

PARTICIPATION AND SERVICING AGREEMENT

BY AND BETWEEN

HAREFF TORRANCE LLC,
a Delaware limited liability company
as Lead Lender

AND

BORDERS, INC.,
a Colorado corporation,
as Participant

CONCERNING

\$7,049,000.00 ORIGINAL PRINCIPAL AMOUNT LOAN

OWED BY

TORRANCE BORDERS PARTNERS, LTD.,
a California limited partnership
as Borrower

June __, 2011

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PARTICIPATION AND SERVICING AGREEMENT

THIS PARTICIPATION AND SERVICING AGREEMENT (hereinafter referred to as this "Agreement") is made and entered into as of the ____ day of June, 2011 by and between HAREFF TORRANCE LLC, a Delaware limited liability company (herein, "Lead Lender" and "Servicer"), and BORDERS, INC., a Colorado corporation ("Participant").

PRELIMINARY STATEMENT OF FACTS

- A. On February 16, 2011, Participant and certain of its affiliates each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the "Bankruptcy Code") and thereby commenced cases (individually, a "Case" and collectively, the "Cases") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court");
- B. Simultaneously with entering into this Agreement, Participant has sold to Lead Lender, and Lead Lender has purchased from Participant, *inter alia*, and pursuant to the Mortgage Loan Purchase Agreement (as hereinafter defined), all of Participant's right, title and interest in and to that certain Promissory Note in the original principal amount of \$7,049,000.00 made by NCC Torrance/B Limited Partnership as borrower, in favor of United States Trust Company of New York, as holder, dated as of November 10, 1994 (the "Note"). The lender interests under the Note have been assigned (via several assignments) to Participant and now, pursuant to the Mortgage Loan Purchase Agreement, to Lead Lender, and the borrower interests and obligations under the Note have been assigned to Torrance Borders Partners Ltd., a California limited partnership ("Borrower").
- C. The Note is secured by, *inter alia*, a Deed of Trust and Security Agreement and an Assignment of Leases and Rents encumbering the real property and improvements thereon located at 3700 Torrance Boulevard, Torrance, Los Angeles County, California (the "Property").
- D. Participant is also the 100% tenant of the Property and pursuant to its arrangements with Borrower, all of the rent payable by the Participant pursuant to the Lease, is paid directly to the holder of the Note, to be applied towards the Borrower's obligations under the Note.
- E. As a condition of Lead Lender's obligations under the Mortgage Purchase Agreement, and as an integral and integrated part thereof, Participant agreed to purchase from Lead Lender a Participation Interest (as defined herein) in the Loan (as defined herein), and Lead Lender agreed to sell a Participation Interest to the Participant on the terms and conditions set forth herein.
- F. Lead Lender, in its role as Servicer, will service the Loan on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the sale and purchase of a Participation Interest to Participant, the parties hereto covenant and agree as follows:

1. **DEFINITIONS.** For purposes of this Agreement:

"Affiliate" means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by, or under common control with such Person, (ii) any Person owning or controlling ten percent (10%) or more of the outstanding voting interests of such Person, (iii) any officer, director, or general partner of such Person, or (iv) any Person who is an officer, director, general partner, trustee, or holder of ten percent (10%) or more of the voting interest of any Person described in clauses (i) through (iii) of this sentence. For purposes of this definition, the term "controls," "is controlled by," or "is under common control with" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

"Approval Order" means an order from and entered by the Bankruptcy Court, containing findings and conclusions and otherwise in a form acceptable to Lead Lender and Participant, approving this Agreement and the Mortgage Loan Purchase Agreement in their entirety, and granting all necessary and appropriate relief under the Bankruptcy Code (including without limitation relief under section 362 of the Bankruptcy Code) to implement the transactions contemplated hereunder, to allow Lead Lender and Participant to exercise their respective rights and remedies under this Agreement, and to authorize all notices, demands, exercise of rights, consents, setoffs, indemnifications, transactions and other acts in connection with this Agreement and the Mortgage Loan Purchase Agreement, all without further notice or order of the Bankruptcy Court and notwithstanding any applicable provisions of the Bankruptcy Code.

