, lessees, licensees and tenants, comply in all material respects with all applicable requirements of local, state and Federal law, and Grantor will maintain, operate, lease and use the Premises, the Improvements and the Personal Property in compliance with all applicable requirements of local, state and Federal law, and will cure any failure to comply with due diligence and in any event within the period, if any, provided for cure by applicable law, subject to paragraph 1.04(e) below.

SECTION 1.02. Franchises; Status; Store Name; Operation; Compliance with Laws. (a) Grantor is doing on the date of this Deed of Trust, and so long as Grantor owns any of the Trust Property Grantor will do, all things necessary to preserve and keep in full force and effect its existence, franchises, rights and privileges under the laws of the state of its formation and of any other state in which it operates or in which property it owns is located, and to comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental authority or court applicable to Grantor or the Trust Property, including maintaining all permits and licenses it now has or hereafter obtains which are required for use and operation of the Improvements and the Premises as presently used and operated.

(b) Grantor is not and will not become a foreign person, nonresident alien, foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined and used in Sections 1445 and 7701 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder.

(c) The Premises and the Improvements are and will remain open for business and will continue to be operated in substantially the manner in which they are currently conducted and operated; provided that Grantor may exercise its rights pursuant to Section 6.06(e) of the Credit Agreement with the prior written consent of Beneficiary.

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(d) The continued operation by Operator or Grantor of the restaurant on the Trust Property does not involve and will not involve a violation of any statutes, laws, regulations, rules, ordinances or orders of any kind (including any zoning, building and environmental protection laws, ordinances, codes or approvals, and any material requirement of any building permits, restrictions of record or agreements affecting any such restaurant or Trust Property).

(e) The restaurant on the Trust Property is fully served by water, gas (to the extent the Mortgaged Property is served thereby), electric and storm and sanitary sewerage facilities, and, either directly or by easement, by public roads or highways.

SECTION 1.03. Payment of Guarantee and Other Amounts. (a) This Deed of Trust is given pursuant to the Credit Agreement and the Guarantee. Each and every term and provision of the Guarantee, including the rights, remedies, obligations, covenants, conditions, agreements, indemnities, representations and warranties of the parties thereto shall be considered as if a part of this Deed of Trust, and to the extent any payment, fulfillment and performance thereof relates to the Loans the same are secured hereby. Any default under the Credit Agreement or the Guarantee, whether related to the Loans or otherwise, which default continues beyond the applicable notice and cure period under the Credit Agreement or, the Guarantee, if any, shall constitute an Event of Default (as hereinafter set forth) under this Deed of Trust entitling the Beneficiary to all the remedies provided in this Deed of Trust, under the Guarantee and by law.

(b) If this Deed of Trust is referred to attorneys for foreclosure or to collect upon the Guarantee, or if any actions or proceedings (including any bankruptcy, insolvency or reorganization proceedings) are commenced in which Trustee or Beneficiary are made a party and are obliged to defend or uphold or enforce this Deed of Trust or the rights of Trustee or Beneficiary hereunder or the terms of any lease of any part of the Trust Property, or if a condemnation proceeding is instituted affecting the Trust Property, Grantor will pay all sums, including attorneys' fees, incurred by Trustee or Beneficiary for the expense of any such action or proceeding together with all statutory or other costs, disbursements and allowances, interest thereon from the date of demand for payment thereof at the rate as set forth in Section 2.08 of the Credit Agreement (the

"Default Rate"), and such sums and the interest thereon shall be a lien on the Trust Property prior to any right, title to, interest in or claim upon the Trust Property attaching or accruing subsequent to the recording of this Deed of Trust and shall be secured by this Deed of Trust to the extent permitted by law.

(c) Any payment of amounts due under this Deed of Trust not made on or before the due date for such payments shall accrue interest daily without notice from the due date until paid at the Default Rate, and such interest at the Default Rate shall be immediately due upon demand by Trustee or Beneficiary; provided, however, that any failure to make a payment of any amount due under the Guarantee shall be governed by the provisions of the Guarantee Agreement rather than by the provisions of this Section 1.03(c).

SECTION 1.04. Payment of Taxes, Liens and Charges. (a) Grantor will pay and discharge from time to time when the same shall become due, and before any interest or penalty accrues thereon or attaches thereto, all taxes of every kind and nature, all general and special assessments, levies, permits, inspection and license fees, all water and sewer rents, all vault charges, and all other public charges, and all service charges, common area charges, merchant's association contributions, private maintenance charges, utility charges and all other private charges, whether of a like or different nature, imposed upon or assessed against the Trust Property or any part thereof or upon the Rents from the Trust Property or arising in respect of the occupancy, use or possession thereof (all of the foregoing are hereinafter referred to as "Taxes"). Grantor shall deliver to Beneficiary a certificate executed and certified as of the date hereof as complete and correct in all respects by a senior officer of the Grantor setting forth in reasonable detail all Taxes and the amounts paid by the Grantor with respect to such Taxes; provided that (i) Grantor shall deliver such certificate no later than six months after the date hereof and thenceforth no later than six months after the date of the delivery of each preceding certificate and (ii) Grantor shall provide Beneficiary with all such information and documents, including all receipts of payment, as requested by Beneficiary with respect to each such certificate and such Taxes.

(b) Grantor will pay any United States or state taxes except capital, franchise, income, stock transfer or withholding taxes imposed on Beneficiary by reason of its ownership of the Notes, the Guarantee, this Deed of Trust,

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or any similar tax valued or calculated pursuant to Beneficiary's income or profit. Except to the extent prohibited by law, Grantor will also pay and hold harmless and indemnify Beneficiary from liability for payment of any mortgage recording, documentary stamp, intangible or other taxes with respect to the preparation, execution, delivery, filing, recording, performance or enforcement of this Deed of Trust, the Guarantee, or the Notes.

(c) In the event of the passage of any state, Federal, municipal or other governmental law, order, rule or regulation subsequent to the date hereof (i) deducting from the value of real property for the purpose of taxation any lien or encumbrance thereon or in any manner changing or modifying the laws now in force governing the taxation of this Deed of Trust or debts secured by mortgages (other than laws governing income, franchise and similar taxes generally) or the manner of collecting taxes thereon and (ii) imposing a tax to be paid by Beneficiary, either directly or indirectly, on this Deed of Trust, the Guarantee, or the Notes or to require an amount of taxes to be withheld or deducted therefrom, Grantor will promptly notify Beneficiary of such event. In such event Grantor shall (i) agree to enter into such further instruments, including but not limited to new Notes or a new Guarantee to be issued in exchange for the Notes or the Guarantee theretofore issued, as may be necessary or desirable to obligate Grantor or S&A Corp. to make any additional payments, and (ii) Grantor or S&A Corp. shall make such additional payments under the Notes or the Guarantee.

(d) Subject to the provisions of paragraph 1.04(e), Grantor will not suffer any mechanic's, materialman's or laborer's statutory or other lien for labor or materials to be filed of record and to remain outstanding or unbonded (by S&A Corp., Grantor or Operator) upon all or any part of the Premises or the Improvements or on the Rents arising therefrom for more than 20 days after the date of filing, and in general Grantor will do or cause to be done everything necessary so that the priority and enforceability of this Deed of Trust shall be fully preserved, at the cost of Grantor, without expense to Trustee or Beneficiary.

(e) Grantor will not be required to pay, discharge or remove any tax, assessment, levy, fee, charge, lien or encumbrance, or to comply with any legal requirement as provided in paragraph 1.07(b) applicable to the Premises or to the ownership, occupancy or use thereof, so long as Grantor shall be diligently contesting, in good faith and at

Grantor's sole cost and expense, the existence, amount or validity thereof by appropriate arbitration, administrative or judicial proceedings which during their pendency have the practical effect of preventing (i) the collection of or other realization upon the tax, assessment, levy, fee, charge, legal requirement, lien or encumbrance so contested and (ii) any sale, forfeiture or loss of the Trust Property or any portion thereof or the payment of any sum required to be paid by Grantor hereunder to or for the benefit of Beneficiary; provided such contests and proceedings do not (1) subject Beneficiary to any risk of criminal or civil liability, (2) result in any impairment of the priority of this Deed of Trust or any risk of any foreclosure of the contested assessment, encumbrance, lien or tax, (3) delay or prevent payment of any sum required to be paid by Grantor hereunder to or for the benefit of Beneficiary or (4) pose a threat to the safety, security, protection, maintenance, occupancy or use and operation of the Trust Property or any portion thereof.

(f) Grantor will pay or reimburse Beneficiary, upon demand therefor, for all attorneys' fees, costs and expenses incurred by Beneficiary in any suit, action, legal proceeding or dispute of any kind in which Beneficiary is made a party or appears as party plaintiff or defendant with respect to Beneficiary's rights under the Guarantee, or Grantor's obligations or Beneficiary's rights under this Deed of Trust or the interest created hereby, the Premises, the Improvements or any other part of the Trust Property, including, but not limited to, the exercise of the power of sale contained in this Deed of Trust, any condemnation action involving the Premises or any action to protect the security hereof; and any such amounts paid by Beneficiary shall be secured by this Deed of Trust.

(g) At any time that an Event of Default shall occur hereunder and for 6 months after the default is cured, or if required by any law applicable to Grantor or to Beneficiary, Beneficiary shall have the right to direct Grantor to make an initial deposit on account of real estate taxes and assessments, insurance premiums and common area charges, levied against or payable in respect of the Trust Property and the Fee Properties subject to the Other Mortgages in advance in semiannual deposits thereafter equal to one-half of the annual charges estimated by Beneficiary in order to accumulate with Beneficiary sufficient funds to pay such taxes, assessments, insurance premiums and charges. Beneficiary shall use reasonable efforts, without any responsibility therefor or liability for failure to do so,

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to place any such deposits in an interest-bearing account, which interest shall be added to such deposits. After any later Event of Default, Beneficiary may use such deposits and any interest accrued thereon at its option either to pay such items or to pay any other obligations of Grantor or S&A Corp.

**SECTION 1.05. Payment of Closing Costs.** Grantor shall pay all costs in connection with, relating to or arising out of the preparation, execution and recording of this Deed of Trust, including title company premiums and charges, inspection costs, survey costs, recording fees and taxes, attorneys', engineers', appraisers' and consultants' fees and all other similar expenses of every kind.

**SECTION 1.06. Parking Agreements.** (a) Grantor has and, at its sole cost and expense, will cause each Operator at all times to promptly and faithfully abide by, discharge and perform all of the covenants, conditions and agreements contained in any Parking Agreements identified on Schedule D to this Deed of Trust on the part of each Operator to be kept and performed thereunder.

(b) Grantor will cause each Operator to not alter, modify, amend or terminate any Parking Agreement, give any consent or approval thereunder, if same would result in the Premises not being in compliance with any law or covenant affecting same.

(c) Grantor will promptly deliver to Beneficiary true and correct copies of all notices received or given pursuant to any Parking Agreements with respect to (i) the termination and possible termination of such Parking Agreements and (ii) any matter which affects or may affect the demise hereunder of any of the Mortgaged Property.

(d) Grantor will, immediately upon service thereof on or to Grantor, deliver to Beneficiary a true copy of each petition, summons, complaint, notice of motion, order to show cause and of all other provisions, pleadings and papers, however designated, served in any action or proceeding to evict Grantor or to recover possession of any of the Trust Property or for any other purpose affecting this Deed of Trust.

