

After Recording Return To:
Gibson, Dunn & Crutcher LLP
333 South Grand Avenue
Los Angeles, California 90071
Attention: Brian D. Kilb



200307180184

Skagit County Auditor

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CHICAGO TITLE C27224 ✓

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

GRANTOR: SKAGIT GARDENS, INC.
a Delaware corporation,
which erroneously acquired title to a portion of the Mortgaged Property
(as defined herein) as Skagit Gardens, Inc., a Washington corporation

GRANTEE: TENNENBAUM CAPITAL PARTNERS, LLC,
a Delaware limited liability company,
as agent for the benefit of the Note Purchasers (as defined herein)

Legal Description:

Abbreviated form: City of Mount Vernon, County of Skagit, State of Washington
Additional legal on Page A-1

P21493, P21740, P21495

Assessor's Tax Parcel ID No(s): P106106, P106105, P29527, P29522, P29524

Reference number(s) of Related Document(s): _____

Mortgagor's Organizational Number: _____

Abbreviated Legal: Lots 2 and 3 of Skagit County Short Plat No. 94-033;
Sec 32, T34N, R4EWM, Government Lot 7 of Sec. 12, T34N, R3EWM; and a
tract in Sec. 13, Ptn. Government Lot 6, Sec. 12, T34N, R3EWM

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

THIS MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (hereinafter referred to as the "Mortgage") is made and executed as of the 9th day of ~~June~~^{July}, 2003, by SKAGIT GARDENS, INC., a Delaware corporation (which erroneously acquired title to a portion of the Mortgaged Property (as defined herein) as Skagit Gardens, Inc., a Washington corporation), with an office at c/o Lincoln Partners, 200 East Madison Street, Suite 2100, Chicago, Illinois 60606 ("Mortgagor"), to and in favor of TENNENBAUM CAPITAL PARTNERS, LLC, a Delaware limited liability company, with an office at 11100 Santa Monica Boulevard, Suite 210, Los Angeles, California 90025, as collateral agent for the benefit of the Note Purchasers (as hereinafter defined) ("Mortgagee").

WITNESSETH:

WHEREAS, International Garden Products, Inc., a Delaware corporation ("IGP"), has issued and sold to certain Persons for which Mortgagee acts as collateral agent (collectively, the "Note Purchasers") Thirty-Five Million and No/100 Dollars (\$35,000,000.00) aggregate principal amount of IGP's Senior Secured Notes due 2006 (together with all modifications, increases, renewals, substitutions or extensions thereof, the "Notes") pursuant to those certain Note Purchase Agreements, each of even date herewith, between IGP and the respective Note Purchasers (collectively, the "Note Purchase Agreements"), which Notes have a maturity date of June 30, 2006 and bear interest at a variable rate;

WHEREAS, the Notes, the Note Purchase Agreements, this Mortgage, the Other Security Instruments (as defined in Section 33 below) and all other documents or instruments heretofore, now or hereafter evidencing, securing, or otherwise relating to the Secured Obligations (as hereinafter defined), including all modifications, extensions, renewals, and replacements thereof, are sometimes collectively referred to herein as the "Note Purchase Documents", and capitalized terms used herein without definition shall be used herein as defined in the Note Purchase Agreements;

WHEREAS, Mortgagee, as a condition precedent to the purchase of the Notes, has required that Mortgagor execute and deliver for the benefit of Mortgagee that certain Guaranty of even date herewith (the "Guaranty") pursuant to which Mortgagor has guaranteed to Mortgagee the repayment of the indebtedness evidenced and represented by the Notes (collectively, the "Indebtedness"), as well as the performance, observance and discharge by IGP of all obligations, covenants, conditions and agreements made by IGP to, with, in favor of and for the benefit of Mortgagee or any of the Note Purchasers under the Note Purchase Documents (collectively, the "Other Obligations"; the Indebtedness, the Other Obligations and all other obligations guaranteed pursuant to the Guaranty are referred to herein collectively as the "Secured Obligations");



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WHEREAS, Mortgagee, as a condition precedent to the purchase of the Notes, has required that Mortgagor provide Mortgagee with security for the "Secured Obligations");

WHEREAS, Mortgagor is a subsidiary of IGP and Mortgagor will directly and substantially benefit from the credit and other financial accommodations extended to and to be extended by the Note Purchasers to IGP as evidenced by the Note Purchase Documents.

NOW THEREFORE, in consideration of and in order to secure the Secured Obligations and to charge the properties, interests and rights hereinafter described with the repayment and observance, performance and discharge of the Secured Obligations; and in consideration of the sum of One and No/100 Dollar (\$1.00) paid by Mortgagee to Mortgagor and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor does hereby grant, bargain, sell, alien, remise, release, convey, assign, transfer, pledge, mortgage, deliver, set over, hypothecate, warrant and confirm unto Mortgagee forever, the following described properties, rights and interests (collectively, together with all replacements thereof, substitutions therefor and additions thereto, the "Mortgaged Property"):

ALL estate, right, title and interest of Mortgagor in, to, under or derived from that certain piece, parcel or tract of land or real property situated in Skagit County, State of Washington, as more particularly described on Exhibit A attached hereto and by this reference made a part hereof (hereinafter referred to collectively, as the "Real Property");

TOGETHER WITH all estate, right, title and interest of Mortgagor in, to, under or derived from all buildings, structures and other improvements of any kind, nature or description now or hereafter erected, constructed, placed or located upon the Real Property (collectively, the "Improvements");

TOGETHER WITH all estate, right, title and interest of Mortgagor in, to, under or derived from all minerals, royalties, gas rights, water, water rights, water stock, flowers, shrubs, lawn plants, crops, trees, timber and other emblements now or hereafter located on, under or above all or any part of the Real Property;

TOGETHER WITH all estate, right, title and interest of Mortgagor in, to, under or derived from all and singular, the tenements, hereditaments, strips and gores, rights-of-way, easements, privileges and other appurtenances now or hereafter belonging or in any way appertaining to the Real Property, including, without limitation, all right, title and interest of Mortgagor in any after-acquired right, title, interest, remainder or reversion, in and to the beds of any ways, streets, avenues, roads, alleys, passages and public places, open or proposed, in front of, running through, adjoining or adjacent to said Real Property (collectively, the "Appurtenances");

TOGETHER WITH all estate, right, title and interest of Mortgagor in, to, under or derived from any and all leases, contracts, rents, royalties, issues, revenues, profits, proceeds, deposits, income and other benefits, including accounts receivable, of, accruing to or derived from said Real Property, Improvements and Appurtenances and any business or enterprise presently situated or hereafter operated thereon and therewith;



TOGETHER WITH all estate, right, title and interest of Mortgagor in, to, under or derived from any and all awards, payments or settlements, including interest thereon, and the right to receive the same, as a result of (a) the exercise of the right of eminent domain, (b) the alteration of the grade of any street, (c) any other injury, damage or casualty to, taking of, or decrease in the value of, the Property (as hereinafter defined), or (d) proceeds of insurance awards, to the extent of all amounts which may be secured by this Mortgage at the date of any such award or payment including, without limitation, the Reasonable Attorneys' Fees (as hereinafter defined), costs and disbursements incurred by Mortgagee in connection with the collection of such award or payment; and

TOGETHER WITH all estate, right, title and interest of Mortgagor in, to, under or derived from all fixtures, materials, equipment, machinery, apparatus, appliances, and other property whatsoever now or hereafter attached to, installed in, or used in connection with the Improvements, including, without limitation, furnaces, steam boilers, hot-water boilers, oil burners, pipes, radiators, air-conditioning and sprinkler systems, gas and electric fixtures, carpets, rugs, shades, awnings, screens, elevators, motors, dynamos, cabinets and all other furnishings, tools, equipment and machinery, appliances, building supplies, materials, and all fixtures, accessions and appurtenances thereto, and all renewals or replacements of or substitutions for any of the foregoing, all of which property and things are hereby declared to be permanent fixtures and accessions to the freehold and part of the realty conveyed herein as security for the Secured Obligations;

TO HAVE AND TO HOLD the foregoing Mortgaged Property and the rights hereby granted for its use and benefit unto Mortgagor in fee simple forever;

IN ADDITION, in consideration of and in order to secure the repayment, observance, performance and discharge by Mortgagor of all Secured Obligations and to charge the properties, interests and rights hereinafter described with the repayment, observance, performance and discharge of all Secured Obligations, Mortgagor hereby grants Mortgagee a security interest in all of Mortgagor's estate, right, title and interest in, to, under or derived from any and all of the following described properties, rights and interests:

ALL fixtures, goods, chattels, construction materials, furniture, furnishings, equipment, machinery, apparatus, appliances, and other items of personal property, whether tangible or intangible, of any kind, nature or description, whether now owned or hereafter acquired by Mortgagor, including, without limitation, furnaces, steam boilers, hot-water boilers, oil burners, pipes, radiators, air-conditioning and sprinkler systems, gas and electric fixtures, carpets, rugs, shades, awnings, screens, elevators, motors, dynamos, cabinets and all other furnishings, tools, equipment and machinery, appliances, building supplies, materials, general intangibles, contract rights, money, funds, accounts receivable, business records, trade names and trademarks, documents, plans, specifications, maps, construction contracts, instruments, insurance policies, fittings and fixtures of every kind, which is, are or shall hereafter be located upon, attached, affixed to or used or useful, either directly or indirectly, in connection with the complete and comfortable use, occupancy and operation of the Real Property and Improvements as used on the date hereof or any other business, enterprise or operation as may



hereafter be conducted upon or with said Real Property, Improvements and Appurtenances, including, without limitation, any and all licenses, permits or franchises, used or required in connection with such use, occupancy or operation as well as the proceeds thereof or therefrom regardless of form, all security deposits and advance rentals under any lease agreements now or at any time hereafter covering or affecting any of the Property and held by or for the benefit of Mortgagor, all monetary deposits which Mortgagor has been required to give to any public or private utility with respect to utility services furnished to the Real Property and Improvements, all rents, issues and profits from any leases of all or any part of the Real Property and Improvements, all proceeds (including premium refunds) of each policy of insurance relating to the Real Property and Improvements, all proceeds from the taking of the Real Property and Improvements or any part thereof or any interest therein or right or estate appurtenant thereto by eminent domain or by purchase in lieu thereof, all amounts deposited in escrow for the payment of ad valorem taxes, assessments, charges, ground rentals and/or premiums for policies of insurance with respect to the Real Property or Improvements, all proceeds and other amounts paid or owing to Mortgagor under or pursuant to any and all contracts and bonds relating to the construction, erection or renovation of the Real Property or Improvements, all oil, gas and other hydrocarbons and other minerals produced from or allocated to the Real Property and all products processed or obtained therefrom, the proceeds thereof, and all accounts and general intangibles under which such proceeds may arise, together with any sums of money that may now or at any time hereafter become due and payable to Mortgagor by virtue of any and all royalties, overriding royalties, bonuses, delay rentals and any other amount of any kind or character arising under any and all present and future oil, gas and mining leases covering the Real Property or any part thereof, excepting therefrom any toxic waste or substances deemed hazardous under federal, state or local laws (collectively, the "Fixtures and Personal Property"; and together with the Mortgaged Property, the "Property");

AND FURTHER, Mortgagor hereby represents, warrants and covenants to and with Mortgagee that (a) Mortgagor holds good and marketable title to the Property and has good right, full power, and lawful authority to convey and encumber all of the same as aforesaid; (b) Mortgagor will defend the same and the validity and priority of the lien and encumbrance of this Mortgage against the lawful claims of all persons whomsoever; and (c) the Property is free and clear of all liens and encumbrances of any kind, nature or description, save and except only Permitted Liens; and

PROVIDED, HOWEVER, that if all Indebtedness is indefeasibly paid in full to Mortgagee, at the times, at the place and in the manner that said Indebtedness is due, and each and every Other Obligation under the Note Purchase Documents is duly, promptly and fully performed, discharged, executed, effected, completed and complied with and abided by, then this Mortgage and the estates and interests hereby granted and created shall cease, terminate and be null and void, and shall be discharged of record at the expense of Mortgagor, which expense Mortgagor agrees to pay.

AND FURTHER, Mortgagor, for the benefit of Mortgagee and its successors and assigns, does hereby expressly covenant and agree as follows:

PAYMENT OF PRINCIPAL AND INTEREST

1. To promptly pay all Indebtedness at the times, at the place and in the manner that said Indebtedness is due under the Note Purchase Documents, as more particularly provided in the Guaranty.

PERFORMANCE OF OTHER OBLIGATIONS

2. To duly, promptly and fully perform, discharge, execute, effect, complete and comply with and abide by each and every Other Obligation in accordance with the Note Purchase Documents, as more particularly provided in the Guaranty.

PRESERVATION AND MAINTENANCE OF PROPERTY; ACCESSIBILITY; CONTAMINANTS

3. (a) To comply (or to cause compliance) in all material respects with all laws, ordinances, rules, regulations and orders of governmental authorities now or hereafter affecting the Property or requiring any alterations or improvements to be made thereon, perform in all material respects all of its obligations under any covenant, condition, restriction or agreement of record affecting the Property and insure that at all times the Property constitutes one or more legal lots capable of being conveyed without violation of any subdivision or platting laws, ordinances, rules or regulations, or other laws relating to the division, separation or subdivision of real property.

(b) To keep (or cause to be kept) all Improvements in good order and repair, not to do or permit any waste, impairment or deterioration thereof or thereon (excluding therefrom ordinary wear and tear) and not to alter, remove or demolish in any material manner any of the Improvements or any Fixtures and Personal Property attached or appertaining thereto if such alteration, removal or demolishment would result in a Material Adverse Effect, without the prior written consent of Mortgagee, which shall not be unreasonably withheld.

(c) Not to initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance or other public or private restriction limiting or defining the uses which may be made of the Property or any part thereof or intentionally do or permit any other act whereby the Property shall be used for purposes contrary to applicable law or in any manner which will result in a termination or cancellation of the insurance hereinafter required to be kept and maintained on the Property.

(d) In furtherance of, and not by way of limitation upon the foregoing covenants in this Section 3, Mortgagor shall, from time to time, make (or cause to be made) all necessary and proper replacements such that the Improvements, Appurtenances, Fixtures and Personal Property will, at all times, be in good condition and repair (subject to reasonable wear and tear and the provisions of this Mortgage relating to casualty).

(e) In furtherance of, and not by way of limitation upon the foregoing covenants in this Section 3, Mortgagor shall properly care for and harvest any flowers, shrubs,



lawn plants, crops, trees, timber and other emblements now or hereafter growing on or produced from the Real Property (collectively, the "Crops"), including, without limitation, cultivating, irrigating, fertilizing, spraying, fumigating and pruning the Crops, and do all other acts reasonably necessary to protect and preserve the Crops for the benefit of Mortgagee.

(f) Mortgagor shall at all times maintain the Property in compliance with all federal, state or municipal laws, ordinances, rules and regulations currently in existence or hereafter enacted or rendered governing accessibility for the disabled, including, without limitation, the Americans with Disabilities Act (collectively, the "Accessibility Laws").

(g) Mortgagor shall at all times comply with all Environmental Laws applicable to the Property and, except as otherwise disclosed herein, Mortgagor represents and warrants as follows:

(i) Except as provided in the Note Purchase Agreements (including, without limitation, in any schedule thereto), no Contaminants are now or, to the best knowledge of Mortgagor, have ever been located, produced, used stored, treated, transported, incorporated, discharged, emitted, released, deposited or disposed of in, upon, under, or over the Property in a manner that may give rise to any actual or potential material liability to pay response or remediation costs or other damages, losses or expenses or otherwise violates any Environmental Laws.

(ii) To the best knowledge of Mortgagor, the Property has never been used as or for a mine, a landfill, a dump or other disposal facility or a gasoline service station.

(iii) To the best knowledge of Mortgagor, there are no facts, circumstances, conditions or occurrences with respect to the business or operations of the Property that could be expected to form the basis of any claim, liability or investigation relating to the alleged presence of any Hazardous Materials or violation of any Environmental Law against Mortgagor or any Property owned, leased or operated by Mortgagor.

(iv) There is not now and, to the best knowledge of Mortgagor, there has never been under or upon the Property or any portion thereof, (A) any underground storage tanks or surface impoundments; (B) any asbestos-containing material; or (C) any polychlorinated biphenyls (PCBs) used in hydraulic oils, electrical transformers or other equipment.

(v) Other than notifications required under the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Section 11001 *et seq.*, Mortgagor has not filed any notice under any requirement of Environmental Law reporting a material spill or accidental and unpermitted Release or discharge of a Hazardous Material into the environment.

(vi) Mortgagor has not entered into any negotiation or settlement agreement with any Person (including, without limitation, any prior owner of the Property) imposing obligations or liabilities on the Mortgagor or any of its Affiliates with respect to any remedial action in response to the Release of a Hazardous Material or environmentally related claim.

(vii) None of the products manufactured, distributed or sold by Mortgagor contain asbestos containing material.

(h) Mortgagor hereby agrees to indemnify, defend and hold harmless Mortgagee from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against Mortgagee for, with respect to, or as a direct result of, any breach of the provisions set forth in Sections 3(f) and (g) above.

(i) Upon reasonable advance notice to Mortgagor, Mortgagee, and/or its agents, shall have the right and shall be permitted, but shall not be required, at all reasonable times, to enter upon and inspect the Property to insure compliance with the foregoing covenants in this Section 3 and any and all other covenants, agreements and conditions set forth in this Mortgage; provided, however, in the case of an emergency or if Mortgagee believes a default has occurred and is continuing, no such advance notice shall be required prior to Mortgagee's or its agents' entry upon and inspection of the Property. Mortgagor's obligations under this Section 3, including, without limitation, the indemnification obligation set forth in Section 3(h) above, shall survive and extend beyond repayment of the Notes and compliance with the terms of this Mortgage without limitation.

PAYMENT OF TAXES, ASSESSMENTS AND OTHER CHARGES

4. To pay (or cause to be paid) all such taxes, assessments and public charges already levied or assessed or hereafter levied or assessed upon or against the Property before the same shall become delinquent according to law, and to deliver official receipts evidencing the payment of the same to Mortgagee not later than thirty (30) days following the payment of the same. Notwithstanding the foregoing sentence, Mortgagor shall have the right to contest, in good faith, any of the preceding taxes, including, without limitation, the proposed assessment of ad valorem taxes or special assessments by governmental authorities having jurisdiction over the Property; provided, however, Mortgagor shall give prior written notice thereof to Mortgagee and Mortgagee may, in its good faith reasonable discretion, require Mortgagor to post a bond or other collateral reasonably satisfactory to Mortgagee (and any title company issuing any title insurance policy for the benefit of Mortgagee (a "Title Company")) prior to and in connection with any such action by Mortgagor to secure the payment of any such contested amounts.