"Borrower" means the Borrower identified in the Preliminary Statement of Facts.

"Casualty Loss" means any damage or destruction to the Collateral.

"Casualty Proceeds" means amounts payable to the Lead Lender pursuant to any insurance policy insuring against loss or damage to the Collateral or the income therefrom.

"Collateral" means the Loan Documents, the Property, interests in any collateral now or hereafter securing the Loan and any and all security interests, security titles, liens, claims, endorsements and guaranties of whatever nature now or hereafter securing the Loan.

"Collections" means any amounts received on account of the Loan including Debt Service Payments and Extraordinary Payments but does not include any commitment fees, brokerage fees, facility fees or origination fees payable solely to the Lead Lender or the Servicer.

"Condemnation Award" means any award payable to the Lead Lender pursuant to a Taking.

"Debt Service" means during any period, cash interest payments (whether stated interest or default interest), principal payments, late charges, and other charges with respect to the Loan required to be paid during such period.

"Debt Service Fund" means the fund established by Servicer pursuant to Section 4.1(a) hereof.

"Debt Service Payments" means all monies or other payments received in payment of Debt Service on the Loan.

"Enforcement Action" means (a) the exercise of any action to collect the indebtedness owed by the Borrower pursuant to the Loan Documents, (b) the commencement of the exercise of any remedies available to Lead Lender against Borrower, the Collateral (or any portion thereof) or any Obligor, (c) the commencement of any foreclosure proceeding or the exercise of any power of sale under the Loan Documents, (d) the commencement of any litigation or proceeding against the Borrower relating to the Loan or the Collateral, (e) the taking of a deed or assignment in lieu of foreclosure or conveyance in lieu of foreclosure, (f) the obtaining of a receiver or custodian for the Collateral, (g) the initiation or participation in any Insolvency Proceeding as creditor of the Borrower or any Obligor, or (h) the taking of any other enforcement action against the Borrower, the Collateral or any Obligor relating to the Loan.

"Escrows" means any escrows or impounds required under the terms of the Loan Documents to assure the payment of Debt Service, taxes, assessments or insurance premiums as they become due and payable.

"Event of Default" has the meaning set forth in Subsection 7.1.

"Extraordinary Expenses" means all costs, expenses (including, without limitation, appraiser fees, inspection fees, attorney fees, accountant fees, litigation costs (including costs, fees and expenses of appeal)), taxes, assessments, insurance premiums, any charges required by the Loan Documents to be paid, or expenses which, in the good faith judgment of Lead Lender or Servicer, are necessary or desirable to protect or preserve any Collateral, and any and all other out-of-pocket expenses which are incurred by Lead Lender or Servicer, including the fees and costs of any professionals hired by Lead Lender or Servicer (and not promptly paid or reimbursed by Borrower) at any time or from time to time hereafter, in connection with:

- (a) the collection or enforcement of the Loan;
- (b) the preservation of the Collateral;
- (c) the collection or enforcement of Borrower's liabilities or any Obligor's liabilities;
- (d) the sale, disposition or other realization upon or the recovery of possession of the Collateral;
- (e) any Enforcement Action;
- (f) any Insolvency Proceeding; or

- (g) the filing and prosecution of a complaint with respect to any of the above matters or the defense of any claim, actual or threatened, by Borrower, a receiver or trustee in bankruptcy for, or other representative of, Borrower, any Obligor or third party, for, on account of, or with respect to the Loan or the Loan Documents, whether to recover damages for business interference, for liabilities or debts of Borrower (including, without limitation, taxes), for alleged preferences or fraudulent conveyances or transfers received or alleged to have been received from Borrower or any such Obligor as a result of the Loan or in connection with any Collections, or otherwise, and shall include the amount of any recovery from Lead Lender in such litigation or proceeding, whether by settlement or pursuant to a judgment.