**SECTION 1.07. Alterations; Maintenance; Repairs; Waste.** (a) No Improvements will be altered or demolished or removed in whole or in part by Grantor without the prior written consent of Beneficiary where the cost of such

alteration, demolition or removal shall be greater than \$100,000. Grantor will not erect any material additions to the existing Improvements or other structures on the Premises without the prior written consent of Beneficiary except as allowed by paragraph 1.07(d) below. Grantor will not commit any waste on the Trust Property or make any alteration to or change in the use of the Trust Property which will diminish the fair market value thereof or materially increase any ordinary fire or other hazard arising out of construction or operation.

(b) Grantor will at all times maintain the Improvements or cause the Improvements to be maintained in good operating order and condition and in compliance with the requirements of all public authorities having jurisdiction over standards of maintenance applicable to the Improvements, and Grantor will promptly make all repairs, renewals, replacements, additions and improvements in connection therewith which are needed or desirable to such end. Grantor will permit Beneficiary to have access to the Trust Property during reasonable hours for inspection of same.

(c) The construction of any additional Improvements on the Premises, or the acquisition of additional parking or other support facilities (whether adjacent to or separate from the Premises), will not be undertaken by Grantor without Beneficiary's prior written consent, if doing so will affect in any material adverse respect the access or parking available to the Premises or the extent to which the Premises and Improvements will thereafter comply with applicable laws.

(d) Grantor shall promptly provide to Beneficiary, to the extent available and upon request, a complete set of final plans, specifications, blueprints and drawings for the Trust Property. Grantor has used its best efforts to deliver to Beneficiary a true copy of any Certificate of Occupancy, Certificate of Completion or similar certification in effect for use and operation of the Improvements as presently used and operated. If Grantor shall not have delivered same to Beneficiary as of the date hereof, Grantor shall do so, or shall provide such documentation as reasonably required by Mortgagee, no later than 60 days from same. Grantor is using the Improvements and the Premises on the date of this Deed of Trust, and will continue to use the Improvements and the Premises, in a manner which is in compliance with such certification. Grantor will do all things

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necessary to lawfully use and occupy the Premises and the Improvements.

**SECTION 1.08. Hazardous Substances; Asbestos.**

(a) At its sole cost and expense, Grantor shall comply with all Federal, state and local laws, rules, regulations and orders with respect to the discharge and removal of Hazardous Waste (as defined in the Credit Agreement), pay immediately when due the cost of removal of any such Hazardous Waste required to be removed by applicable law or the standards generally imposed or observed by institutional investors in real property, and keep the Trust Property free of any lien imposed pursuant to such laws, rules, regulations, orders and standards. In the event Grantor fails to do so after Grantor receives written notice of any condition requiring removal and after the expiration of the earlier of (i) any applicable cure period under the Deed of Trust (ii) any cure period under applicable law, regulation or order, Beneficiary may either declare an Event of Default under the Deed of Trust or cause the removal from the Trust Property of the Hazardous Waste or the remedy of the presence of the Hazardous Waste, whether buried, concealed or otherwise, and reimbursement to Beneficiary of the cost of the removal or remedy shall be secured by this Deed of Trust and be due and payable on demand with interest thereon at the Default Rate from the date such cost is incurred.

(b) Grantor hereby indemnifies Beneficiary and shall defend and hold Beneficiary harmless from and against all loss, cost, damage and expense (including, without limitation, attorneys' fees and costs incurred in the investigation, defense and settlement of claims) that Beneficiary may incur, directly or indirectly, as a result of or in connection with the assertion against Beneficiary of any claim relating to the presence or removal of any Hazardous Waste, or compliance or noncompliance with any Federal, state or local laws, rules, regulations or orders relating thereto, whether before, during or after the term of this Deed of Trust, including claims relating to personal injury or damage to personal property; provided that such indemnity shall not apply to any loss, cost, damage and expense as are found in a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or wilful misconduct of Beneficiary.

(c) Upon Beneficiary's request and provided that Beneficiary has reason to believe Grantor is not complying with all Federal, state and local laws, rules, regulations and orders with respect to Hazardous Waste, Grantor shall

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provide, at Grantor's sole cost and expense, an inspection or audit of the Trust Property by an engineering or consulting firm approved by Beneficiary indicating the presence or absence of Hazardous Waste on the Trust Property. If Grantor fails to provide such an inspection or audit within 30 days after receiving a request therefor, Beneficiary may undertake the testing. Reimbursement of the cost of such tests shall be secured by this Deed of Trust and be due and payable on demand with interest at the Default Rate from the date such cost is incurred.

(d) Grantor shall not install asbestos or permit asbestos or any material containing asbestos to be installed on the Premises or in the Improvements. If any such substance shall be installed on the Premises or in the Improvements, Grantor shall promptly remove any such material. If Grantor shall fail to do so within any applicable cure period under this Deed of Trust, Beneficiary may either declare an Event of Default or cause the removal of the asbestos from the Premises or the Improvements. The cost thereof shall be secured by this Deed of Trust and shall be payable on demand and with interest thereon at the Default Rate from the date such cost is incurred.

(e) Grantor shall grant Beneficiary and its employees and agents access to the Trust Property and an irrevocable, nonexclusive license, effective immediately, if, in the opinion of Beneficiary, irreparable harm to the Trust Property is imminent or otherwise upon expiration of the applicable cure period under paragraph 1.08(a) above, to remove any asbestos at Grantor's expense. Grantor shall indemnify Beneficiary and defend and hold Beneficiary harmless from and against all loss, cost, damage and expense (including attorneys' fees and costs incurred in the investigation, defense and settlement of claims) that Beneficiary may incur, directly or indirectly, as a result of or in connection with the assertion against Beneficiary of any claim relating to the presence or removal of any asbestos, or compliance or noncompliance with any Federal, state or local laws, rules, regulations or orders relating thereto, whether before, during or after the term of this Deed of Trust, including claims relating to personal injury or damage to personal property; provided that such indemnity shall not apply to any loss, cost, damage and expense as are found in a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or wilful misconduct of Beneficiary.

SECTION 1.09. Insurance. (a) Grantor will keep the Improvements and Personal Property insured against loss by fire, casualty and such other hazards as may be afforded by an extended coverage endorsement. Such insurance shall be written by companies having an Alfred M. Best Company, Inc. rating of A or higher and a financial size category of not less than XI or as otherwise approved by Beneficiary on forms satisfactory to Beneficiary for amounts not less than the full insurable value of the Improvements based on a replacement value standard, with a "replacement cost" endorsement and a deductible of not more than \$100,000 per occurrence (subject to future increase if, in the reasonable judgment of Beneficiary, a higher deductible becomes commercially prudent and is consistent with the then customary requirements of Beneficiary regarding deductibles (taking into account the financial condition of the insured party) and for amounts as to Personal Property reasonably satisfactory to Beneficiary. Losses thereunder shall be payable to Beneficiary "as its interest may appear" pursuant to a co-loss payee mortgagee endorsement acceptable to Beneficiary, and such policies shall provide that neither Beneficiary nor any other party shall be a coinsurer thereunder and shall contain such other provisions as Beneficiary customarily requires from time to time to protect its interest as a lender. Original certificates of such insurance shall be delivered to Beneficiary. Each such policy shall provide that it shall not be canceled, modified or not renewed (i) by reason of nonpayment of premium upon not less than 10 days' prior written notice thereof by insurer to Beneficiary or (ii) for any other reason upon not less than 30 days' prior written notice thereof by insurer to Beneficiary. Prior to the cancelation, modification or nonrenewal of any policy of insurance required by this Section 1.09, Grantor shall deliver to Beneficiary a copy of a renewal or replacement policy (or other evidence of renewal of a policy previously delivered to Beneficiary) together with evidence satisfactory to Beneficiary of payment of the premium therefor.

(b) If at any time during the term of the Deed of Trust the area in which the Premises are located is designated a "flood-prone" area pursuant to the Flood Disaster Protection Act of 1973, or any amendments or supplements thereto, then Grantor shall obtain flood insurance in such total amount as Beneficiary may from time to time customarily require and shall otherwise comply with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973. In addition, Grantor will fully comply with the requirements of the National Flood Insurance

Act of 1968 and the Flood Disaster Protection Act of 1973 as the same may be amended from time to time, and with any other law, order, rule, ordinance or regulation concerning flood insurance to the extent that it may apply to the Trust Property or any part thereof.

(c) Grantor will also carry and maintain liability insurance in a minimum amount equal to \$30,000,000, having standard mortgagee's endorsements, with companies as aforesaid and on forms satisfactory to Beneficiary.

(d) Grantor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Section 1.09 unless Beneficiary is included thereon as a named insured with loss payable to Beneficiary under a standard noncontributory mortgage endorsement of the character above described. Grantor shall immediately notify Beneficiary whenever any such separate insurance is taken out and shall promptly deliver to Beneficiary a duplicate original copy of the policy or policies of such insurance.

(e) The designation of any form, type or amount of insurance coverage by Beneficiary under paragraph 1.09(a), (b) and/or (c) shall in no event be deemed a representation, warranty or advice by Beneficiary that such insurance is adequate for the purposes of Grantor's business or the protection of Grantor's interest in the Trust Property.

(f) Notwithstanding the foregoing clauses of this Section 1.09, all insurance requirements hereunder shall be subject to Section 5.03 of the Credit Agreement.

#### SECTION 1.10. Restoration of Casualty Damage.

(a) Grantor shall give Beneficiary prompt written notice of any casualty, damage or other loss covered by the insurance described in Section 1.09 above and, shall deliver to Beneficiary within 60 days after such casualty a reasonably detailed determination of the estimated cost of restoration. Beneficiary shall have a right to join Grantor in adjusting any loss covered by such insurance which exceeds in any instance \$100,000 (the "Threshold Loss Amount"). Payment of any loss in excess of the Threshold Loss Amount will be made in its entirety to Beneficiary, and any money received by Grantor as payment for any such loss will be paid over to Beneficiary to be held and disbursed as provided in paragraphs 1.10(b) and (c) below; provided, however, with respect to such Personal Property which is "Equipment" under

the Security Agreement, the Mortgagee shall receive such payments as set forth in Section 12 of the Security Agreement. Losses less than the Threshold Loss Amount may be adjusted by and paid to Grantor.

(b) Beneficiary will make insurance proceeds available to Grantor for the restoration of the Improvements, Personal Property and Premises in accordance with paragraph 1.10(c) if (1) all damage to the Trust Property can be repaired, and if the Improvements, Personal Property and Premises can be restored, so that the size, value, condition and utility of the Improvements shall be substantially the same as or better than immediately prior to the casualty; (2) Beneficiary is satisfied, in its sole judgment, that sufficient funds will be available to complete the restoration; (3) at each time such proceeds are to be made available to Grantor pursuant to Section 1.10(c), in Mortgagee's sole judgment restoration is capable of completion no later than six months from the date of casualty; (4) no Default (as defined in the Credit Agreement) shall exist under the Credit Agreement (5) the Operating Lease remains in full force and effect during the period of restoration; and (6) Beneficiary is reimbursed for its costs in evaluating the casualty and in addition is paid its customary and reasonable scheduled servicing fee for such evaluation. If Beneficiary is not satisfied, in its sole judgment, that the amount of available insurance proceeds will be adequate to repair the damage and restore the Improvements, Personal Property and Premises in the manner aforesaid, Grantor shall provide such moneys or post adequate security with Beneficiary, which in Beneficiary's reasonable judgment is sufficient to cover any difference in the insurance proceeds available to implement such restoration and the projected cost of same. If Grantor does not deposit such excess amount with or pay such sufficient amount to Beneficiary within 90 days following Beneficiary's receipt of the insurance proceeds and Beneficiary's delivery to Grantor of Beneficiary's determination of the estimated cost of restoration, Beneficiary shall have the option at any time thereafter to refuse to make the insurance proceeds available to Grantor for restoration and to instead apply such insurance proceeds to the repayment of the Notes.