PAYMENT OF LIENS, CHARGES AND ENCUMBRANCES

5. To immediately pay and discharge (or cause to be paid and discharged), from time to time, when the same shall become due and payable, all claims and demands of



mechanics, materialmen, laborers and others which, if unpaid, might result in, or permit the creation of, a lien, charge or encumbrance upon the Property, any part thereof or any rents, issues, income, revenues, profits and proceeds therefrom, and, in general, to do or cause to be done everything necessary so that the lien of this Mortgage shall be fully preserved, at the cost of Mortgagor, without expense to Mortgagee. Notwithstanding the foregoing sentence, Mortgagor shall have the right to contest, in good faith and in accordance with applicable laws and procedures, mechanics' and materialmen's liens filed against the Property; provided, however, that Mortgagor shall give prior written notice thereof to Mortgagee, and Mortgagee may, at its sole option, require Mortgagor to post a bond or other collateral reasonably satisfactory to Mortgagee (and any Title Company) prior to and in connection with any such action by Mortgagor.

PAYMENT OF JUNIOR ENCUMBRANCES

6. Not to cause, permit or suffer any default or delinquency under any other lien, imposition, charge or encumbrance against the Property, even though junior and inferior to the lien of this Mortgage. In no event shall the preceding sentence be construed to permit any other lien or encumbrance against the Property (excepting therefrom the Permitted Liens or any liens permitted by the express terms of that certain Intercreditor Agreement, dated as of the date hereof (the "Intercreditor Agreement"), between Mortgagee and Harris Trust and Saving Bank, as agent for certain lenders.

PAYMENT OF MORTGAGE TAXES

7. To promptly pay all taxes that may be levied or assessed directly or indirectly upon the Notes and/or this Mortgage (excepting therefrom any income taxes of Mortgagee), if any, or the Indebtedness, without regard to any law which may be hereafter enacted imposing payment of the whole or any part thereof upon Mortgagee, its successors or assigns.

HAZARD INSURANCE; CASUALTY

8. (a) To continuously, during the term hereof, maintain (or cause to be maintained) a policy of all risk insurance, insuring the Real Property, Improvements and the Fixtures and Personal Property against loss or damage, and such other insurance of the types, in the amounts and in accordance with the terms provided in the Note Purchase Agreements. In the event that Mortgagor fails to keep the Property so insured, Mortgagee or its successors or assigns, may (but shall not be required to) obtain such insurance at Mortgagor's expense.

(b) Notwithstanding anything set forth in this Section 8 to the contrary, in the event of any loss or damage to the Property arising from fire or other casualty with respect to which Mortgagee has required and Mortgagor has delivered an insurance policy, which loss or damage does not exceed **[Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00)]** in the aggregate (provided that the amount of any concurrent loss or damage to any other property securing the Other Security Instruments shall be included in determining whether such threshold amount has been met), then in such case Mortgagee hereby agrees to allow the proceeds of insurance to be used for the restoration of the Property and to release



such insurance proceeds to Mortgagor as such restoration progresses, provided, that each of the following conditions has been met::

(i) No Event of Default has occurred and is continuing under any of the terms, covenants and conditions of the Guaranty or the Note Purchase Documents;

(ii) At all times during such restoration, Mortgagor has deposited with Mortgagee funds which, when added to such insurance proceeds received by Mortgagee, are sufficient to complete the restoration of the Property in accordance with the plans and specifications approved by Mortgagee (if applicable) and all applicable building codes and zoning ordinances and regulations (such funds and insurance proceeds, the "Casualty Restoration Funds"), and the sufficiency of such Casualty Restoration Funds has been certified to Mortgagee by Mortgagee's inspecting architect or engineer;

(iii) Mortgagor has provided customary completion, payment and performance bonds and builders' all risk insurance for such restoration in form and amount reasonably acceptable to Mortgagee;

(iv) The insurer under any such insurance policy has not asserted any defense to payment under such insurance policy against Mortgagee, Mortgagor or any tenant of the Property;

(v) Mortgagee shall have the option, which may be exercised or not exercised in its sole discretion, upon the completion of the restoration of the Property, to apply any surplus insurance proceeds remaining after the completion of such restoration, at par, to the reduction of the Indebtedness, notwithstanding the fact that the amount owing thereon may not then be due and payable or that said Indebtedness is otherwise adequately secured;

(vi) The Casualty Restoration Funds held by Mortgagee shall be disbursed no more often than once per month and each such disbursement (excepting therefrom the final disbursement of such Casualty Restoration Funds) shall be in an amount not less than Thirty Thousand and No/100 Dollars (\$30,000.00), unless Mortgagee, upon request by Mortgagor, determines in its sole and absolute discretion to permit disbursements of lesser amounts and/or more frequently than once per month;

(vii) Mortgagee's obligation to make any such disbursement shall be conditioned upon Mortgagee's receipt of written certification from Mortgagee's inspecting architect or engineer (whose fees shall be paid by Mortgagor) that all construction and work for which such disbursement is requested has been completed in accordance with the approved plans and specifications and in accordance with all applicable building codes, zoning ordinances and all other local or federal governmental regulations, and, further, that Mortgagor has deposited with Mortgagee the Casualty Restoration Funds in accordance with Section 8(b)(ii) above; and

(viii) Mortgagor agrees that the foregoing conditions to the release of such insurance proceeds and funds are reasonable and, further, that Mortgagee shall be entitled



to require and to impose such other conditions to the release of such insurance proceeds and funds for restoration of the Property as Mortgagee deems reasonably necessary.

(c) Notwithstanding anything set forth in this Section 8 to the contrary, in the event of any loss or damage to the Property arising from fire or other casualty with respect to which Mortgagee has required and Mortgagor has delivered an insurance policy, which loss or damage exceeds [Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00)] in the aggregate (provided that any concurrent loss or damage to any other property securing the Other Security Instruments shall be included in determining whether such threshold amount has been met), then in such case Mortgagee shall have the option, which may be exercised or not exercised in Mortgagee's sole and absolute discretion, to either (i) allow the proceeds of insurance to be used for the restoration of the Property and to release such insurance proceeds to Mortgagor as such restoration progresses, provided that no Event of Default has occurred and is continuing under any of the terms, covenants and conditions of any of the Note Purchase Documents or the Guaranty, and provided further that Mortgagee complies with clauses (i) through (viii), inclusive, of Section 8(b) above, or (ii) apply the proceeds of insurance to reduce the Indebtedness, notwithstanding the fact that the Indebtedness may not then be due and payable or the Indebtedness is otherwise adequately secured. In the event Mortgagor elects, in its sole and absolute discretion, to allow the proceeds of insurance to be used for the restoration of the Property as set forth in clause (i) above, Mortgagee shall have the right to approve in writing the plans and specifications for the restoration of the Property prior to any restoration work being performed, which approval shall not be unreasonably withheld, conditioned or delayed.

LIABILITY INSURANCE

9. To carry and maintain such commercial general liability insurance as may from time to time be required by the terms of the Note Purchase Agreements.

COMPLIANCE WITH LAWS

10. To observe, abide by and comply (subject in each case to Mortgagor's right to contest in good faith in accordance with appropriate proceedings) with (a) all statutes, ordinances, laws, orders, requirements or decrees (as now existing or hereafter amended) applicable to the Property and enacted, promulgated or issued by any federal, state, county or municipal authority or any agency or subdivision thereof having jurisdiction over Mortgagor or the Property, and (b) all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including, without limitation, zoning, variances, special exceptions and nonconforming uses), privileges, franchises and concessions applicable to the Property or granted to or contracted for by Mortgagor in connection with any existing, presently contemplated or future use of the Property.

MAINTENANCE OF PERMITS

11. To obtain, keep and constantly maintain (or cause to be maintained) in full force and effect during the entire term of this Mortgage, all certificates, licenses and permits



necessary to keep the Property operating pursuant to its current use and, except as specifically provided in this Mortgage or in the Note Purchase Documents, not to assign or transfer or in any manner materially and adversely change such certificates, licenses or permits without the prior written consent of Mortgagee.

MAINTENANCE OF PARKING AND ACCESS; PROHIBITION AGAINST ALTERATION

12. To construct, keep and constantly maintain, as the case may be, all curbs, drives, parking areas and the number of parking spaces required by any governmental body, agency or authority having jurisdiction over Mortgagor or the Property.

EXECUTION OF ADDITIONAL DOCUMENTS

13. To do, execute, acknowledge and deliver all further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers, assurances and other instruments, including security agreements and financing statements as Mortgagee shall from time to time reasonably require for the purpose of (a) better assuring, conveying, assigning, transferring and confirming unto Mortgagee the Property and rights hereby encumbered, created, conveyed, assigned (or intended to be so encumbered, created, conveyed or assigned or with respect to which Mortgagor may now be or may hereafter become bound to so encumber, create, convey, or assign), (b) carrying out the intention or facilitating the performance of the terms of this Mortgage, or (c) filing, registering, or recording this Mortgage, and to pay all filing, registration, or recording fees and all taxes, costs and other expenses, including Reasonable Attorneys' Fees incident to the preparation, execution, acknowledgment, delivery, and recordation of any of the same.