"Extraordinary Payments" means (a) any Loss Proceeds, (b) proceeds received from any Enforcement Action, (c) proceeds received from the liquidation or sale of any Collateral, (d) amounts received in any setoff of the Loan against other accounts of the Borrower in the possession of Lead Lender or Servicer, (e) distributions or payments received out of any Insolvency Proceeding, (f) proceeds or payments received under any bond or indemnity naming Lead Lender as an obligee, (g) prepayment premiums and make-whole amounts received on a prepayment of principal of the Loan, (h) any Title Proceeds and (i) amounts realized from any other Obligor in payment of its obligations under any Third Party Collateral.

"Final Order" means an order of the Bankruptcy Court that (i) has not been reversed, vacated, modified, amended or reconsidered and (ii) as to which (a) the time to file an appeal or motion to vacate, modify, amend or reconsider has expired and no appeal or motion to vacate, modify, amend or reconsider has been timely filed, or (b) any appeal that has been filed but has not been stayed by order of a court with proper jurisdiction or if stayed by order of a court with proper jurisdiction, has been resolved by the highest court to which the order appealed may be taken.

"Guarantor" means any person or entity who has executed any instrument agreeing to act as a security or guarantor of the Loan or any portion thereof.

"Insolvency Proceeding" means any proceeding under Title 11 of the United States Code (11 U.S.C. Section 101 et. seq.) or any other insolvency, liquidation, reorganization or other similar proceeding concerning Borrower or any Obligor, any action for the dissolution of Borrower or any Obligor, any proceeding (judicial or otherwise) concerning the application of the assets of Borrower or any Obligor, for the benefit of its creditors, the appointment of or any proceeding seeking the appointment of a trustee, receiver or other similar custodian for all or any substantial part of the assets of Borrower or any Obligor or any other action concerning the adjustment of the debts of Borrower or any Obligor, or the cessation of business by Borrower or any Obligor, except following a sale, transfer or other disposition of all or substantially all of the assets of Borrower or any Obligor in a transaction permitted under the Loan Documents.

"Institutional Lender" means:

- (a) any insurance company (as defined in Section 2(12) of the Securities Act of 1933); or
- (b) any employee benefit plan within the meaning of the Title I of the Employee Retirement Income Security Act of 1974 which meets the following:
 - (i) has the investment decision made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment advisor; or
 - (ii) the employee benefit plan has total assets in excess of \$5,000,000; or
- (c) any bank (as defined in Section 3(a)(2) of the Securities Act of 1933) or savings and loan association or institution (as defined in Section 3(a)(5)(A) of the Securities Act of 1933).

"Lender's Loan Component" means the Lead Lender's participation interest in the Loan, consisting of Lender's Principal Amount, interest accrued and accruing thereon as set forth in the Note Payment Schedule, and prepayment fees, make-whole amounts, default interest, and other charges attributed thereto.

"Lender's Principal Amount" means the principal component of Lead Lender's participation interest in the Loan, being \$3,304,000.00 as of the date hereof, as such principal component may be reduced from time to time by repayments actually received by Lead Lender.

"Lead Lender" means Hareff Torrance LLC, a Delaware limited liability company, and its successors and assignees.

"Lease" means the Lease dated as of November 10, 1994 between NCC Torrance/B Associates Limited Partnership, as landlord, and Participant, as tenant, as modified pursuant to a letter dated March 26, 2003 from Participant, as tenant, to Borrower, as landlord, which letter Borrower acknowledged and agreed to pursuant to a Landlord Estoppel Certificated dated April 20, 2009; the rights and obligations of NCC Torrance/B Associates Limited Partnership as landlord have been assigned to, and assumed by, the Borrower.

"Loan" shall mean the loan in the original principal amount of \$7,049,000 made by National Tenant Finance Corporation, as original lender, to NCC Torrance/B Associates Limited Partnership, as original borrower, dated as of November 10, 1994; the Original Lender's interest in the Loan was assigned by National Tenant Finance Corporation to United States Trust Company as of November 10, 1994, and United States Trust Company further assigned its interests as lender to Borders, Inc. on or about February 4, 2002, and Borders, Inc. further assigned its interests as lender to Lead Lender as of the date hereof; and Original Borrower transferred its rights, title and interest in the Property and the Loan to Borrower by assignment

and assumption documents dated as of April 4, 1997. The current outstanding principal balance of the Loan as of the date hereof is \$6,608,000.00.