(c) Amounts to be made available by Beneficiary to Grantor for the restoration of the Improvements, Personal Property and/or Premises shall be held and invested by Beneficiary, to the extent practicable, as directed by Grantor in investment grade securities until needed by Grantor to pay for restoration work, but Beneficiary shall

not be responsible for selection of the maturities of such securities and shall be permitted to charge the funds held by Beneficiary for the reasonable actual expenses incurred by Beneficiary from time to time in connection with the investment of the amounts held by Beneficiary and the disbursement thereof to Grantor including reasonable architectural, engineering, legal and construction and money management fees. The amount so deposited with Beneficiary and the earnings thereon shall be advanced by Beneficiary to Grantor in accordance with paragraph 1.10(d) in amounts not in excess of the cost of the work completed since the last disbursement. Any amounts deposited by Grantor with Beneficiary to cover any excess costs of restoration over the amount of available insurance proceeds shall be advanced prior to the advance of any available insurance proceeds. Any amounts deposited by Grantor with Beneficiary (and any earnings thereon) that are not required for restoration, and any holdback amounts held by Beneficiary, shall be turned over by Beneficiary to Grantor upon completion of the restoration.

(d) Beneficiary shall pay the net (after deduction of the expense of recovery thereof and of processing each request for a disbursement) proceeds to Grantor from time to time during the course of the restoration, upon prior notice and upon receipt of evidence satisfactory to Beneficiary that (i) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested payment) have been paid for in full or will be paid in full when due, (ii) all work and labor has been performed in a good and workmanlike manner and (iii) there exist no mechanic's or other liens and encumbrances arising out of the restoration (other than mechanic's or other liens to be paid for out of the requested payment). Beneficiary shall not be obligated to disburse net proceeds more frequently than monthly. The restoration shall be done and completed by Grantor in an expeditious and diligent fashion and in compliance with all applicable laws, rules and regulations. All plans and specifications required in connection with the restoration shall be subject to review and approval as to compliance with the provisions of this paragraph by Beneficiary's independent inspecting engineer. If at any time the sum of the undisbursed balance and the income which Beneficiary is satisfied will accrue during the period of time reasonably estimated by Beneficiary as required for completion of the restoration shall not, in Beneficiary's sole judgment, be sufficient to pay in full the balance of the costs which will be incurred in connection with the restoration, Grantor shall, prior to

receiving any further disbursement, either (1) complete (at its own cost) such portion of the restoration as shall be sufficient to render the undisbursed balance and expected income sufficient to complete the restoration, (2) deposit the deficiency with Beneficiary before any further disbursement shall be made, which deficiency deposit shall be held by Beneficiary on the same conditions applicable to the proceeds, or (3) deliver evidence satisfactory to Beneficiary that all costs of the restoration in excess of the proceeds will be paid in full as the same become due and payable, which evidence may include collateral security or surety satisfactory to Beneficiary.

(e) Notwithstanding the foregoing clauses of this Section 1.10, in the event that Grantor and Beneficiary agree that the Improvements and Personal Property shall not be restored after the partial or total loss thereof, such Improvements and Personal Property shall not be restored and all insurance proceeds with respect to such loss thereof shall be paid to Beneficiary for the payment or prepayment, as applicable, of the obligations of S&A Corp. pursuant to the Credit Agreement.

SECTION 1.11. Condemnation. (a) Grantor shall give Beneficiary prompt written notice of any condemnation proceedings or proposed taking by eminent domain that might affect the Trust Property promptly after obtaining knowledge of the institution of any proceedings for the condemnation or taking of the Trust Property or any portion thereof, Grantor shall deliver to Beneficiary within 30 days after such condemnation or taking a reasonably detailed determination of the estimated cost of restoration and scope of restoration possible. Beneficiary shall have the right to participate in any such proceedings and to join Grantor in contesting or settling any such proceeding or award or compensation payable in regard thereto which exceeds in any instance \$100,000 (the "Threshold Award Amount"), and to be represented at Grantor's expense by counsel selected by Beneficiary. Grantor from time to time will deliver to Beneficiary all instruments requested by it to permit such participation. Any Threshold Award Amount payable in the event of such condemnation proceedings are hereby assigned and will be paid to Beneficiary, who shall be under no obligation to question the amount of any such award or compensation and may accept the same in the amount in which the same shall be paid. Any money received by Grantor as payment of any Threshold Award Amount for any such condemnation or taking will be paid over to Beneficiary forthwith to be held and disbursed as provided in paragraphs 1.11(b)

and (c) below. Amounts below the Threshold Award Amount may be paid to Grantor.

(b) Beneficiary will make awards available to Grantor for the restoration of the Improvements, Personal Property and Premises in accordance with paragraph 1.11(c) if (1) all damage to the Trust Property can be repaired, and if the Improvements, Personal Property and Premises can be restored, so that the size, value, condition and utility of the Improvements shall be substantially the same as or better than immediately prior to the condemnation or taking with consideration being given to the amount and location of that portion of the Premises so taken; (2) Beneficiary is satisfied, in its sole judgment, that sufficient funds will be available to complete the restoration; (3) at each time such awards are to be made available to Grantor pursuant to Section 1.11(c), in Beneficiary's sole judgment restoration is capable of completion no later than six months from the date of the condemnation or taking; (4) no Default (as defined in the Credit Agreement) shall exist under the Credit Agreement; (5) the Operating Lease remains in full force and effect during the period of restoration; and (6) Beneficiary is reimbursed for its costs in evaluating the condemnation or taking and in addition is paid its customary scheduled servicing fee for such evaluation. If Beneficiary is not satisfied, in its sole judgment, that the amount of the available awards will be adequate to repair the damage and restore the Improvements, Personal Property and Premises in the manner aforesaid, Grantor shall provide such moneys or post adequate security with Beneficiary, which in Beneficiary's reasonable judgment is sufficient to cover any difference in the proceeds available to implement such restoration and the projected cost of same. If Grantor does not deposit such excess amount with or pay such sufficient amount to Beneficiary within 90 days following Beneficiary's receipt of the awards and Beneficiary's delivering to Grantor of Beneficiary's determination of the estimated cost of restoration, Beneficiary shall have the option at any time thereafter to refuse to make the awards available to Grantor for restoration and to instead apply such awards to the repayment of the Notes.

(c) Amounts to be made available by Beneficiary to Grantor for the restoration of the Improvements, Personal Property and/or Premises shall be held and invested by Beneficiary, to the extent practicable, as directed by Grantor in investment grade securities until needed by Grantor to pay for restoration work, but Beneficiary shall not be responsible for selection of the maturities of such

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securities and shall be permitted to charge the funds held by Beneficiary for the reasonable actual expenses incurred by Beneficiary from time to time in connection with the investment of the amounts held by Beneficiary and the disbursement thereof to Grantor including reasonable architectural, engineering, legal and construction and money management fees. The amount so deposited with Beneficiary and the earnings thereon shall be advanced by Beneficiary to Grantor in accordance with paragraph 1.11(d) in amounts which are not in excess of the cost of the work completed since the last disbursement. Any amounts deposited by Grantor with Beneficiary to cover any excess of the estimated cost of restoration as determined by Beneficiary over the amount of available condemnation awards shall be advanced prior to the advance of any available condemnation awards. Any amounts deposited by Grantor with Beneficiary (and any earnings thereon) that are not required for restoration, and any holdback amounts held by Beneficiary, shall be turned over by Beneficiary to Grantor.

(d) Notwithstanding the foregoing clauses of this Section 1.11, in the event that Grantor and Beneficiary agree that the Improvements and Personal Property shall not be restored after the partial or total loss thereof, such Improvements and Personal Property shall not be restored and all proceeds with respect to such loss thereof shall be paid to Beneficiary for the payment or prepayment, as applicable, of the obligations of S&A Corp. pursuant to the Credit Agreement.

#### SECTION 1.12. Assignment of Leases and Rents.

(a) Grantor hereby grants, transfers and assigns all of its right, title and interest in the Operating Lease; together with any and all extensions and renewals thereof for purposes of securing and discharging the performance by Grantor of its obligations under the Guarantee and hereunder. Grantor has not assigned or executed any assignment of, and will not assign or execute any assignment of the Operating Lease or any Rents from the Premises or the Improvements, to anyone other than Beneficiary. The Operating Lease expressly assigned to Beneficiary by this Deed of Trust is in full force and effect, and the Grantor has not done or failed to do any act or executed or failed to execute any document that impairs or might impair the rights of Beneficiary to the Operating Lease or the Rents under this Deed of Trust.

(b) Without Beneficiary's prior written consent, Grantor will not (1) modify, terminate or consent to the cancelation or surrender of the Operating Lease (except for

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adjustment of the net annual rental payable thereunder, if any, and only to the extent expressly permitted therein), (2) use or pay over any Rents paid to or collected by Grantor for any purpose other than for the purpose of maintenance and operation of the Premises (3) execute any other lease of the Premises or Improvements or (4) consent to an assignment of a Operator's interest or to a subletting except as may be permitted by the Credit Agreement.

(c) Grantor will at all times promptly and faithfully perform, or cause to be performed, all of the covenants, conditions and agreements contained in the Operating Lease or any other lease of the Premises or Improvements now or hereafter existing on the part of the landlord thereunder to be kept and performed, and will at all times use due diligence to do all things necessary to compel performance by or otherwise enforce its rights against the Operator under the Operating Lease of all obligations, covenants and agreements by such tenant to be performed thereunder.

(d) Subject to paragraph 1.12(e), Grantor has assigned and transferred unto Beneficiary all of Beneficiary's right, title and interest in and to the Rents now or hereafter arising from the Operating Lease of the Trust Property, heretofore or hereafter made or agreed to by Grantor, it being intended to establish an absolute transfer and assignment of all Rents and the Operating Lease thereunder to Beneficiary and not merely to grant a security interest therein. Subject to paragraph 1.12(e) and to the extent not prohibited by law, Beneficiary may in Grantor's name and stead (with or without first taking possession of any of the Trust Property personally or by receiver as provided herein) operate the Trust Property and rent, lease or let all or any portion of any of the Trust Property to any party or parties at such rental and upon such terms as Beneficiary shall, in its discretion, determine, and may collect and have the benefit of all of said Rents arising from or accruing at any time thereafter or that may thereafter become due under each Operating Lease.

(e) Until an Event of Default occurs under this Deed of Trust, Beneficiary will not exercise any of its rights under paragraph 1.12(d), and Grantor shall receive and collect the Rents accruing under the Operating Lease of the Premises and Improvements; but after the happening of any Event of Default Beneficiary may, at its option, receive and collect all Rents and enter upon the Premises and Improvements by its officers, agents, employees or attorneys

for such purpose and for the operation and maintenance thereof. Upon the happening of an Event of Default, Grantor hereby irrevocably authorizes and directs the Operator, each other tenant, if any, and each successor, if any, to the interest of Operator or each tenant under each Operating Lease to rely upon any notice of a claimed Event of Default sent by Beneficiary to any such tenant or successor in interest, and to thereafter pay Rents to Beneficiary without any obligation or right to inquire as to whether an Event of Default actually exists and even if some notice to the contrary is received from the Grantor, who shall have no right or claim against any such tenant or successor in interest for any such Rents so paid to Beneficiary. Each tenant or its successor in interest from whom Beneficiary or any officer, agent, attorney or employee of Beneficiary shall have collected any Rents, shall be authorized to pay Rents to Grantor only after such tenant or its successor in interest shall have received written notice from Beneficiary that the Event of Default shall have been cured, unless and until a further notice of a claimed Event of Default is given by Beneficiary to such tenant or its successor in interest.