AFTER-ACQUIRED PROPERTY SECURED

14. Mortgagor understands and agrees that all right, title and interest of Mortgagor in and to all extensions, improvements, betterments, renewals, substitutions and replacements of and additions and appurtenances to the Property and all conversions of the security constituted thereby shall immediately, without any further mortgage, encumbrance, conveyance, assignment or other act by Mortgagor or consent of any governmental agency or third party and to the extent permitted by applicable law, become subject to the lien of this Mortgage as fully and completely and with the same effect as though now owned by Mortgagor and specifically described herein. Mortgagor further agrees that, upon the request of Mortgagee, Mortgagor shall execute and deliver to Mortgagee any and all such further assurances, mortgages, conveyances, assignments and/or grants of security interests in such additional property as Mortgagee may require for the purpose of subjecting the same to the lien of this Mortgage.

PAYMENTS BY MORTGAGEE ON BEHALF OF MORTGAGOR

15. In the event that Mortgagor fails to make (or cause to be made) payment of any taxes, assessments or public charges on or with respect to the Property before the same shall



become delinquent or any insurance premiums or other charges, impositions, or liens herein or elsewhere required to be paid by Mortgagor (subject in each case to Mortgagor's right to contest as previously set forth in this Mortgage), then in such case Mortgagee shall have the option, which may be exercised or not exercised in its sole and absolute discretion, to pay the same or redeem the Property from any tax sale without any obligation to inquire into the validity of such taxes, assessments, tax sales, charges, impositions or liens. In the case of any such payment by Mortgagee, Mortgagor agrees to reimburse Mortgagee, upon demand therefor, the amount of such payment and of any fees and expenses incurred by Mortgagee in making the same, together with interest thereon at a rate per annum equal to either (a) the highest rate of interest then allowed by the laws of the State where the Property is located or, if controlling, the laws of the United States, or (b) the then applicable interest rate of the Notes plus two hundred (200) basis points (such interest rate, the "Default Rate"); and until paid such amounts and interest shall be added to and become part of the Indebtedness and shall be secured by this Mortgage. In making any payment hereby authorized under this Section 15, Mortgagee may do so whenever, in its sole and absolute judgment and discretion, such payment is necessary or desirable to protect the full security intended to be afforded by this Mortgage. Neither the right nor the exercise of the right herein granted unto Mortgagee to make any such payments as aforesaid shall preclude Mortgagee from exercising its option to cause the entire Indebtedness to become immediately due and payable by reason of Mortgagor's default in making such payments as hereinabove required.

CONDEMNATION; EMINENT DOMAIN

16. Subject to Section 16(c) below, Mortgagee hereby assigns all claims and rights of action for, and all awards and other compensation heretofore or hereafter made to Mortgagor or any subsequent owner of the Property in connection with any permanent or temporary taking of all or any portion of the Property by eminent domain or recovery for inverse condemnation. Mortgagor hereby irrevocably appoints Mortgagee as its attorney-in-fact, coupled with an interest, and authorizes, directs and empowers such attorney, at the option of such attorney and on behalf of Mortgagor, its successors and assigns, to adjust or compromise the claim for any such award or other compensation, collect and receive the proceeds thereof, give proper receipts and acquittances therefor and, after deducting any expenses of collection, to take either of the following actions, in its sole and absolute discretion:

(a) apply the net proceeds as a credit upon any portion of the Indebtedness selected by Mortgagee in its sole and absolute discretion, notwithstanding the fact that the amount owing thereon may not then be due and payable or that said Indebtedness is otherwise adequately secured; or

(b) release such condemnation proceeds to Mortgagor, provided that Mortgagor shall immediately use the proceeds for restoring or rebuilding the Property.

If no Event of Default has occurred and is continuing, Mortgagor may adjust or compromise the claim for any such award or other compensation, provided that the proceeds thereof, after deducting any expenses of collection, shall be applied as a credit upon any portion of the Indebtedness, selected by Mortgagee in its sole and absolute discretion, notwithstanding



the fact that the amount owing thereon may not then be due and payable or that said Indebtedness is otherwise adequately secured.

Mortgagor hereby covenants and agrees to promptly give notice to Mortgagee of any actual or threatened commencement of any eminent domain proceedings and deliver to Mortgagee copies of any and all papers served in connection therewith. Mortgagor further covenants and agrees to make, execute and deliver to Mortgagee upon request, at any time, free, clear and discharged of any encumbrance of any kind whatsoever, any and all further assignments and/or other instruments deemed necessary in good faith by Mortgagee for the purpose of validly and sufficiently assigning all such awards and other compensation made to Mortgagee (including the assignment of any award from the United States government at any time after the allowance of the claim therefor, the ascertainment of the amount thereof and the issuance of the warrant for payment thereof).

(c) Notwithstanding anything set forth in this Section 16 to the contrary, in the event of any permanent or temporary taking by eminent domain or recovery for inverse condemnation that results in a loss not exceeding **[Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00)]** in the aggregate (provided that any concurrent taking of any property securing the Other Security Instruments shall be included for the purpose of determining whether such threshold amount has been met), Mortgagee hereby agrees to allow the award or any compensation to be used for the replacement or restoration of the Property and to release such award or any compensation to Mortgagor as such restoration or replacement progresses, provided that each of the following conditions has been met:

(i) No Event of Default has occurred and is continuing under any of the terms, covenants and conditions of the Note Purchase Documents;

(ii) At all times during any restoration or replacement, if applicable, Mortgagor has deposited with Mortgagee funds which, when added to such condemnation proceeds received by Mortgagee, are sufficient to complete the restoration or replacement of the Property in accordance with the plans and specifications approved by Mortgagee (if applicable) and all applicable building codes and zoning ordinances and regulations (such funds and condemnation proceeds, the "Condemnation Restoration Funds"), and Mortgagee's inspecting architect or engineer has certified the sufficiency of such Condemnation Restoration Funds to Mortgagee;

(iii) Mortgagor provides customary completion, payment and performance bonds and builders' all risk insurance for such restoration, if any, in form and substance reasonably acceptable to Mortgagee;

(iv) Mortgagee shall have the option, to be exercised or not exercised in Mortgagee's sole and absolute discretion, upon the completion of such restoration or replacement of the Property, if any, to apply any surplus condemnation proceeds remaining after the completion of such restoration, at par, to the reduction of the Indebtedness, notwithstanding the fact that the amount owing thereon may not then be due and payable or that said Indebtedness is otherwise adequately secured;



(v) The Condemnation Restoration Funds shall be disbursed no more often than once per month and each such disbursement (excepting therefrom the final disbursement of the Condemnation Restoration Proceeds) shall not be less than Thirty Thousand and No/100 Dollars (\$30,000.00), unless Mortgagee, upon request by Mortgagor, determines, in its sole and absolute discretion, to permit disbursements of lesser amounts and/or more frequently than once per month;

(vi) Mortgagee's obligation to make any such disbursement shall be conditioned upon Mortgagee's receipt of written certification from Mortgagee's inspecting architect or engineer (whose fees shall be paid by Mortgagor) that any construction and work for which such disbursement is requested has been completed in accordance with the plans and specifications approved by Mortgagee, if applicable, and in accordance with all applicable building codes, zoning ordinances and all other local or federal governmental regulations, and, further, that Mortgagor has deposited with Mortgagee sufficient Condemnation Restoration Funds to complete such restoration or replacement in accordance with Section 16(c)(ii) above; and

(vii) Mortgagor agrees that the foregoing conditions to the release of such insurance proceeds and funds are reasonable and, further, that Mortgagee shall be entitled to require and to impose such other conditions to the release of such Condemnation Restoration Funds for restoration or replacement of the Property as Mortgagee deems reasonably necessary.

COSTS OF COLLECTION

17. In the event that the any attorney is retained by Mortgagee to enforce the provisions of this Mortgage or any of the other Note Purchase Documents or Mortgagee becomes a party to any action, suit, appeal or legal proceeding (including, without limitation, any foreclosure, condemnation, bankruptcy, administrative proceeding or other proceeding wherein proof of claim is required by law to be filed), hearing, motion or application before any court or administrative body in connection with the Property, the lien and security interest granted or created under this Mortgage or any of the other Note Purchase Documents, the recovery or protection of the Secured Obligations or the foreclosure of this Mortgage, Mortgagor shall save and hold Mortgagee harmless from and against any and all reasonable costs and expenses incurred by Mortgagee on account thereof, at all trial and appellate levels, including, without limitation, Reasonable Attorneys' Fees, title searches and abstract and survey charges, and Mortgagor shall repay, on demand, all such costs and expenses, together with interest thereon at the Default Rate; all of which sums, if unpaid, shall be added to and become a part of the Secured Obligations.

DEFAULT RATE

18. Any Indebtedness not paid when due, whether maturing by lapse of time or by reason of acceleration under the provisions of the Note Purchase Documents, and whether principal, interest or money owing for advancements pursuant to the terms of any Note Purchase Document, shall bear interest until paid at the Default Rate.



SAVINGS CLAUSE; SEVERABILITY

19. Mortgagee shall not be entitled to receive, collect or apply, as interest on the Indebtedness, any amount in excess of the maximum lawful rate of interest permitted to be charged by applicable law. If any clauses or provisions herein contained shall operate or would prospectively operate to invalidate this Mortgage, then such clauses or provisions only shall be held for naught, as though not herein contained and the remainder of this Mortgage shall remain operative and in full force and effect.

EVENTS OF DEFAULT

20. (a) Any default beyond any applicable notice and cure periods under any of the Note Purchase Documents shall be an "Event of Default" under this Mortgage.