"Loan Documents" means all of the documents evidencing and securing the Loan including without limitation those documents referred to in Exhibit A attached hereto and made a part hereof.

"Loss" shall mean any Casualty Loss or Taking, or similar event affecting any Collateral.

"Loss Proceeds" means any Casualty Proceeds, Condemnation Awards and Title Proceeds.

"Mortgage Loan Purchase Agreement" means the Mortgage Loan Purchase Agreement of even date herewith between Lead Lender, as purchaser, and Participant, as seller, relating to the transfer of ownership of the Loan from Participant to Lead Lender as of the date hereof.

"Note" means the Note identified in the Preliminary Statement of Facts. The amortization schedule for the Note is reflected in the Note Payment Schedule.

"Note Payment Schedule" means the Note Payment Schedule attached hereto as Exhibit B.

"Note Rate" means the rate of interest from time to time charged on the Note as provided therein or in the Loan Agreement described in Exhibit A attached hereto.

"Obligations" means the obligations incurred by Borrower under the terms of the Loan Documents.

"Obligor" means any person or entity, other than the Borrower, who is or may in the future become obligated to Lead Lender with respect to the Loan including, without limitation, any Guarantor and any surety.

"Participant" means Borders, Inc. a Colorado corporation, and its successors and assigns.

"Participant's Loan Component" means the Participant's participation interest in the Loan, consisting of Participant's Principal Amount, interest accrued and accruing thereon as set forth in the Note Payment Schedule, and prepayment fees, make-whole amounts, default interest, and other charges attributed thereto.

"Participant's Principal Amount" means the principal component of Participant's participation interest in the Loan, being \$3,304,000.00 as of the date hereof, as such principal component may be reduced from time to time by repayments actually received by Participant.

"Participation Interest(s)" means the individual interest of Lead Lender or Participant in the Loan, as applicable in the context, and collectively means the Participation Interests of both Lead Lender and Participant.

"Participation Percentage" means the percentage amount that Lead Lender and Participant each hold in the Loan, which initially shall be fifty percent (50%) for Lead Lender and fifty percent (50%) for Participant, and which percentages shall adjust pro rata as the principal component of the Loan is paid down.

"Payment in Full" or "Paid in Full" or any similar term(s) with respect to any Obligations means the satisfaction and final, irrevocable payment in full of such Obligations in cash and the full and timely performance of all other obligations arising out of the Obligations.

"Person" means any individual, corporation, trust, trustee, partnership, limited liability company, unincorporated association, government, governmental agency or court or other authority, including without limitation, any officer appointed by any court or other authority.

"Reserves" shall mean any reserves required to be funded and maintained under the terms of the Loan Documents.

"Restricted Actions" shall have the meaning described in Section 8.3.

"Security Instrument" means any mortgage, deed of trust, deed to secure debt or other similar instrument given by Borrower mortgaging or conveying the Property as security for the Loan, including the Security Instrument described in Exhibit A attached hereto.

"Servicer" means Hareff Torrance LLC, a Delaware limited liability company acting in its capacity under this Agreement as servicer of the Loan or any Person that may be subsequently appointed by the Lead Lender to service the Loan.

"Subsidiary" or "Subsidiaries" means with respect to any Person, any corporation, association or other business entity of which more than fifty percent (50%) of the total voting power of shares of stock (or equivalent ownership or controlling interest) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other subsidiaries of that Person or a combination thereof.

"Taking" shall mean any taking of the Collateral or any portion thereof by a governmental authority pursuant to the exercise of a right of condemnation or eminent domain.

"Tenant" shall mean the Participant in its role as tenant under the Lease, or any successor tenant under the Lease or any successor leases.

"Third Party Collateral" means any guaranty, indemnity or other instrument executed and delivered by an Obligor as security for the payment of the Loan.

"Title Proceeds" means the proceeds payable from any policy of title insurance insuring the interest of Lead Lender as the holder of a lien on the Collateral.