(f) Beneficiary will not become a mortgagee in possession so long as it does not enter or take actual possession of the Trust Property. In addition, Beneficiary shall not be responsible or liable for performing any of the obligations of the landlord under the Operating Lease, for any waste by any tenants or others, for any dangerous or defective conditions of any of the Trust Property, for negligence in the management, upkeep, repair or control of any of the Trust Property or any other act or omission by any other person.

(g) Grantor shall furnish to Beneficiary, within 30 days after a request by Beneficiary to do so, a written statement containing the names of all tenants and subtenants of the Premises or Improvements, the terms of the Operating Lease or any other lease, the space occupied and the rentals payable thereunder. The Operating Lease shall provide for the giving by the tenants of certificates with respect to the status of the Operating Lease, Grantor also shall exercise its right to request such certificates within 10 days of any demand therefor by Beneficiary.

SECTION 1.13. Restrictions on Transfers and Encumbrances. (a) Except as set forth herein or in the Credit Agreement, it shall be an Event of Default hereunder if Grantor shall sell, convey, alienate, assign, lease,

sublease, mortgage, pledge, encumber or otherwise transfer, create, consent to or suffer the creation of any lien, charges or any form of encumbrance upon any interest in or any part of the Trust Property, or be divested of its title to the Trust Property or any interest therein in any manner or way, whether voluntarily or involuntarily (other than resulting from a taking so long as Grantor complies with Sections 1.07 and 1.11 hereof), or engage in any common, cooperative, joint, time-sharing or other congregate ownership of all or part thereof, or there shall be any merger, consolidation or dissolution affecting S&A Corp., Grantor or Operator, or any transfer of an interest in S&A Corp., Grantor or Operator, whether at one time or in a series of related or unrelated transfers; provided, however, that Grantor may in the ordinary course of business within reasonable commercial standards, enter into easement and/or covenant agreements which relate to the operation of the Trust Property and which do not materially and adversely affect the use and operation of same.

SECTION 1.14. Security Agreement. This Deed of Trust is both a mortgage of real property and a grant of a security interest in personal property, and shall constitute and serve as a "Security Agreement" within the meaning of the Uniform Commercial Code as adopted in the state wherein the Premises are located. Grantor has hereby granted unto Beneficiary a security interest in and to all the Trust Property described in this Deed of Trust that is not real property, and simultaneously with the recording of this Deed of Trust, Grantor has filed or will file UCC Financing Statements at the appropriate offices in the state in which the Premises are located to perfect the security interest granted by this Deed of Trust in all the Trust Property. Beneficiary shall have all rights with respect to the part of the Trust Property that is the subject of a security interest afforded by the Uniform Commercial Code as adopted in the state wherein the Premises are located in addition to, but not in limitation of, the other rights afforded Beneficiary hereunder.

SECTION 1.15. Filing and Recording. Grantor will cause this Deed of Trust, any other security instrument creating a security interest in or evidencing the lien hereof upon the Trust Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien hereof upon, and the security interest of Beneficiary in, the Trust Property. Grantor

will pay all filing, registration or recording fees, and all expenses incidental to the execution and acknowledgment of this Deed of Trust, any mortgage supplemental hereto, any security instrument with respect to the Personal Property, and any instrument of further assurance and all Federal, state, county and municipal stamp taxes and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Deed of Trust, any mortgage supplemental hereto, any security instrument with respect to the Personal Property or any instrument of further assurance.

SECTION 1.16. Further Assurances. Upon demand Grantor will, at the cost of Grantor and without expense to Beneficiary, do, execute, acknowledge and deliver all such further acts, deeds, conveyances, mortgages, assignments, notices of assignment, transfers and assurances as Beneficiary shall from time to time require for the better assuring, conveying, assigning, transferring and confirming unto Beneficiary the property and rights hereby conveyed or assigned or intended now or hereafter so to be, or which Grantor may be or may hereafter become bound to convey or assign to Beneficiary, or for carrying out the intention or facilitating the performance of the terms of this Deed of Trust, or for filing, registering or recording this Deed of Trust, and on demand Grantor will also execute and deliver and hereby authorizes Beneficiary to execute and file in the name of Grantor to the extent it may lawfully do so, one or more financing statements, chattel mortgages or comparable security instruments to evidence more effectively the lien hereof upon the Personal Property.

SECTION 1.17. Additions to Trust Property. All right, title and interest of Grantor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of, and all additions and appurtenances to, the Trust Property hereafter acquired by or released to Grantor or constructed, assembled or placed by Grantor on the Premises, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case without any further conveyance, assignment or other act by Grantor, shall be conveyed to Trustee and be subject to this Deed of Trust or become subject to the lien and security interest created hereby as fully and completely and with the same effect as though now specifically described in the grant of the Trust Property above, but at any and all times Grantor will execute and deliver to Beneficiary any and all such further assurances,

deeds of trust, conveyances or assignments thereof Beneficiary may reasonably require.

SECTION 1.18. Records; Access; Estoppels.

(a) Pursuant to Section 5.08 of the Credit Agreement, Grantor will keep proper records and books of account in accordance with generally accepted accounting principles and will permit Beneficiary, by its agents, accountants and attorneys, to visit and inspect the Premises, and to discuss its affairs, finances and accounts with the general managers or accountants of Grantor, at such reasonable times as may be required by Beneficiary.

(b) Beneficiary shall have the right, upon two days' prior written notice, to inspect and make copies of Grantor's books and records with reference to the Trust Property for the purpose of verifying any balance sheet, operating statement and/or rent schedule at any time up to three years after they have been submitted.

SECTION 1.19. No Claims Against Trustee or Beneficiary. Nothing contained in this Deed of Trust shall constitute any consent or request by Trustee or Beneficiary, express or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the Trust Property or any part thereof, nor as giving Grantor any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against Trustee or Beneficiary in respect thereof or any claim that any lien based on the performance of such labor or services or the furnishing of any such materials or other property is prior to the lien of this Deed of Trust.

## ARTICLE II

Defaults and Remedies

2.01. Events of Default. (a) It shall be an Event of Default under this Deed of Trust if one or more of the following shall happen:

(i) (A) Grantor shall fail as required by the Guarantee to perform or fulfill any covenant or obligation under and pursuant to the Guarantee Agreement, (B) any Event of Default (as therein defined) under (1) the Credit Agreement, or (2) any Other Mortgage, or (C) any default of Grantor's obligations (1) to pay insurance premiums pursuant to Section 1.09, which continues for more than five days after Grantor is given notice of such default, or (2) to pay real estate taxes pursuant to Section 1.04, which continues for more than five days after Grantor is given notice of such default subject to Grantor's right to contest as set forth in Section 1.04(e);

(ii) any default in the due observance or punctual performance of any agreement, covenant, representation or warranty made by Grantor in this Deed of Trust (other than those addressed in another clause of this paragraph 2.01(a)) that continues for a period of 30 days after a written notice of default shall be given by Beneficiary to Grantor, or for such longer period of time after such notice shall be given as may be reasonably required to promptly commence and continuously and diligently prosecute such measures as may be reasonably required to cure such default, provided such cure is being diligently prosecuted; and

(iii) any sale, assignment, conveyance, transfer, other disposition, pledge, mortgage, collateral component, hypothecation, encumbrance, grant of a security interest or assignment of the Trust Property, Operating Lease or Rents or incurrence of indebtedness not permitted under this Deed of Trust, the entering into, modification of or termination, cancelation or acceptance of surrender of the Operating Lease other than as permitted by this Deed of Trust, cancelation or failure to renew any insurance required to be maintained pursuant to the terms of this Deed of Trust, or any event that causes this Deed of Trust to cease to be a valid and perfected first and prior lien (subject to

Permitted Exceptions) upon and/or security interest in any of the Trust Property.

SECTION 2.02. (a) If an Event of Default as set forth herein shall occur and be continuing, then, upon written demand of Beneficiary, Grantor will pay to Beneficiary upon demand all amounts due hereunder and such further amount as shall be sufficient to cover the costs and expenses of collection, including attorneys' fees and expenses incurred by Beneficiary or Trustee. In case Grantor or S&A Corp. shall fail forthwith to pay such amounts or any amounts due under any other Section of this Deed of Trust upon Beneficiary's demand, Beneficiary or Trustee shall be entitled and empowered to institute an action or proceedings at law or in equity as advised by counsel for the collection of the sums so due and unpaid, to prosecute any such action or proceedings to judgment or final decree, to enforce any such judgment or final decree against Grantor and to collect, in any manner provided by law, all moneys adjudged or decreed to be payable.

(b) In case of proceedings against S&A Corp., Grantor, or Operator in insolvency or bankruptcy or any proceedings for their respective reorganization or involving the liquidation of their respective assets, Beneficiary shall be entitled to prove the entire outstanding principal amount due under the Guarantee or this Deed of Trust plus interest due thereon to the full extent unpaid, and all other payments, charges and costs to the full extent permitted by applicable law.

SECTION 2.03. Rights to Take Possession, Operate and Apply Revenues. (a) If an Event of Default shall occur and be continuing, Grantor shall, upon demand of Beneficiary, forthwith surrender to Beneficiary actual possession of the Trust Property and, if and to the extent permitted by law, Beneficiary itself, or by such officers or agents as it may appoint, may then enter and take possession of all the Trust Property without the appointment of a receiver or an application therefor, exclude Grantor and its agents and employees wholly therefrom, and have access (with Grantor) to the books, papers and accounts of Grantor.

(b) If Grantor shall for any reason fail to surrender or deliver the Trust Property or any part thereof after such demand by Beneficiary, Beneficiary may obtain a judgment or decree conferring upon Beneficiary the right to immediate possession or requiring Grantor to deliver immediate possession of the Premises to Beneficiary, to the entry

of which judgment or decree Grantor hereby specifically consents, to the extent not prohibited by law. Grantor will pay to Beneficiary, upon demand, all expenses of obtaining such judgment or decree, including compensation to Beneficiary's attorneys and agents; and all such expenses and compensation shall, until paid, be secured by this Deed of Trust.

(c) Upon every such entry upon or taking of possession, Beneficiary may hold, store, use, operate, manage and control the Trust Property, conduct the business thereof and, from time to time, (1) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon, (2) purchase or otherwise acquire additional fixtures, personalty and other property, (3) insure or keep the Trust Property insured, (4) manage and operate the Trust Property and exercise all the rights and powers of Grantor to the same extent as Grantor could in its own name or otherwise with respect to the same and/or (5) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted Beneficiary, all as may from time to time be directed or determined by Beneficiary to be in its best interest. Beneficiary may collect and receive all the Rents, issues, profits and revenues from the Trust Property, including those past due as well as those accruing thereafter, and, after deducting (i) all expenses of taking, holding, managing and operating the Trust Property (including compensation for the services of all persons employed for such purposes), (ii) the costs of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements, purchases and acquisitions, (iii) the costs of insurance, (iv) such taxes, assessments and other similar charges as Beneficiary may at its option pay, (v) other proper charges upon the Trust Property or any part thereof and (vi) the compensation, expenses and disbursements of the attorneys and agents of Beneficiary, Beneficiary may apply the remainder of the moneys and proceeds so received first to the payment of all sums required to be paid under the Guarantee, or this Deed of Trust and second, if there is any surplus, to whomever may be legally entitled to receive the same.

(d) Whenever, before any sale of the Trust Property under Section 2.06, all that is due under any of the terms, covenants, conditions and agreements of the Guarantee and this Deed of Trust shall have been paid and all Events of Default fully cured, Beneficiary will surrender possession of the Premises back to Grantor, its



successors or assigns. The same right of taking possession shall, however, arise again if any subsequent Event of Default shall occur and be continuing.