(b) The failure or omission on the part of Mortgagee to exercise the option for acceleration of maturity of the Notes and foreclosure of this Mortgage following any Event of Default as aforesaid or to exercise any other option or remedy granted hereunder to Mortgagee when entitled to do so in any one or more instances, or the acceptance by Mortgagee of partial payment of the Indebtedness, whether before or subsequent to an Event of Default occurring hereunder, shall not constitute a waiver of any such default or the right to exercise any such option or remedy, but such option or remedy shall remain continuously in force. Acceleration of maturity of the Notes, once claimed hereunder by Mortgagee, at the option of Mortgagee, may be rescinded by written acknowledgment to that effect by Mortgagee, but the tender and acceptance of partial payments alone shall not in any way affect or rescind such acceleration of maturity.

FORECLOSURE

21. (a) Upon all of the Indebtedness or any part thereof becoming due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for all or such part of the Indebtedness. Mortgagee may, at its option, proceed to foreclose the lien of the Mortgage and pursue all remedies offered to a mortgagee under the laws of the State in which the Property is located. The Property may be sold in one parcel, several parcels or groups of parcels and may be foreclosed successively and in parts until all of the Property has been foreclosed against and sold. Mortgagor waives and relinquishes any and all rights that Mortgagor may have to cause or compel a sale of any part or parcel of the Property less than the entire Property. Mortgagee shall be entitled to bid at the sale, and, if Mortgagee is the highest bidder for the Property or any part or parts thereof, Mortgagee shall be entitled to purchase the same. In the event of any such foreclosure, or upon the enforcement of any other remedy of Mortgagee under the Note Purchase Documents, there shall be allowed and included as additional Indebtedness all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee, including, without limitation, Reasonable Attorneys' Fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs, and costs involved in title insurance and title examinations. All expenditures and expenses of the nature set forth in this Section 20, and such reasonable expenses and fees, including, without limitation, Reasonable Attorneys' Fees, as may be incurred in the protection of the



Property and the maintenance of the lien of this Mortgage, including, without limitation, in any probate or bankruptcy proceedings or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate, and shall become part of the Secured Obligations. The proceeds of any foreclosure sale of the Property shall be distributed and applied in the following order or priority: (i) first, on account of all costs and expenses incident to the foreclosure proceedings, including, without limitation, Reasonable Attorneys' Fees and all such other items as are mentioned in this Section 20; (ii) second, all other items which under the terms hereof constitute Secured Obligations, with interest thereon as herein provided; (iii) third, all principal and interest remaining unpaid on the Notes; (iv) fourth, as required under applicable law. The failure or omission on the part of Mortgagee to exercise the option for acceleration of maturity of the Notes and foreclosure of this Mortgage following any Event of Default as aforesaid or to exercise any other option or remedy granted hereunder to Mortgagee when entitled to do so in any one or more instances, or the acceptance by Mortgagee of partial payment of the Indebtedness, whether before or subsequent to Mortgagor's default hereunder, shall not constitute a waiver of any such default or the right to exercise any such option or remedy, but such option or remedy shall remain continuously in force. Acceleration of maturity of the Notes, once claimed hereunder by Mortgagee, at the option of Mortgagee, may be rescinded by written acknowledgment to that effect by Mortgagee, but the tender and acceptance of partial payments alone shall not in any way affect or rescind such acceleration of maturity.

(b) Mortgagor shall not and will not apply for or avail itself of any appraisal, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws", now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. Mortgagor for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the Property marshaled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Property sold in its entirety. Mortgagor hereby waives any and all rights of redemption, and any right to reinstate the loan evidenced by the Notes. Mortgagor represents that the provisions of this Section 21(b) were made at the express direction of Mortgagor and the persons having the power of direction of Mortgagor.

UNIFORM COMMERCIAL CODE; FIXTURE FILING

22. Upon the occurrence and during the continuation of an Event of Default, Mortgagee may exercise its rights of enforcement with respect to the Fixtures and Personal Property under the Uniform Commercial Code, as amended, as enacted in the state in which the Property is located (the "UCC"), and in conjunction with, in addition to or in substitution for those rights and remedies:

(a) written notice mailed to Mortgagor as provided herein five (5) business days prior to the date of public sale of the Fixtures and Personal Property or prior to the date



after which private sale of the Fixtures and Personal Property will be made shall constitute reasonable notice; and

(b) any sale made pursuant to the provisions of this Section 22 shall be deemed to have been a public sale conducted in a commercially reasonable manner if held contemporaneously with the sale of the Mortgaged Property under power of sale as provided herein upon giving the same notice with respect to the sale of the Fixtures and Personal Property hereunder as is required for such sale of the Mortgaged Property under power of sale; and

(c) in the event of a foreclosure sale, whether made under the terms hereof or under judgment of a court, the Fixtures and Personal Property and the Mortgaged Property may, at the option of Mortgagee, be sold in its entirety; and

(d) it shall not be necessary that Mortgagee take possession of the Fixtures and Personal Property or any part thereof prior to the time that any sale pursuant to the provisions of this Section 22 is conducted and it shall not be necessary that the Fixtures and Personal Property or any part thereof be present at the location of such sale; and

(e) prior to application of proceeds of disposition of the Fixtures and Personal Property to the Indebtedness, such proceeds shall be applied to the reasonable expenses of retaking, holding, preparing for sale, including, without limitation, the Reasonable Attorneys' Fees and other legal expenses incurred by Mortgagee; and

(f) any and all statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale hereunder as to nonpayment of the Indebtedness or as to the occurrence of any Event of Default, or as to Mortgagee having declared all of such Indebtedness to be due and payable, or as to notice of time, place and terms of sale and of the properties to be sold having been duly given, or as to any other act or thing having been duly done by Mortgagee, shall be taken as prima facie evidence of the truth of the facts so stated and recited; and

(g) Mortgagee may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Mortgagee, including the sending of notices and the conduct of the sale, but in the name and on behalf of Mortgagee. A carbon, photographic or other reproduction of this Mortgage or of any financing statement relating to this Mortgage shall be sufficient as a financing statement; and

(h) This Mortgage shall be effective as a financing statement filed as a fixture filing with respect to all fixtures included within the Property and is to be filed for record in the real estate records in the Office of the County where the Real Property (including said fixtures) is situated; and

(i) This Mortgage shall also be effective as a financing statement covering minerals or the like (including oil and gas) and accounts subject to the UCC, and is to be filed for record in the real estate records of the county where the Real Property is situated. The



mailing address of Mortgagor is set forth in Section 37 of this Mortgage and the address of Mortgagee from which information concerning the security interest may be obtained is the address of Mortgagee set forth in Section 37 of this Mortgage.

PROTECTION OF MORTGAGEE'S SECURITY

23. At any time after the occurrence and continuation of an Event of Default hereunder, Mortgagee is authorized, without notice and in its sole discretion, to (a) enter upon and take possession of the Property or any part thereof; (b) perform any acts which Mortgagee deems necessary or proper to conserve the security herein intended to be provided by the Property; and (c) operate any business or businesses conducted thereon and to collect and receive all rents, issues and profits thereof and therefrom, including those past due as well as those accruing thereafter. In addition to the aforesaid rights, Mortgagee shall have the right to be placed in possession of the Property.

APPOINTMENT OF RECEIVER

24. If, at any time after the occurrence and continuation of an Event of Default, Mortgagee determines, in the sole and absolute discretion of Mortgagee, that a receivership may be necessary to protect the Property or its rents, issues, revenue, profits or proceeds, whether before or after maturity of the Notes and whether before or at the time of or after the institution of foreclosure or suit to collect such Indebtedness or enforce this Mortgage, then Mortgagee, as a matter of strict right and regardless of the value of the Property, the amount of the Indebtedness or the solvency of any party bound for the payment of such Indebtedness, shall have the right, upon ex parte application and without notice to anyone and by any court having jurisdiction, to have a receiver appointed to (a) take charge of, manage, preserve, protect and operate the Property, (b) collect the rents, issues, revenues, profits, proceeds and income thereof, (c) make all necessary and needful repairs, (d) pay all taxes, assessments and charges against the Property and all premiums for insurance thereon, (e) do such other acts as may be authorized and directed by such court, and (f) after payment of the expenses of the receivership and the management of the Property, apply the-net proceeds of such receivership in reduction of the Indebtedness or in such other manner as said court shall direct notwithstanding the fact that the amount owing thereon may not then be due and payable or the said Indebtedness is otherwise adequately secured. Such receivership shall, at the option of Mortgagee, continue until the Indebtedness has been indefeasibly paid in full or until title to the Property shall have passed by sale under this Mortgage. Mortgagor hereby specifically waives its right to object to the appointment of a receiver as aforesaid and hereby expressly agrees that such appointment shall be made as an admitted equity and as a matter of absolute right to Mortgagee. The provisions of this Section 24 were specifically bargained for and are an inducement for Mortgagee to purchase the Notes from Mortgagor.

RIGHTS AND REMEDIES CUMULATIVE; FORBEARANCE NOT A WAIVER

25. The rights and remedies herein provided are cumulative and Mortgagee, as the holder of the Notes and every Secured Obligation, may recover judgment thereon, issue



execution therefor and resort to every other right or remedy available at law or in equity, without first exhausting any right or remedy available to Mortgagee and without affecting or impairing the security of any right or remedy afforded hereby, and no enumeration of special rights or powers by any provisions hereof shall be construed to limit any grant of general rights or powers, or take away or limit any and all rights granted to or vested in Mortgagee by law. Mortgagor further agrees that no delay or omission on the part of Mortgagee to exercise any rights or powers accruing to it hereunder shall impair any such right or power or be construed to be a waiver of any such Event of Default hereunder or an acquiescence therein, and every right, power and remedy granted herein or by law to Mortgagee may be exercised from time to time as often as may be deemed expedient by Mortgagee in its sole and absolute discretion.

OTHER SECURITY

26. Mortgagee may resort to any security given by this Mortgage or to any other security now existing or hereafter given to secure the payment of the Indebtedness and the performance of the Other Obligations, in whole or in part, and in such portions and in such order as may seem best to Mortgagee in its sole and uncontrolled discretion, and any such action shall not in anywise be considered as a waiver of any of the rights, benefits, liens or security interests evidenced by this Mortgage. To the full extent Mortgagor may do so, Mortgagor agrees that Mortgagor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force pertaining to the rights and remedies of sureties or providing for any appraisalment, valuation, stay, extension or redemption, and Mortgagor, for Mortgagor and Mortgagor's heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming any interest in the Property, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisalment, stay of execution, notice of intention to mature or declare due the whole of the Indebtedness, notice of election to mature or declare due the whole of the Indebtedness and all rights to a marshaling of the assets of Mortgagor, including the Property, or to a sale in inverse order of alienation in the event of foreclosure of the liens and security interests hereby created. Mortgagor shall not have or assert any right under any statute or rule of law pertaining to the marshaling of assets, sale in inverse order of alienation, the exemption of homestead, the administration of estates of decedents or other matters whatever to defeat, reduce or affect the right of Mortgagee under the terms of this Mortgage to a sale of the Property for the collection of the Indebtedness without any prior or different resort for collection, or the right of Mortgagee under the terms of this Mortgage to the payment of such Indebtedness out of the proceeds of sale of the Property in preference to every other claimant whatever. If any law referred to in this Section 26 and now in force, of which Mortgagor or Mortgagor's heirs, devisees, representatives, successors and assigns and such other persons claiming any interest in the Property might take advantage despite this Section 26, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this Section 26. Notwithstanding the existence of any other liens or security interests or by any other party, Mortgagee shall have the right to determine the order in which any or all of the Property shall be subjected to the remedies provided herein. Mortgagee shall have the right to determine the order in which the Indebtedness is satisfied from the proceeds realized upon the exercise of the remedies provided herein. Mortgagor, any party who consents to this Mortgage,



and any party who now or hereafter acquires a lien or security interest in the Property and who has actual or constructive notice of this Mortgage, to the extent permitted by applicable law, hereby expressly waives and relinquishes any and all rights to demand or require the marshaling of liens or the marshaling of assets by Mortgagee in connection with the exercise of any of the remedies provided herein or permitted by applicable law. To the extent permitted by applicable law, Mortgagor expressly waives and relinquishes any and all rights and remedies Mortgagor may have or be able to assert by reason of laws relating to the rights and remedies of sureties or guarantors.

MODIFICATION NOT AN IMPAIRMENT OF SECURITY

27. Mortgagee, without notice and without regard to the consideration, if any, paid therefor, and notwithstanding the existence at that time of any inferior mortgage liens or other liens thereon, may release any part of the security described herein or may release any Person liable for any Secured Obligations without in any way affecting the priority of this Mortgage, to the full extent of the Indebtedness remaining unpaid hereunder, upon any part of the security not expressly released. Mortgagee may, at its option and within its sole discretion, also agree with any party obligated on said Indebtedness, or having any interest in the security described herein, to extend the time for payment of any part or all of the Indebtedness secured hereby, and such agreement shall not, in any way, release or impair this Mortgage, but shall extend the same as against the title of all parties having any interest in said security, which interest is subject to this Mortgage.

MODIFICATION NOT A WAIVER

28. In the event Mortgagee: (a) releases, as aforesaid, any part of the security described herein or any Person liable for any of the Secured Obligations, or (b) grants an extension of time for the payment of the Notes, or (c) takes other or additional security for the payment of the Notes, or (d) waives or fails to exercise any rights granted herein, in the Notes or any of the other Note Purchase Documents, any said act or omission shall not release Mortgagor, subsequent purchasers of the Property or any part thereof, or makers, sureties, endorsers or guarantors of the Notes, if any, from any obligation or any covenant of this Mortgage, the Notes or any of the other Note Purchase Documents, nor preclude Mortgagee from exercising any right, power or privilege herein granted or intended to be granted in the event of any other default then made, or any subsequent default.

TRANSFER OF PROPERTY OR CONTROLLING INTEREST IN MORTGAGOR; ASSUMPTION

29. Without the prior written consent of Mortgagee in Mortgagee's sole and absolute discretion, the sale, transfer, assignment or conveyance of all or any portion of the Property, or the transfer, assignment or conveyance of a controlling interest in Mortgagor, whether voluntarily or by operation of law, shall constitute an Event of Default under Section 20 of this Mortgage, and upon any such sale, transfer, assignment or conveyance, Mortgagee, in its sole and absolute discretion, may declare all of the Indebtedness immediately due and payable.



FURTHER ENCUMBRANCE PROHIBITED; SUBROGATION

30. So long as the Notes remain unpaid, Mortgagor shall neither voluntarily nor involuntarily permit the Property or any part thereof to become subject to any secondary lien, mortgage, security interest or encumbrance of any kind whatsoever, other than a Permitted Lien, or any lien, mortgage, security interest or encumbrance permitted by the express terms of the Intercreditor Agreement or Note Purchase Agreements, without the prior written consent of Mortgagee. Any secured indebtedness of Mortgagor which is permitted by the express terms of the Intercreditor Agreement or Note Purchase Agreements shall be permitted under this Mortgage.

CONVEYANCE OF MINERAL RIGHTS PROHIBITED

31. Mortgagor agrees that the making of any oil, gas or mineral lease or the sale or conveyance of any mineral interest or right to explore for minerals under, through or upon the Property shall be prohibited without first obtaining from Mortgagee express written permission therefor, which permission shall be granted or withheld in Mortgagee's sole and absolute discretion.

ESTOPPEL CERTIFICATION BY MORTGAGOR

32. Mortgagor, upon request therefor made either personally or by mail, shall certify in writing to Mortgagee (or any party designated by Mortgagee) in form satisfactory to Mortgagee the amount of principal and interest then outstanding under the terms of the Notes and any other sums due and owing under this Mortgage or any of the other Note Purchase Documents and whether any offsets or defenses exist against the Secured Obligations. Such certification shall be made by Mortgagor within five (5) business days if the request is made personally, or within ten (10) business days if the request is made by mail.

CROSS-DEFAULT; CROSS-COLLATERALIZATION

33. (a) The Notes are also secured by the terms, conditions and provisions of the deeds of trust, mortgages, documents and security instruments identified on Exhibit B attached hereto and incorporated by this reference ("Other Security Instruments"). In addition to the Indebtedness and Other Obligations secured by this Mortgage, this Mortgage shall also secure the payment and performance of all of the indebtedness and other obligations secured by the Other Security Instruments. In addition to the indebtedness and other obligations secured by the Other Security Instruments, the Other Security Instruments shall also secure the payment and performance of the Indebtedness and Other Obligations secured by this Mortgage.

(b) At the option of Mortgagee, any Event of Default under this Mortgage or the Notes secured hereby shall constitute an Event of Default under the Other Security Instruments and any default under any of the Other Security Instruments shall likewise constitute an Event of Default hereunder and under the Notes.



(c) Mortgagor waives all rights to have all or part of the Property marshalled upon any foreclosure of this Mortgage or any of the Other Security Instruments. Mortgagee shall have the right to sell, and any court in which foreclosure proceedings may be brought shall have the right to order a sale of, the Property and the collateral described in this Mortgage or any of said Other Security Instruments as a whole or in separate parcels, in any order that Mortgagee may designate. Mortgagor makes this waiver for itself, for all Persons claiming through or under Mortgagor and for Persons who may acquire a lien or security interest on all or any part of the Property and collateral described in this Mortgage or in any of the Other Security Instruments or on any interest therein.

(d) Notwithstanding the foregoing, the enforcement or attempted enforcement of this Mortgage or any of the other Note Purchase Documents now or hereafter held by Mortgagee shall not prejudice or in any manner affect the right of Mortgagee to enforce any of the Other Security Instruments; it being understood and agreed that Mortgagee shall be entitled to enforce this Mortgage and any of the Note Purchase Documents now or hereafter held by it in such order and manner as Mortgagee, in its sole discretion, shall determine.

FUTURE ADVANCES SECURED

34. Subject to the terms of Section 43 below, this Mortgage shall secure not only existing Indebtedness and Other Obligations, but also future advances, if any, whether such advances are obligatory or to be made at the option of Mortgagee. Upon request of Mortgagor, and at Mortgagee's option prior to release of this Mortgage, Mortgagee may make future advances to Mortgagor. Subject to the terms of Section 43 below, all future advances with interest thereon shall be secured by this Mortgage to the same extent as if such future advances were made on the date of the execution of this Mortgage unless the parties shall agree otherwise in writing. Subject to the terms of Section 43 below, any advances or disbursements made for the benefit or protection of or the payment of taxes, assessments, levies or insurance upon the Property, with interest on such disbursements as provided herein, shall be added to the principal balance of the Notes and collected as a part thereof. To the extent that this Mortgage may secure more than one Note, a default in the payment of any such Note shall constitute a default in the payment of all of the Notes.