**SECTION 2.04. Right to Cure Defaults.** After an Event of Default in the payment, performance or observance of any term, covenant or condition of this Deed of Trust, Beneficiary may pay, perform or observe the same, and all payments made or costs or expenses incurred by Beneficiary in connection therewith shall be secured hereby and shall be, without demand, immediately repaid by Grantor to Beneficiary with interest thereon at the Default Rate. Beneficiary shall be the judge of the necessity for any such actions and of the amounts to be paid. Beneficiary is hereby empowered to enter and to authorize others to enter upon the Premises or any part thereof for the purpose of performing or observing any such defaulted term, covenant or condition without having any obligation to so perform or observe and without thereby becoming liable to Grantor, to any person in possession holding under Grantor or to any other person.

**SECTION 2.05. Right to a Receiver.** If an Event of Default shall occur and be continuing, Beneficiary, upon application to a court of competent jurisdiction, shall be entitled as a matter of right to the appointment of a receiver to take possession of and to operate the Trust Property and to collect and apply the Rents therefrom. The receiver shall have all of the rights and powers permitted under the laws of the state wherein the Premises are located. Grantor will pay to Beneficiary upon demand all expenses, including receiver's fees, attorney's fees, costs and agent's compensation incurred pursuant to the provisions of this Section 2.05; and all such expenses shall be secured by this Deed of Trust.

**SECTION 2.06. Foreclosure and Sale.** (a) If an Event of Default shall occur and be continuing, Beneficiary may elect to sell the Trust Property or any part of the Trust Property by exercise of the power of foreclosure or of sale granted to Beneficiary or Trustee by applicable law and/or this Deed of Trust. In such case, Beneficiary or Trustee may commence a civil action to foreclose this Deed of Trust, or proceed and sell the Trust Property to satisfy any and all amounts due under the Guarantee and this Deed of Trust. Beneficiary or Trustee or an officer appointed by a judgment of foreclosure to sell the Trust Property may sell all or such parts of the Trust Property as may be chosen by Beneficiary at the time and place of sale fixed by it in a notice of sale, either as a whole or in separate lots,

parcels or items as Beneficiary shall deem expedient, and in such order as it may determine, at public auction to the highest bidder. Beneficiary or Trustee or an officer appointed by a judgment of foreclosure to sell the Premises may postpone any foreclosure or other sale of all or any portion of the Trust Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement or subsequently noticed sale. Without further notice, Beneficiary or Trustee or any officer appointed to sell the Trust Property may make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale. Any person, including Grantor or Beneficiary, may purchase at such sale. Beneficiary or Trustee or any officer that makes any sale shall thereafter deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the parts of the Trust Property so sold. The recitals in any deed of any matters or facts shall be conclusive proof of the truthfulness thereof, and Grantor shall warrant and defend the title of every purchaser or purchasers thereto.

(b) The Trust Property may be sold subject to unpaid taxes and Permitted Exceptions, and after deducting all costs, fees and expenses of Beneficiary or Trustee, including costs of evidence of title in connection with the sale, Beneficiary or Trustee or an officer that makes any sale shall apply the proceeds of sale in the manner set forth in Section 2.08.

(c) Any foreclosure or other sale of less than the whole of the Trust Property or any defective or irregular sale made hereunder shall not exhaust the power of foreclosure provided for herein; and subsequent sales may be made hereunder until the Guarantee, the entire principal amount of the Notes and all other amounts secured hereby has been satisfied, or the entirety of the Trust Property has been sold.

(d) Grantor waives, to the extent not prohibited by law, (1) the benefit of all laws now existing or that hereafter may be enacted providing for any appraisalment before sale of any portion of the Trust Property, (2) the benefit of all laws that may be hereafter enacted in any way extending the time for the enforcement or the collection of amounts due under the Guarantee, the Notes, any pari passu notes or the obligations evidenced thereby or creating or extending a period of redemption from any sale made in collecting said debt or any other amounts due Beneficiary,

(3) any right to at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisal, valuation, stay, extension or redemption, or sale of the Trust Property as separate tracts, units or estates or as a single parcel in the event of foreclosure, (4) all rights of redemption, valuation, appraisal, stay of execution, notice of election to mature or declare due the whole of the obligations secured by the Guarantee and marshalling in the event of foreclosure of this Deed of Trust, and (5) any and all rights and remedies which Grantor may have or be able to assert by reason of the laws of the state wherein the Premises are located pertaining to the rights and remedies of sureties.

(e) The right of Beneficiary to foreclose on and sell all or any part of the Trust Property shall not be affected or impaired by the cure of any Event of Default after the publication of notice of or the commencement of any legal proceeding for such sale.

(f) If an Event of Default shall occur and be continuing, Beneficiary may instead of, or in addition to, exercising the rights described in paragraph 2.06(a) above and either with or without entry or taking possession as herein permitted, proceed by a suit or suits in law or in equity or by any other appropriate proceeding or remedy (1) to specifically enforce payment of some or all of the terms of the Guarantee, or the performance of any term, covenant, condition or agreement of this Deed of Trust or any other right, and/or (2) to pursue any other remedy available to it, all as Beneficiary shall determine most effectual for such purposes.

**SECTION 2.07. Other Remedies.** (a) In case an Event of Default shall occur and be continuing, Beneficiary may also exercise, to the extent not prohibited by law, any or all of the remedies available to a secured party under the Uniform Commercial Code of the State wherein the Premises are located, including, to the extent not prohibited by applicable law, the following:

(1) Either personally or by means of a court appointed receiver, to take possession of all or any of the Personal Property and exclude therefrom Grantor and all others claiming under Grantor, and thereafter to hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and

powers of Grantor with respect to the Personal Property or any part thereof.

(2) To make such payments and do such acts as Beneficiary may deem necessary to protect its security interest in the Personal Property including paying, purchasing, contesting or compromising any encumbrance, charge or lien which is prior or superior to the security interest granted hereunder, and, in exercising any such powers or authority, paying all expenses incurred in connection therewith.

(3) To assemble the Personal Property or any portion thereof at a place designated by Beneficiary and reasonably convenient to both parties, to demand prompt delivery of the Personal Property to Beneficiary or an agent or representative designated by it, and to enter upon any or all of the Premises to exercise Beneficiary's rights hereunder.

(4) To sell or otherwise dispose of and/or purchase the Personal Property at public sale, with or without having the Personal Property at the place of sale, upon such terms and in such manner as Beneficiary may determine, and after Beneficiary shall have given Grantor at least ten days' prior written notice of the time and place of any public sale or other intended disposition of the Personal Property by mailing a copy to Grantor at the address set forth in Section 3.02.

(b) In connection with a sale of the Trust Property or any Personal Property and the application of the proceeds of sale as provided in Section 2.08 of this Deed of Trust to the payment of the Guarantee hereby secured, Beneficiary shall be entitled to enforce payment of and to receive up to the principal amount of the Guarantee, plus all other charges, payments and costs due under this Deed of Trust, and to recover a deficiency judgment for any portion of the aggregate principal amount of the Guarantee remaining unpaid, with interest.

SECTION 2.08. Application of Sale Proceeds and Rents. After any foreclosure sale of the Premises, the Improvements and/or Personal Property under Section 2.06 or 2.07, Beneficiary shall receive the proceeds of sale, no purchaser shall be required to see to the application of the proceeds and Beneficiary shall apply the proceeds of the sale together with any Rents that may have been collected

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and any other sums which then may be held by Beneficiary under this Deed of Trust as follows:

First: To the payment of the costs and expense of such sale, including compensation to Beneficiary's attorneys and agents, and of any judicial proceedings wherein the same may be made, and of all expenses, liabilities and advances made or incurred by Beneficiary under this Deed of Trust, together with interest at the Default Rate on all advances made by Beneficiary and all taxes or assessments except any taxes, assessments or other charges subject to which the Trust Property shall have been sold;

Second: To the payment up to the principal amount then due, owing or unpaid under the Guarantee, plus all interest, late charges and premiums, if any, thereon that are due and unpaid;

Third: To the payment of any other attorneys' fees or other sums required to be paid by S&A Corp. or Grantor pursuant to any provision of the Guarantee or this Deed of Trust; and

Fourth: If there then be any surplus, to Grantor.

SECTION 2.09. Grantor as Tenant Holding Over. If Grantor remains in possession of any of the Premises after any foreclosure sale by Beneficiary, at Beneficiary's election Grantor shall be deemed a tenant holding over and shall forthwith surrender possession to the purchaser or purchasers at such sale or be summarily dispossessed or evicted according to provisions of law applicable to tenants holding over.

SECTION 2.10. Waiver of Appraisement, Valuation, Stay, Extension and Redemption Laws. (a) Grantor will not object to any sale of the Trust Property in its entirety pursuant to Section 2.06, and for itself and all who may claim under it, Grantor waives, to the extent that it lawfully may, all right to have the Trust Property marshalled or to have the Trust Property sold as separate estates, parcels, tracts or units in the event of any foreclosure of this Deed of Trust.

(b) To the full extent permitted by the law of the state wherein the Trust Property is located or other applicable law, neither Grantor nor anyone claiming through or under it shall or will set up, claim or seek to take

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advantage of any appraisal, valuation, stay, extension, homestead-exemption or redemption laws now or hereafter in force in order to prevent or hinder the enforcement or foreclosure of this Deed of Trust, the absolute sale of the Trust Property or the final and absolute putting of the purchasers into possession thereof immediately after any sale; and Grantor, for itself and all who may at any time claim through or under it, hereby waives to the full extent that it may lawfully do so the benefit of all such laws and any and all right to have the assets covered by the security interest created hereby marshalled upon any foreclosure of this Deed of Trust.

SECTION 2.11. Discontinuance of Proceedings. In case Beneficiary or Trustee shall proceed to enforce any right, power or remedy under this Deed of Trust by foreclosure, entry or otherwise, and such proceedings shall be discontinued or abandoned for any reason, or shall be determined adversely to Beneficiary or Trustee, then and in every such case Grantor, Beneficiary and Trustee shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of Beneficiary and Trustee shall continue as if no such proceeding had been taken.

SECTION 2.12. Suits to Protect the Trust Property. Beneficiary or Trustee shall have power (a) to institute and maintain suits and proceedings to prevent any impairment of the Trust Property by any acts which may be unlawful or any violation of this Deed of Trust, (b) to preserve or protect its interest in the Trust Property and in the Rents arising therefrom and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of or compliance with such enactment, rule or order would impair the security or be prejudicial to the interest of Beneficiary or Trustee hereunder.

SECTION 2.13. Filing Proofs of Claim. In case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting S&A Corp., Grantor, the Operator, their respective creditors or their respective property, Beneficiary shall, to the extent permitted by law, be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Beneficiary allowed in such proceedings for the principal due and payable and secured by this Deed of Trust at the date of the institution of such proceedings and for any interest accrued, late

charges and additional interest or other amounts due or which may become due and payable hereunder after such date.

**SECTION 2.14. Possession by Beneficiary.** Notwithstanding the appointment of any receiver, liquidator or trustee of Grantor, any of its property or the Trust Property, Beneficiary shall be entitled, to the extent not prohibited by law, to remain in possession and control of all parts of the Trust Property now or hereafter held under this Deed of Trust.

**SECTION 2.15. Waiver.** (a) No delay or failure by Beneficiary or Trustee to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy or be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power and remedy given by this Deed of Trust to Beneficiary or Trustee may be exercised from time to time and as often as may be deemed expedient by Deed of Trust. No consent or waiver by Beneficiary to or of any breach or default by Grantor in the performance of its obligations secured hereby shall be deemed or construed to be a consent or waiver to or of any other breach or Event of Default in the performance of the same or any other obligations by Grantor hereunder. No failure on the part of Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall constitute a waiver by Beneficiary of its rights hereunder or impair any rights, powers or remedies consequent on any future Event of Default by Grantor.