FURTHER ASSURANCES

35. Mortgagor agrees to and shall, upon the reasonable request of Mortgagee, execute and deliver to Mortgagee, in form and content satisfactory to Mortgagee, such financing statements, descriptions of property and such further assurances as Mortgagee may from time to time consider necessary or appropriate to create, perfect, continue and preserve the lien and encumbrances hereof and the security interest granted herein upon and in the Property intended to be the subject of the security interest, lien and encumbrance hereby created, granted and conveyed; provided that such further assurances do not increase Mortgagor's liabilities or obligations under the Note Purchase Documents or decrease Mortgagor's rights under the Note Purchase Documents. Without the prior written consent of Mortgagee, Mortgagor shall not create or suffer to be created, pursuant to the UCC, any other security interest in such Property, except for Permitted Liens. Upon the occurrence and continuation of an Event of Default



hereunder, Mortgagee shall have the remedies of a secured party under the UCC and, at Mortgagee's option, the remedies provided for in this Mortgage. Mortgagee, at the expense of Mortgagor, may or shall cause such statements, descriptions and assurances, as herein provided in this Section 35, and this Mortgage to be recorded and re-recorded, filed and refiled, at such times and in such places as may be required or permitted by law to so create, perfect and preserve the lien and encumbrance hereof upon all of the Property.

SUCCESSORS AND ASSIGNS; TERMINOLOGY

36. The provisions hereof shall be binding upon Mortgagor and the successors and assigns of Mortgagor, and shall inure to the benefit of Mortgagee and its successors and assigns. Where more than one Mortgagor is named herein, the obligations and liabilities of said Mortgagor shall be joint and several. Wherever used in this Mortgage, unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, the word "Mortgagor" shall mean Mortgagor and/or any subsequent owner or owners of the Property, the word "Mortgagee" shall mean Mortgagee or any subsequent holder or holders of this Mortgage, the word "Notes" shall mean the Notes, or any one of them, and/or any other note or evidence of Indebtedness secured by this Mortgage, and the term "Person" shall mean any individual, trustee, trust, corporation, partnership, limited liability company or unincorporated association. As used herein, to the extent permitted by applicable law, the phrase "Reasonable Attorneys' Fees" shall mean reasonable fees charged by attorneys selected by Mortgagee based upon such attorneys' then prevailing hourly rates as opposed to any statutory presumption specified by any statute then in effect in the state where the Property is located. As used herein words of any gender shall include all other genders.

NOTICES

37. All notices, demands and requests that any party is required or elects to give hereunder shall be in writing, or by a telecommunications device capable of creating a written record, and any such notice shall become effective (a) upon personal delivery thereof, including, without limitation, delivery by overnight mail and courier service, (b) four (4) days after it shall have been mailed by United States registered, first class or certified mail, with return receipt requested, postage prepaid, or (c) in the case of notice by such telecommunications device, when properly transmitted, to the parties at the following addresses (or at such other addresses as shall be given in writing by any party to the others):

To Mortgagor:

Skagit Gardens, Inc.
c/o Lincoln Partners
200 East Madison Street, Suite 2100
Chicago, Illinois 60606
Attention:
Facsimile No.:



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Skagit County Auditor

With a copy to:

Stoel Rives LLP
900 SW Fifth Avenue, Suite 2600
Portland, OR 97204
Attention: Alan Blank
Facsimile No.: (503) 220-2480

To Mortgagee:

Tennenbaum Capital Partners, LLC
11100 Santa Monica Boulevard, Suite 210
Los Angeles, California 90025
Attention: Mr. Howard Levkowitz
Facsimile No.: (310) 566-1045

With a copy to:

Gibson, Dunn & Crutcher LLP
333 South Grand Avenue
Los Angeles, California 90071
Attn: Brian D. Kilb
Facsimile No.: (213) 229-7520

GOVERNING LAW

38. This Mortgage is to be governed by and construed in accordance with the laws of the state where the Real Property is located and, if controlling, by the laws of the United States.

RIGHTS OF MORTGAGEE CUMULATIVE

39. The rights of Mortgagee arising under the clauses and covenants contained in this Mortgage shall be separate, distinct and cumulative and none of them shall be in exclusion of the others. No act of Mortgagee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provisions, anything herein or otherwise to the contrary notwithstanding.

MODIFICATIONS

40. This Mortgage may not be changed, altered, amended or modified, except by an agreement in writing and in recordable form, executed by both Mortgagor and Mortgagee.

MORTGAGEE NOT A JOINT VENTURER OR PARTNER

41. Mortgagor and Mortgagee acknowledge and agree that in no event shall Mortgagee be deemed to be a partner or joint venturer with Mortgagor or any partner of Mortgagor. Without limitation of the foregoing sentence, Mortgagee shall not be deemed to be a partner or joint venturer on account of its becoming a mortgagee in possession or exercising any rights pursuant to this Mortgage or pursuant to any other instrument or document evidencing or securing any of the Secured Obligations.



TIME IS OF THE ESSENCE

42. It is understood by Mortgagor that time is of the essence hereof in connection with all of the Secured Obligations.

SPECIAL STATE PROVISIONS

43. The provisions of Exhibit C are hereby incorporated by reference herein as though set forth in full herein.

CAPTIONS

44. The captions set forth at the beginning of the various sections of this Mortgage are for convenience only and shall not be used to interpret or construe the provisions of this Mortgage.

ASSIGNMENT OF LEASES AND RENTS

45. (a) Assignment of Leases and Rents. Mortgagor hereby irrevocably assigns to Mortgagee all of Mortgagor's right, title and interest in, to and under: (a) all leases of the Property or any portion thereof, and all other agreements of any kind relating to the use or occupancy of the Property or any portion thereof, whether now existing or entered into after the date hereof ("Leases"); and (b) the rents, revenue, income, issues, deposits security deposits, letters of credit, lease bonds and other deposit substitutes or credit enhancements and profits of the Property, including, without limitation, all amounts payable and all rights and benefits accruing to Mortgagor under the Leases, and all deposits, security deposits, letters of credit, lease bonds and other deposit substitutes, or credit enhancements ("Rents"). The term "Leases" shall also include all guarantees of and security for the lessees' performance thereunder, and all amendments, extensions, renewals or modifications thereto which are permitted hereunder. This assignment is intended to be specific, perfected and choate upon recording, pursuant to RCW 7.28.230, and Mortgagee's right to the Leases and Rents is not contingent upon, and may be exercised without possession of, the Property.

(b) Grant of License. Mortgagee confers upon Mortgagor a revocable license ("License") to collect and retain the Rents as they become due and payable, until the occurrence of an Event of Default. Upon the occurrence of an Event of Default, the License shall be automatically revoked and Mortgagee may collect and apply the Rents without notice and without taking possession of the Property. Mortgagor hereby irrevocably authorizes and directs the lessees under the Leases to rely upon and comply with any notice or demand by Mortgagee for the payment to Mortgagee of any Rents which may at any time become due under the Leases, or for the performance of any of the lessees' undertakings under the Leases, and the lessees shall have no right or duty to inquire as to whether any Event of Default has actually occurred or is then existing hereunder. Mortgagor hereby relieves the lessees from any liability to Mortgagor by reason of relying upon and complying with any such notice or demand by Mortgagee.



(c) Effect of Assignment. The foregoing assignment shall not cause Mortgagee to be: (a) a mortgagee in possession; (b) responsible or liable for the control, care, management or repair of the Property or for performing any of the terms, agreements, undertakings, obligations, representations, warranties, covenants and conditions of the Leases; or (c) responsible or liable for any waste committed on the Property by the lessees under any of the Leases or any other parties; for any dangerous or defective condition of the Property; or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any lessee, licensee, employee, invitee or other person. Mortgagee shall not directly or indirectly be liable to Mortgagor or any other person as a consequence of: (i) the exercise or failure to exercise by Mortgagee, or any of their respective employees, agents, contractors or subcontractors, any of the rights, remedies or powers granted to Mortgagee hereunder; or (ii) the failure or refusal of Mortgagee to perform or discharge any obligation, duty or liability of Mortgagor arising under the Leases.

ORAL AGREEMENTS

46. **NOTICE IS HEREBY GIVEN THAT ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, MODIFY LOAN TERMS, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

INTERCREDITOR AGREEMENT

47. The rights granted to Mortgagee under this Mortgage are subject to the provisions set forth in that certain Intercreditor Agreement, dated of even date herewith, by and between Mortgagee, as collateral agent for the Note Purchasers, and Harris Trust and Savings Bank, as administrative agent for the Bank Lenders (as defined therein).

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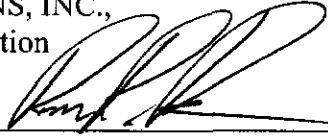
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IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be executed as of the day and year first above written.

SKAGIT GARDENS, INC.,
a Delaware corporation

By: 
Name: RONALD R. PIDOUT
Title: CFO



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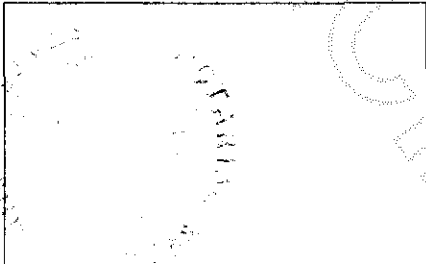
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OHIO
STATE OF WASHINGTON)
) ss.
COUNTY OF LAKE)

I certify that I know or have satisfactory evidence that Ronald Ridous is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the Chief Financial Officer of Skagit Gardens, Inc. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: July 9, 2003



(Use this space for notarial stamp/seal)

Mary Lynn Fuentes
Notary Public
Print Name MARY LYNN FUENTES, Notary Public
Recorded in Ashtabula County
My commission expires May 21, 2008
My commission expires



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EXHIBIT A

LEGAL DESCRIPTION

[SEE ATTACHED]



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EXHIBIT "A"

PARCEL "A" - Assessor's Property Tax Parcel Account Nos. P106106 (Lot 2) and P106105 (Lot 3)

Lots 2 and 3 of Skagit County Short Plat No. 94-033, approved September 26, 1994, and recorded September 30, 1994, in Volume 11 of Short Plats, pages 121 and 122, under Auditor's File No. 9409300084, records of Skagit County, Washington; being a portion of the North Half of the Northwest Quarter of the Northwest Quarter of Section 32, Township 34 North, Range 4 East of the Willamette Meridian.