(b) Even if Beneficiary (1) grants some forbearance or an extension of time for the payment of any sums secured hereby, (2) takes other or additional security for the payment of any sums secured hereby, (3) waives or does not exercise some right granted herein or under the Guarantee, the Notes or the Credit Agreement, (4) releases a part of the Trust Property from this Deed of Trust, (5) agrees to change some of the terms, covenants, conditions or agreements of the Guarantee, the Credit Agreement, the Notes or this Deed of Trust, (6) consents to the filing of a map, plat or replat affecting the Premises (7) consents to the granting of an easement or other right affecting the Premises or (8) makes or consents to an agreement subordinating Beneficiary's lien on the Trust Property hereunder; no such act or omission shall preclude Beneficiary or Trustee from exercising any other right, power or privilege herein granted or intended to be granted in the event of any Event

of Default then made or of any subsequent default; nor, except as otherwise expressly provided in an instrument executed by Beneficiary and Trustee, shall this Deed of Trust be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or part of the Trust Property, Beneficiary is hereby authorized and empowered to deal with any vendee or transferee with reference to the Trust Property or the Guarantee secured hereby, or with reference to any of the terms, covenants, conditions or agreements hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any liabilities, obligations or undertakings.

SECTION 2.16. Remedies Cumulative. No right, power or remedy conferred upon or reserved to Beneficiary or Trustee by this Deed of Trust is intended to be exclusive of any other right, power or remedy, and each and every such right, power and remedy shall be cumulative and concurrent and in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity or by statute.

### ARTICLE III

#### Miscellaneous

SECTION 3.01. Partial Invalidity. In the event any one or more of the provisions contained in this Deed of Trust shall for any reason be held to be invalid, illegal or unenforceable in any respect, such validity, illegality or unenforceability shall, at the option of Beneficiary, not affect any other provision of this Deed of Trust, and this Deed of Trust shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

SECTION 3.02. Notices. All notices to be sent and all documents to be delivered hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or three days after being sent by postage-prepaid certified, express mail or such other nationally recognized one day delivery service, each with return receipt, to any party hereto at the address specified on page 1 hereof or at such other address of which it shall have notified the party giving such notice in accordance with this Section 3.02.



SECTION 3.03. Successors and Assigns. All of the grants, covenants, terms, provisions and conditions herein shall run with the Premises and the Improvements or this Deed of Trust and shall apply to, bind and inure to the benefit of the permitted successors and assigns of Grantor and the successors and assigns of Beneficiary.

SECTION 3.04. Counterparts. This Deed of Trust may be executed in any number of counterparts and all such counterparts shall together constitute but one and the same deed of trust.

SECTION 3.05. Satisfaction and Cancellation. If all the obligations under the Guarantee, the Notes and this Deed of Trust shall be paid in full in accordance with their respective terms, then this conveyance shall be null and void, the Deed of Trust, the Guarantee, and the Notes shall be marked "satisfied" by the Beneficiary, and this Deed of Trust may be canceled of record at the request and at the expense, to the extent not prohibited by law, of the Grantor.

SECTION 3.06. Definitions. As used in this Deed of Trust, the singular shall include the plural as the context requires and the following words and phrases shall have the following meanings: (a) "including" shall mean "including but not limited to"; (b) "provisions" shall mean "provisions, terms, covenants and/or conditions"; (c) "lien" shall mean "lien, charge, encumbrance, security interest, mortgage and/or deed of trust"; (d) "obligation" shall mean "obligation, duty, covenant and/or condition"; and (e) "any of the Trust Property" shall mean "the Trust Property or any part thereof or interest therein". Any act which Beneficiary or Trustee are permitted to perform hereunder may be performed at any time and from time to time by Beneficiary or Trustee or any person or entity designated by Beneficiary or Trustee. Any act which is prohibited to Grantor hereunder is also prohibited to all lessees of any of the Trust Property. Beneficiary has the right to refuse to grant its consent, approval or acceptance or to indicate its satisfaction, whenever such consent, approval, acceptance or satisfaction is required hereunder.

SECTION 3.07. Multisite Real Estate Transaction. Grantor acknowledges that this Deed of Trust is one of a number of Other Mortgages which secure obligations under the Guarantee. Grantor agrees that the lien of this Deed of Trust shall be absolute and unconditional and shall not in any manner be affected or impaired by any acts or omissions

whatsoever of Beneficiary or Trustee and without limiting the generality of the foregoing, the lien hereof shall not be impaired by any acceptance by the Beneficiary or Trustee of any security for or guarantors upon any of the indebtedness hereby secured, or by any failure, neglect or omission on the part of Beneficiary or Trustee to realize upon or protect any obligation or indebtedness hereby secured or any collateral security therefor including the Other Mortgages. The lien hereof shall not in any manner be impaired or affected by any release (except as to the property released), sale, pledge, surrender, compromise, settlement, renewal, extension, indulgence, alteration, changing, modification or disposition of any obligations or any indebtedness secured or of any of the collateral security therefor, including the Other Mortgages or of any guarantee thereof, and Beneficiary or Trustee may at its discretion foreclose, exercise any power of sale, or exercise any other remedy available to it under any or all of the Other Mortgages without first exercising or enforcing any of its rights and remedies hereunder. Such exercise of Beneficiary's or Trustee's rights and remedies under any or all of the Other Mortgages shall not in any manner impair the obligation or indebtedness hereby secured or the lien of this Deed of Trust and any exercise of the rights or remedies of Beneficiary or Trustee hereunder shall not impair the lien of any of the Other Mortgages or any of Beneficiary's, Trustee's or and other trustee's rights and remedies thereunder. The undersigned specifically consents and agrees that Beneficiary or Trustee may exercise its rights and remedies hereunder and under the Other Mortgages separately or concurrently and in any order that it may deem appropriate and the undersigned waives any rights of subrogation.

#### ARTICLE IV

##### Particular Provisions

This Deed of Trust is subject to the following provisions relating to the particular laws of the state wherein the Premises are located:

SECTION 4.01. Applicable Law; Certain Particular Provisions. This Deed of Trust shall be governed by, and

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construed in accordance with, the laws of the state wherein the Premises are located, and Grantor, Beneficiary and Trustee will submit to jurisdiction and the laying of venue for any suit on this Deed of Trust in such state. The special provisions which are applicable to such state, as set forth in Appendix A attached hereto, are hereby incorporated by reference as though fully set forth herein.

SECTION 4.02. Validity, Perfection and Enforceability of Lien. This Deed of Trust, when duly recorded in the appropriate public records and when financing statements are duly filed in the appropriate public records, will create a valid, perfected and enforceable lien upon and security interest in all the Trust Property and there will be no defenses or offsets to this Deed of Trust or to any obligations or any indebtedness secured hereby. Grantor, immediately after executing this Deed of Trust, will record or cause this Deed of Trust to be recorded and will file any financing statements required to be filed to perfect this Deed of Trust with respect to all of the Personal Property.

SECTION 4.03. Trustee's Powers and Liabilities.  
 (a) Trustee, by acceptance hereof, covenants faithfully to perform and fulfill the trusts herein created, being liable, however, only for gross negligence or wilful misconduct, and hereby waives any statutory fee and agrees to accept reasonable compensation, in lieu thereof, for any services rendered by it in accordance with the terms hereof. All authorities, powers and discretions given in this Deed of Trust to the Trustee and/or the Beneficiary may be exercised by either, without the other, with the same effect as if executed jointly.

(b) Trustee may resign at any time upon giving thirty (30) days' notice in writing to Grantor and to Beneficiary.

(c) Beneficiary may remove Trustee at any time or from time to time and select a successor trustee. In the event of the death, removal, resignation, refusal to act, inability to act of Trustee, or absence of Trustee from the state in which the premises are located, or in its sole discretion for any reason whatsoever Beneficiary may, without notice and without specifying the reason therefor and without applying to any court, select and appoint a successor trustee, and all powers, rights, duties and authority of the former Trustee, as aforesaid, shall thereupon become vested in such successor. Such substitute trustee shall not be required to give bond for the faithful

performance of his duties unless required by Beneficiary. Such substitute trustee shall be appointed by written instrument duly recorded in the county where the Land is located. Grantor hereby ratifies and confirms any and all acts which the herein named Trustee, or his successor or successors in this trust, shall do lawfully by virtue hereof. Grantor hereby agrees, on behalf of itself and of its heirs, executors, administrators and assigns, that the recitals contained in any deed or deeds executed in due form by any Trustee or substitute trustee, acting under the provisions of this instrument, shall be prima facie evidence of the facts recited, and that it shall not be necessary to prove in any court, otherwise than by such recitals, the existence of the facts essential to authorize the execution and delivery of such deed or deeds and the passing of title thereby.

(d) Trustee shall not be required to see that this Deed of Trust is recorded, nor liable for its validity or its priority as a first deed of trust, or otherwise, nor shall Trustee be answerable or responsible for performance or observance of the covenants and agreements imposed upon grantor or beneficiary, by this Deed of Trust or any other agreement. Trustee, as well as Beneficiary, shall have authority in their respective discretion to employ agents and attorneys in the execution of this trust and to protect the interest of the Beneficiary hereunder, and to the extent permitted by law they shall be compensated and all expenses relating to the employment of such agents and/or attorneys, including expenses of litigations, shall be paid out of the proceeds of the sale of the Trust Property conveyed hereby should a sale be had, but if no such sale be had, all sums so paid out shall be recoverable to the extent permitted by law by all remedies at law or in equity.

(e) At any time, or from time to time, without liability therefor and with 10 days prior written notice to Grantor, upon written request of Beneficiary and without affecting the effect of this Deed of Trust upon the remainder of the Trust Property, Trustee may (i) reconvey

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any part of the Trust Property, (ii) consent in writing to the making of any map or plat thereof, (iii) join in granting any easement thereon, or (iv) join in any extension agreement or any agreement subordinating the lien or charge hereof.

IN WITNESS WHEREOF, this Deed of Trust has been duly authorized and has been executed and delivered to Beneficiary by Grantor on the date first written above.

S & A PROPERTIES CORP., a  
Delaware corporation, Grantor,

by

*Marc M. McLean*  
Name: Marc M. McLean  
Title: Vice President

ATTEST:

*Carolyn A. Skelley*  
Name: Carolyn A. Skelley  
Title: Secretary

[CORPORATE SEAL]

[S&A-GW/DTRSTNC1/1653/366]

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CORPORATE ACKNOWLEDGMENT

STATE OF NEW YORK )  
COUNTY OF NEW YORK )

I, a Notary Public of New York County, State of New York, certify that Carolyn A. Skelley personally came before me this day and acknowledged that he/she is \_\_\_\_\_ Secretary of S & A PROPERTIES CORP., a Delaware corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by him/her as its \_\_\_\_\_ Secretary.

WITNESS my hand and official seal or stamp, this 25 day of July, 1989.

NOTARY STAMP - SEAL

Mary M. Mazzella  
Notary Public

My Commission Expires:

MARY M. MAZZELLA  
NOTARY PUBLIC, State of New York  
No. 4837107  
Qualified in New York County  
Commission Expires September 30, 1989

STATE OF NORTH CAROLINA—Forsyth County

The foregoing (or annexed) certificate \_\_\_\_\_ of Mary M. Mazzella N.P.  
(here give name and official title of the office signing the certificate \_\_\_\_\_ passed upon)

N.Y. Co N.Y. PRESENTED FOR  
is (are) certified to be correct. This the 28 day of July 1989  
REGISTRATION

Jul 28 4 43 PM '89 Deas, Register of Deeds

By \_\_\_\_\_

Jason Gables Deputy-Assistant

Probate and Filing Fee \$ 130.00 paid. REGISTER OF DEEDS  
FORSYTH CO. N.C.

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## SPECIAL NORTH CAROLINA PROVISIONS

Pursuant to the requirements of the laws of the State of North Carolina, the following provisions, Section 2.06(a) and Section 2.08, supersede those provisions so enumerated and located elsewhere in this Deed of Trust.

SECTION 2.06. Foreclosure and Sale. (a) Upon the occurrence of an Event of Default, the Beneficiary may notify the Trustee to exercise the power of sale granted hereunder and upon such notification it shall be lawful for and the duty of the Trustee, and the Trustee is hereby authorized and empowered to expose to sale and to sell the Trust Property or any part thereof at public sale to the highest bidder for cash, after having first complied with all applicable requirements of North Carolina law with respect to the exercise of powers of sale contained in deeds of trust and upon such sale, the Trustee shall convey title to the portion of the Trust Property so sold to the purchaser in fee simple. The Grantor agrees that in the event of a sale hereunder, the Beneficiary shall have the right to bid at such sale. The Trustee may require the successful bidder at any sale to deposit immediately with the Trustee cash or certified check in an amount up to ten percent (10%) of the bid up to and including \$1,000.00 plus five percent (5%) of any excess of the bid over \$1,000.00, provided that notice of such requirement is contained in the advertisement of the sale. The bid may be rejected if the deposit is not immediately made and thereupon the next highest bidder may be declared to be the purchaser. Such deposit shall be refunded in case a resale is had; otherwise it shall be applied to the purchase price. If Personal Property is sold hereunder, it need not be at the place of sale. The published notice, however, shall state the time and place where such Personal Property may be inspected prior to sale. The Trust Property may be sold in such parcels or lots as the Trustee may determine and the Trust Property may be sold at one sale or in multiple sales as determined by the Trustee. The exercise of the power of sale hereunder by the Trustee on one or more occasions shall not be deemed to extinguish the power of sale which power of sale shall continue in full force and effect until all of the Trust Property shall have been finally sold and properly conveyed to the purchasers at the sales. The Trustee's commission shall be five percent (5%) of the gross proceeds of the sale for a completed foreclosure. In the event foreclosure is commenced, but not completed, the

[S&A-GWII/DEEDNC3/3N/364D/5WN]

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Grantor shall pay all expenses incurred by the Trustee, including reasonable attorneys' fees, and a partial Trustee's commission computed on five percent (5%) of the outstanding indebtedness in accordance with the following schedule: one-fourth (1/4th) thereof before the Trustee issues a notice of hearing on the right to foreclose; one-half (1/2) thereof after issuance of said notice; three-fourths (3/4ths) thereof after such hearing; and the full commission after the initial sale.

SECTION 2.08. Application of Sale Proceeds and Rents. After any foreclosure sale of the Premises, the Improvements and/or Personal Property under Section 2.06 or 2.07, Trustee or Beneficiary shall receive the proceeds of sale, no purchaser shall be required to see to the application of the proceeds and Trustee or Beneficiary shall apply the proceeds of the sale together with any Rents that may have been collected and any other sums which then may be held by Trustee or Beneficiary under this Deed of Trust as follows:

FIRST: To the payment of the costs and expense of such sale, including compensation to the Trustee and all expenses incurred by the Trustee, including attorneys' fees for services actually rendered, and of all expenses, liabilities and advances made or incurred by Beneficiary under this Deed of Trust, together with interest at the Default Rate on all advances made by Beneficiary and all taxes or assessments except any taxes, assessments or other charges subject to which the Trust Property shall have been sold;

SECOND: To the payment of all interest, late charges and premiums, if any, that are due and unpaid plus all the principal amount then due, owing or unpaid under the Guarantee;

THIRD: To the payment of any other attorneys' fees or other sums required to be paid by S&A Corp. or Grantor pursuant to any provision of the Guarantee or this Deed of Trust; and

FOURTH: If there then be any surplus, to the parties legally entitled thereto.

[S&A-GWII/DEEDNC3/3N/364D/5WN]

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S&A Restaurant Corp.  
S&A Properties Corp.  
North Carolina IV  
3442

FORSYTH CO.

EXHIBIT A

BEGINNING at an iron stake, being the intersection of the East right of way line of Bethesda Road in the South right of way of the Southern Railway; running thence with the Southern Railway right of way, North 53 07' East 52.06 feet to an iron stake; continuing thence North 53 31' East 93.94 feet to an iron stake; running thence South 36 07' 13" East 114.26 feet to an iron stake; running thence North 83 01' East 26.87 feet to an iron stake; running thence South 06 59' East 71.21 feet to an iron stake; running thence South 83 01' West 224.00 feet to an iron stake in the East right of way line of Bethesda Road; running thence with the east right of way line of Bethesda Road, North 06 59' West 125.00 feet to the point and place of beginning, containing 31,800 square feet, more or less, and being in accordance with a survey by John G. Bane, Registered Land Surveyor; being a portion of the property described in Deed Book 970, Page 296, Forsyth County, North Carolina Registry.

The legal description according to DSA Group Survey dated May 11, 1989 reads as follows:

BEGINNING at an iron pipe, being the intersection of the east right of way line of Bethesda Road in the South right of way of the Southern Railway; running thence with the Southern Railway right of way, N 53 -17'-12" E. 51.97' to an iron pipe; continuing thence N. 53 -31'-00" E. 93.94' to an iron pipe; running thence S. 36 -07'-13" E. 144.26' to an iron pipe; running thence N. 83 -01'-00" E. 26.87' to an iron pipe; running thence S. 06 -59'-00" E. 71.02 to an iron pipe; running thence S. 83 -01'-00" W. 224.00' to an iron pipe in the east right of way line of Bethesda Road; running thence with the east right of way line of Bethesda Road N. 06 -59'-05" W. 125.00' to the point and place of beginning.

RECORDER'S MEMO  
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FORSYTH CO.

EXHIBIT A

BEGINS at a point in the North right of way margin of Silas Creek Parkway, said point being S 81 11'00" E 135.41 feet, thence S 82 26' 46" E 93.89 feet from the Southeast corner of the tract deeded to Shelton Companies in Deed Book 1229, Page 1291, Forsyth County, N.C. Registry; thence from point of Beginning and running the following new lines N 00 14' 28" E 158.51 feet to a point, thence S 89 45' 32" E 185.00 feet to a point, thence S 00 14' 28" W 170.00 feet to a point in the North right of way margin of Silas Creek Parkway, thence with the North right of way margin of Silas Creek Parkway along an arc 185.42 feet to the point and place of BEGINS, said arc having a chord of N 86 12' 14" W 185.36 feet. Containing 0.703 acres or 30,636 sq. ft., being a part of Tax lot 107B, Block 3442, Deed Book 1004, Page 199, recorded in the Register of Deeds, Forsyth County, North Carolina.

*ALSO BEING DESCRIBED AS FOLLOWS ACCORDING TO*  
The legal description according to DSA Group Survey dated May 11, 1989 reads as follows:

BEGINS at a point in the North right of way margin of North Point Boulevard (formerly Silas Creek Parkway), said point being S 81 11'00" E 135.41 feet, thence S 82 26' 46" E 93.89 feet from the Southeast corner of the tract deeded to Shelton Companies in Deed Book 1229, Page 1291, Forsyth County, North Carolina Registry; thence from point of Beginning and running the following new lines N 00 14' 28" E 158.51 feet to a point, thence S 89 45' 32" E 185.00 feet to a point, thence S 00 14' 28" W 170.00 feet to a point in the North right of way margin of Silas Creek Parkway, thence with the North right of way margin of Silas Creek Parkway along an arc 185.42 feet to the point and place of BEGINS, said arc having a chord of N 86 12' 14" W 185.36 feet. Containing 0.703 acres or 30,636 sq. ft., being Tax lot 107B, Block 3442, Deed Book 1004, Page 199, recorded in the Register of Deeds, Forsyth County, North Carolina.

RECORDER'S MEMO

Document of poor quality due  
to the condition of the  
original

BOOK 1672 P 2187

REAL ESTATE CONVEYANCE AND GUARANTEE AGREEMENT dated as of July 25, 1989, among S&A RESTAURANT CORP., a Delaware corporation (the "Company", which is to be the surviving corporation in the Merger, as defined in the Credit Agreement referred to below), S&A PROPERTIES CORP., a Delaware corporation (the "Fee Subsidiary"), each of the additional corporations listed on Schedule I hereto (the "Operating Subsidiaries") and CHEMICAL BANK, a New York banking corporation, as agent (the "Agent") for the banks (the "Banks") named in Section 2.01 of the Credit Agreement dated as of the date hereof (the "Credit Agreement") among Benale Corporation, a Delaware corporation ("Acquisition"), Benale Holdings Corporation, the Agent and the Banks.

The Banks have agreed to make certain loans to Acquisition pursuant to, and subject to the terms and conditions specified in, the Credit Agreement, which loans, upon consummation of the Merger, shall be assumed by the Company. Pursuant to the Credit Agreement, the Company has agreed to cause the Operating Subsidiaries, each of which is a wholly owned subsidiary of the Company, to convey to the Fee Subsidiary the real property fee interests, specified on Schedule 2.01 to the Credit Agreement, of the Operating Subsidiaries, such conveyance to be effected (except as specified on Schedule I hereto) prior to or upon the consummation of the Merger (it being understood that any real property fee interests specified on Schedule I hereto shall be so conveyed as promptly as practicable after consummation of the Merger). In consideration of the conveyance of such real property fee interests, the Fee Subsidiary has agreed to guarantee the obligations of the Company under the Credit Agreement and the other Loan Documents as set forth herein.

Terms used herein but not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

Accordingly, the parties hereto agree as follows:

SECTION 1. Conveyance of Real Property Fee Interests. Prior to or upon the consummation of the Merger, the Company shall cause each Operating Subsidiary to, and each Operating Subsidiary shall, convey to the Fee Subsidiary all of such Operating Subsidiary's right, title and interest in and to its real property specified on

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Schedule 2.01 to the Credit Agreement. Each such conveyance of real property shall be effected by general or special warranty deed or similar instrument of transfer satisfactory in form and substance to the Agent.

**SECTION 2. Fee Subsidiary Guarantee.** (a) In consideration of the conveyance to it of the real property interests conveyed pursuant to Section 1, the Fee Subsidiary unconditionally guarantees, as a primary obligor and not merely as a surety, the due and punctual payment of principal of and interest on each of the Notes, when and as due, whether at maturity, by acceleration, by notice of prepayment or otherwise, and all other monetary obligations of the Company to the Banks and the Agent under the Loan Documents to which the Company is or is to be a party (collectively, the "Obligations"). The Fee Subsidiary further agrees that the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee notwithstanding any extension or renewal of any Obligation or amendment or modification of the Loan Documents.

(b) The Fee Subsidiary waives presentment to, demand of payment from and protest to the Company of any of the Obligations, and also waives notice of acceptance of its guarantee and notice of protest for nonpayment. The obligations of the Fee Subsidiary hereunder shall not be affected by (i) the failure of any Bank or the Agent to assert any claim or demand or to enforce any right or remedy against the Company under the provisions of any Loan Document or otherwise; (ii) any rescission, waiver, amendment or modification of any of the terms or provisions of any Loan Document, any guarantee or any other agreement, other than any of the foregoing that would result in the discharge or satisfaction of the Obligations or any part thereof; (iii) the release of any security held by any Bank or the Agent for the Obligations or any of them; or (iv) the failure of any Bank or the Agent to exercise any right or remedy against any other guarantor of the Obligations.