PARCEL "B" - Assessor's Property Tax Parcel Account No. P29527

That portion of the North Half of the South Half of the Northwest Quarter of the Northwest Quarter of Section 32, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point on the South line of said North Half of the South Half of the Northwest Quarter of the Northwest Quarter, 30 feet East of the Southwest corner thereof, said point being the East line of the State Highway "99" right of way, as said highway existed on January 7, 1954;

Thence East along the South line of said North Half of the South Half of the Northwest Quarter of the Northwest Quarter, 188 feet;

Thence North parallel with the West line of said subdivision, 200 feet;

Thence West 188 feet to the East line of said State Highway right of way;

Thence South along the East line of said highway right of way, 200 feet to the point of beginning.

PARCEL "C" - Assessor's Property Tax Parcel Account No. P29527

That portion of the North Half of the South Half of the Northwest Quarter of the Northwest Quarter of Section 32, Township 34 North, Range 4 East of the Willamette Meridian, described as follows:

Beginning at a point on the South line of said North Half of the South Half of said Northwest Quarter of the Northwest Quarter, 30 feet East of the Southwest corner thereof, said point being on the East line of the State Highway "99" right of way, as said highway existed on January 7, 1954;

Thence North along the East line of said State Highway right of way, 200 feet;

Thence East 144 feet to the true point of beginning;

Thence continue East 44 feet;

Thence North parallel to the West line of said Northwest Quarter, 8.0 feet;

Thence West 44 feet;

Thence South 8.0 feet to the true point of beginning.

EXCEPT the North 6.13 feet thereof.

continued.....



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Skagit County Auditor

EXHIBIT "A"
Page 2

PARCEL "D" – Assessor's Property Tax Parcel Account No. P29527

The South 1.87 feet of the West 144.00 feet of that portion of the North Half of the South Half of the Northwest Quarter of the Northwest Quarter of Section 32, Township 34 North, Range 4 East of the Willamette Meridian described as follows:

Beginning at a point on the East line of the State Highway 200 feet North of the South line of said North Half of the South Half of the Northwest Quarter of the Northwest Quarter of said Section 32;

Thence East 144 feet;

Thence North parallel to the West line of said Northwest Quarter of the Northwest Quarter, 8 feet;

Thence East 44 feet, more or less, to a line which is distant 218 feet East of and parallel to the West line of said Northwest Quarter of the Northwest Quarter;

Thence North along said parallel line 122 feet, more or less, to the North line of said North Half of the South Half of the Northwest Quarter of the Northwest Quarter;

Thence West along said North line 188 feet, more or less to the East line of said State Highway;

Thence South along said East line 130 feet to the point of beginning.

PARCEL "E" – Assessor's Property Tax Parcel Account No. P29522

The South 330 feet of the Northwest Quarter of the Northwest Quarter of Section 32, Township 34 North, Range 4 East of the Willamette Meridian,

EXCEPT Drainage District No. 17 right of way,

EXCEPT Old State Highway 99 along the West line thereof,

EXCEPT that portion conveyed to the State of Washington for Primary State Highway No. 1 along the East line thereof, by deed dated February 3, 1953, recorded March 12, 1953, under Auditor's File No. 485839, and

EXCEPT that portion, if any, lying within the North Half of the South Half of the Northwest Quarter of the Northwest Quarter,

ALSO EXCEPT that portion thereof condemned by the State of Washington for highway purposes in Skagit County Superior Court Cause No. 33040.

continued.....



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EXHIBIT "A"
Page 3

PARCEL "F" – Assessor's Property Tax Parcel Account No. P29524

The North Half of the South Half of the Northwest Quarter of the Northwest Quarter of Section 32, Township 34 North, Range 4 East of the Willamette Meridian,

EXCEPT the West 218 feet thereof, and

EXCEPT that portion thereof conveyed to the State of Washington for highway purposes by deed dated January 29, 1953 and recorded February 12, 1953, under Auditor's File No. 485836, and deed recorded December 21, 1971, under Auditor's File No. 762101, records of said County, and

EXCEPT Drainage Ditch right of way, if any.

PARCEL "G" – Assessor's Property Tax Parcel Account Nos. P21495, P21493, and P21740

Government Lot 7 of Section 12, Township 34 North, Range 3 East of the Willamette Meridian, and a tract of land in the Northeast Quarter of the Northeast Quarter of Section 13, Township 34 North, Range 3 East of the Willamette Meridian, described as follows:

Beginning at the Northeast corner of said Section 13;
Thence South 83°31' West along the North line of said Section 13, a distance of 1,273.6 feet, more or less, to the Northwest corner of the Northeast Quarter of the Northeast Quarter of said Section 13;
Thence South along the West line of said Northeast Quarter of the Northeast Quarter, a distance of 160.6 feet;
Thence South 89°33' East, a distance of 1,275 feet, more or less, to the East line of said Section 13;
Thence North along the East line of said Section a distance of 314.8 feet, more or less, to the point of beginning,

EXCEPT the East 40 feet of that portion of the subject property lying within Government Lot 7 in Section 12, Township 34 North, Range 3 East of the Willamette Meridian, and as conveyed to Skagit County for road purposes by deed recorded April 5, 1911 in Volume 83 of Deeds, page 536,

ALSO EXCEPT the East 40 feet of that portion of the subject property lying within Section 13, Township 34 North, Range 3 East of the Willamette Meridian, as conveyed to John Krangness by deed recorded April 4, 1924, in Volume 132 of Deeds, page 576,

ALSO EXCEPT therefrom all rights of ways for Diking District No. 17 and for County roads, and

ALSO EXCEPT the North 2 acres of the West 10 acres of the remainder.

continued.....



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EXHIBIT "A"
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PARCEL "H" – Assessor's Tax Parcel Account No. P21495

That portion of Government Lot 6, Section 12, Township 34 North, Range 3 East of the Willamette Meridian, described as follows:

Beginning at the Southwest corner of said Lot;
Thence North 83°40'02" East 1,193.75 feet along the South line of said Section 12, to a point that is South 83°40'02" West 1,285.18 feet from the Southeast corner of said Section 12 said point being the true point of beginning;
Thence North 0°19'30" West 204.05 feet;
Thence South 88°38'19" East 48.51 feet to the East line of said Lot;
Thence South 0°33'18" West 197.86 feet along said East line to the Southeast corner thereof;
Thence South 83°40'02" West 45.71 feet along said South line to the true point of beginning.

Being a portion of Lot 2, Short Plat No. 79-80, recorded in Book 5 of Short Plats, page 125, under Skagit County Auditor's file No. 8109110008.

All situated in Skagit County, Washington.

- END OF EXHIBIT "A" -



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EXHIBIT B

OTHER SECURITY INSTRUMENTS

1. Trust Deed, Security Agreement, Assignment of Rents and Leases and Fixture Filing, executed by Iseli Nursery, Inc., an Oregon corporation, as Trustor, in favor of Tennenbaum Capital Partners, LLC, a Delaware limited liability company, as Beneficiary, with respect to certain property located in the City of Boring, County of Clackamas, State of Oregon, as more particularly described in Exhibit A attached thereto.
2. Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing executed by Weeks Wholesale Rose Grower, Inc., a California corporation, as Trustor, in favor of Tennenbaum Capital Partners, LLC, a Delaware limited liability company, as Beneficiary, with respect to certain property located in the City of Upland, County of San Bernardino, State of California, as more particularly described in Exhibit A attached thereto.
3. Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing executed by Weeks Wholesale Rose Grower, Inc., a California corporation, as Trustor, in favor of Tennenbaum Capital Partners, LLC, a Delaware limited liability company, as Beneficiary, with respect to certain property located in the City of Wasco, County of Kern, State of California, as more particularly described in Exhibit A attached thereto.
4. Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing executed by Iseli Nursery, Inc., an Oregon corporation, as Trustor, in favor of Tennenbaum Capital Partners, LLC, a Delaware limited liability company, as Beneficiary, with respect to certain property located in the City of Porter, County of Grays Harbor, State of Washington, State of California, as more particularly described in Exhibit A attached thereto.
5. Leasehold Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing executed by Langeveld International, Inc., a Delaware corporation, as Mortgagor, in favor of Tennenbaum Capital Partners, LLC, a Delaware limited liability company, as Mortgagee, with respect to certain property located in the City of Lakewood, County of Ocean, State of New Jersey, as more particularly described in Exhibit A attached thereto.
6. Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing executed by Weeks Wholesale Rose Grower, Inc., a California corporation, as Trustor, in favor of Tennenbaum Capital Partners, LLC, a Delaware limited liability company, as Beneficiary, with respect to certain property located in the City of Wasco, County of Kern, State of California, as more particularly described in Exhibit A attached thereto.



EXHIBIT C

SPECIAL STATE PROVISIONS

NONE



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