(c) The Fee Subsidiary further agrees that its guarantee constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resor: be had by any Bank or the Agent to any security held for payment of the Obligations or to any balance of any deposit account or credit on the books of such Bank or the Agent in favor of the Company or any other person.

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(d) The obligations of the Fee Subsidiary hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including, without limitation, any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of the Fee Subsidiary hereunder shall not be discharged or impaired or otherwise affected by the failure of any Bank or the Agent to assert any claim or demand or to enforce any remedy under any Loan Document, any guarantee or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the Obligations, or by any other act or omission that may or might in any manner or to any extent vary the risk of the Fee Subsidiary or otherwise operate as a discharge of the Fee Subsidiary as a matter of law or equity.

(e) The Fee Subsidiary further agrees that its guarantee shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any Obligation is rescinded or must otherwise be restored by any Bank upon the bankruptcy or reorganization of the Company, any other guarantor of the Obligations or otherwise.

(f) In furtherance of the foregoing and not in limitation of any other right that any Bank or the Agent may have at law or in equity against the Fee Subsidiary by virtue hereof, upon the failure of the Company to pay any Obligation when and as the same shall become due under the Credit Agreement, whether at maturity, by acceleration, after notice of prepayment (and failure on the designated date to make such payment) or otherwise, the Fee Subsidiary hereby promises to and will, upon receipt of written demand by any Bank, forthwith pay, or cause to be paid, to the Agent for distribution to the Banks in cash the amount of such unpaid Obligations, and thereupon each Bank shall, in a reasonable manner, assign the amount of the Obligations owed to it and paid by the Fee Subsidiary pursuant to this guarantee to the Fee Subsidiary, such assignment to be pro tanto to the extent to which the Obligations in question were discharged by the Fee Subsidiary, or make such other disposition thereof as the Fee Subsidiary shall direct (all without recourse to such Bank and without any representation or warranty thereby).

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SECTION 3. Representations and Covenants. The Fee Subsidiary represents and warrants to the Banks that all representations and warranties that relate to it contained in the Credit Agreement are true and correct in all material respects. In addition, the Fee Subsidiary covenants and agrees with each Bank that, unless compliance shall have been waived in writing by the Required Banks, it will observe and perform each of the covenants in the Credit Agreement that the Company has agreed to cause the Fee Subsidiary to observe and perform, including, without limitation, limiting its activities to those activities specified in Section 5.19 of the Credit Agreement.

SECTION 4. Survival of Guarantee. Unless this Agreement is earlier terminated pursuant to Section 12, the guarantee made hereunder shall survive and be in full force and effect so long as any Obligation is outstanding and has not been indefeasibly paid and so long as any of the Commitments under the Credit Agreement have not been terminated and shall be reinstated to the extent provided in Section 2(e).

SECTION 5. Successors and Assigns. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Fee Subsidiary that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns. The Fee Subsidiary may not assign or transfer any of its rights or obligations hereunder so long as this Agreement remains in effect without the prior written consent of the Banks.

SECTION 6. No Waiver. No failure on the part of the Agent to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy by the Agent preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law. Except as provided in the Credit Agreement, neither the Agent nor any of the Banks shall be deemed to have waived any rights hereunder or under any other agreement or instrument unless such waiver shall be in writing and signed by such parties.

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**SECTION 7. Governing Law.** THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

**SECTION 8. Notices.** All communications and notices hereunder shall be in writing and given as provided in Section 10.01 of the Credit Agreement. All communications and notices hereunder to the Fee Subsidiary shall be given to it at its address set forth in Schedule II hereto, with a copy to the Company.

**SECTION 9. Severability.** In case any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, no party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

**SECTION 10. Section Headings.** Section headings used herein are for convenience only and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

**SECTION 11. Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument.

**SECTION 12. Termination.** This Agreement and all obligations of the Fee Subsidiary hereunder shall terminate upon the consummation of the Permanent Mortgage Financing.

IN WITNESS WHEREOF, the parties hereto have duly executed this Conveyance and Guarantee Agreement as of the day and year first above written.

S&A RESTAURANT CORP.,

by

\_\_\_\_\_  
Name:

Title:

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S & A PROPERTIES CORP.,

by

\_\_\_\_\_  
Name:

Title:

EACH OF THE OPERATING  
SUBSIDIARIES LISTED ON  
SCHEDULE I,

by

\_\_\_\_\_  
An authorized officer of  
each Operating Subsidiary

CHEMICAL BANK, individually and  
as agent,

by

\_\_\_\_\_  
Name:

Title:

[S&A/EXJ/1WD/382/1WD]

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Schedule A

The below listed items which are marked as  
"except" are the Permitted Exceptions.

- Except 4. Taxes for the year 1989 and subsequent years, not yet due and payable.
- omit (5. Lease between Sara Corporation, Landlord and S & A Leasing Corporation, Tenant recorded in Book 1432, Page 1355, subsequently assigned by Landlord and Tenant to The Bank of New York as Trustee as securing on indebtedness of \$3,500,000.00 recorded in Book 1443, Page 1439. → should be 1432
- except 6. Easement to City of Winston-Salem recorded in Book 1000, Page 236.
- omit 7. Agreement between P. H. Hanes Knitting Co. and the City of Winston-Salem recorded in Book 816, Page 159.
- omit 8. Rights of tenants in possession under unrecorded lease of less than one (1) years duration.
- omit 9. Financing Statement between Sara Corporation as Debtor and The Bank of New York as Trustee and Sheldon Harrison as Individual Trustee recorded in Book 1432, Page 1638.
- omit 10. Mortgage between The Bank of New York as Trustee and Sara Corporation dated March 5, 1984 in the aggregate amount of \$3,500,000.00 recorded in Book 1432, Page 1486.
- except 11. Any loss or damage resulting from any subsequent filing of bankruptcy, either under the Federal Bankruptcy Code or other similar State insolvency or creditor's rights laws, by S & A Leasing Corporation within one (1) year of the date hereof.
- omit 12. Subject to the fee simple interest of Sara Corporation, a Delaware Corporation.

Schedule A

The below listed items which are marked as  
"except" are the Permitted Exceptions.

4. Taxes for the year 1989 and subsequent years, not yet due and payable.  
5. Restrictions appearing of record in Book 1269, Page 956, Book 1377, Page 951,  
and Book 1605, Page 67, but this policy insures that a violation thereof will  
not cause a forfeiture or reversion of title.  
6. Easement to Duke Power Company recorded in Book 1294, Page 144.  
7. Agreement by and between SCU Associates and The Shelton Companies recorded in  
Book 1294, Page 1475.  
8. Rights of tenants in possession under unrecorded lease of less than one (1)  
years duration.  
9. Deed of Trust in favor of Carl H. Russell and wife, Florrie Sitgraves Russell  
recorded in Book 1017, Page 409, securing a note in the amount of \$17,000.00.  
10. Any loss or damage resulting from any subsequent filing of bankruptcy, either  
under the Federal Bankruptcy Code or other similar State insolvency or creditor's  
rights laws, by Steak and Ale of North Carolina, Inc. within one (1) year of  
the date hereof.

Schedule B

NONE.

[S&A-GWII/SchB/15NS/366]

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Schedule C

Operating Lease I dated as of the date hereof by and between S&A Properties Corp. (Landlord) and the Tenant(s) listed on the attached Schedules C-1 and C-2, of the Premises set forth on Schedules C-1 and C-2 which includes but is not limited to the Mortgaged Property.

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Unit  
Number

Location

Tenant

0612/B	Aurora, CO 80014	Steak and Ale of Colorado, Inc.
0616/B	Colorado Springs, CO 80907	Steak and Ale of Colorado, Inc.
0618/B	Englewood, CO 80112	Steak and Ale of Colorado, Inc.
0622/B	Aurora, CO 80012	Steak and Ale of Colorado, Inc.
1417/B	Schaumburg, IL 60173	Steak and Ale of Illinois, Inc.
1419/B	Calumet City, IL 60409	Steak and Ale of Illinois, Inc.
1421/B	Chicago Ridge, IL 60415	Steak and Ale of Illinois, Inc.
1429/B	Woodridge, IL 60515	Steak and Ale of Illinois, Inc.
1431/B	Normal, IL 61761	Steak and Ale of Illinois, Inc.
1512/S	Indianapolis, IN 46219	Steak and Ale of Indiana, Inc.
1513/S	Indianapolis, IN 46227	Steak and Ale of Indiana, Inc.
1515/S	Indianapolis, IN 46254	Steak and Ale of Indiana, Inc.
1521/S	South Bend, IN 46637	Steak and Ale of Indiana, Inc.
2311/S	Southfield, MI 48075	Steak and Ale of Michigan, Inc.
2312/S	Madison Heights, MI 48071	Steak and Ale of Michigan, Inc.
2313/S	Farmington Hills, MI 48018	Steak and Ale of Michigan, Inc.
2317/B	Southfield, MI 48034	Steak and Ale of Michigan, Inc.
2319/B	Warren, MI 48093	Steak and Ale of Michigan, Inc.
2331/B	Flint, MI 48507	Steak and Ale of Michigan, Inc.
3115/B	Englewood, NJ 07631	Steak and Ale of New Jersey, Inc.
3116/B	Florham Park, NJ 07932	Steak and Ale of New Jersey, Inc.
3122/B	Mt. Laurel, NJ 08054	Steak and Ale of New Jersey, Inc.
3161/S	Middletown, NJ 07748	Steak and Ale of New Jersey, Inc.

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<u>Unit Number</u>	<u>Location</u>	<u>Tenant</u>
3181/S	Clark, NJ 07066	Steak and Ale of New Jersey, Inc.
3414/B	Raleigh, NC 27609	Steak and Ale of North Carolina, Inc.
3415/B	Fayetteville, NC 28303	Steak and Ale of North Carolina, Inc.
3430/B	Charlotte, NC 28210	Steak and Ale of North Carolina, Inc.
3442/S	Winston-Salem, NC 27103	Steak and Ale of North Carolina, Inc.
3443/B	Winston-Salem, NC 27106	Steak and Ale of North Carolina, Inc.
3711/S	Tulsa, OK 74135	Jolly Ox Club of Tulsa, Inc.
3715/S	Tulsa, OK 74133	Jolly Ox Club of Tulsa No. 3, Inc.
3717/B	Tulsa, OK 74136	Bennigan's of Tulsa No. 1, Inc.
3721/S	Oklahoma City, OK 73112	Steak and Ale of Oklahoma City No. 1, Inc.
3725/S	Oklahoma City, OK 73108	Steak and Ale of Oklahoma City No. 3, Inc.
3727/S	Oklahoma City, OK 73139	Steak and Ale of Oklahoma City No. 4, Inc.
3735/B	Oklahoma City, OK 73108	Bennigan's of Oklahoma City No. 2, Inc.
3932/S	Traverse, PA 19047	Steak and Ale of Pennsylvania, Inc.
3934/S	Bethlehem, PA 18017	Steak and Ale of Pennsylvania, Inc.
3941/B	Springfield, PA 19064	Steak and Ale of Pennsylvania, Inc.
4112/S	Columbia, SC 29206	Steak and Ale of Columbia, Inc.
4113/S	Columbia, SC 29210	Steak and Ale of Columbia, Inc.
4121/S	Greenville, SC 29606	Steak and Ale of Columbia, Inc.
4131/S	Charleston, SC 29407	Steak and Ale of Columbia, Inc.

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Schedule D

None.

[S&A-GWIII/SCHED-D/5WN/366]

1672P2200