2. **SALE OF PARTICIPATION INTEREST IN LOAN.**

2.1. **Condition Precedent; Bankruptcy Court Order.** Promptly after the execution of this Agreement by Lead Lender and Participant, Participant shall file a motion with the Bankruptcy Court, upon notice to all creditors and parties in interest in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and other applicable rules or orders, requesting entry of the Approval Order. Participant shall use its commercially reasonable efforts to obtain entry of the Approval Order, and Lead Lender agrees to use its commercially reasonable efforts to assist Participant in obtaining entry of the Approval Order. The effectiveness of this Agreement shall be subject to the condition that the Approval Order is a Final Order. If the Approval Order does not become a Final Order, then Closing Escrow Agent (as defined in the Mortgage Loan Purchase Agreement) shall return all documents and funds delivered by the parties to the party that so delivered such documents and/or funds, this Agreement shall terminate, and the parties shall have no further liabilities under this Agreement, other than those that expressly survive termination as provided herein.

2.2. **Sale and Purchase.** Lead Lender hereby sells and Participant hereby purchases an undivided interest in and to the Loan and in the Collateral and in the Collections in an amount equal to Participant's Participation Percentage, for a purchase price of \$3,304,000.00. The sale and purchase shall be effective and this Agreement shall take effect as of the later of the date of this Agreement or receipt by Lead Lender of payment from Participant for its Participation Percentage.

2.3. **Priority of Interests.** The respective interests of Lead Lender and Participant in and to the Loan, in the Collateral and in the Collections shall be as provided herein. Lead Lender, whether acting as Lead Lender or Servicer, shall be entitled to act in accordance with its own good faith business judgment in taking any action, or omitting to take any action, with respect to the Loan, the Collateral or the Collections and is not obligated to consult with or obtain the prior approval of Participant except as expressly provided in this Agreement. Participant agrees that if it shall, by exercising any right of setoff or counterclaim or otherwise, receive any payment of principal and interest with respect to the Loan, that it shall hold such monies in trust for the benefit of the Lead Lender and will immediately pay the same over to Lead Lender for distribution by Lead Lender as Collections as provided herein.

2.4. **Disgorgement.** If Lead Lender is required to refund to Borrower or any Obligor or a trustee in bankruptcy, or any of them, on account of a preference or otherwise, any amount disbursed to Participant in connection with this Agreement, then Participant shall immediately pay to Lead Lender such amount required to be so refunded.

3. **RELATIONSHIP OF LEAD LENDER AND PARTICIPANT.**

3.1. **Sophisticated Investor.** Participant represents and warrants to Lead Lender that it is a sophisticated investor, capable of evaluating the suitability of purchasing the Participation Interest and that Participant has conducted any due diligence Participant deems necessary in considering the purchase of the Participation Interest. Participant has not relied upon any

representations or warranties of Lead Lender, whether oral or written, in determining to purchase a Participation Interest.

3.2. **Purchase For Its Own Account.** Participant represents and warrants to Lead Lender that the Participant is acquiring the Participation Interest for its own account for investment and not for the purpose of further sale of all or any part thereof (except as otherwise provided in Article 8 of the Agreement), or for the purpose of selling subparticipations or interests with respect to its Participation Interest in the Loan.

3.3. **Relationship of Parties.**

(a) The relationship between Lead Lender and Participant under this Agreement is and shall be that of a seller and purchaser of a property interest (i.e., an outright, absolute sale of an undivided interest in and to the Loan, in the Collateral and in the Collections) and not a creditor-debtor relationship. Participant hereby approves of and authorizes Lead Lender to be named as the payee of the Note and beneficiary of the Collateral and the lender party under the Loan Documents, and, subject to the provisions of this Agreement, to generally act as Lead Lender determines in its good faith business judgment as appropriate with respect to the holding and disposition of the Collateral. Lead Lender agrees that Lead Lender holds the security interests and other interests granted by the Note and the Loan Documents in accordance with this Agreement.

(b) Participant acknowledges that Lead Lender is entitled to receive payments on the Loan before Participant, and that at any point in time, the payments on the Loan made to Lead Lender may exceed its Participation Percentage, provided however the total of payments on the Loan made to Lead Lender shall not exceed the Lender's Loan Component.

(c) The transactions contemplated by this Agreement and by the Mortgage Loan Purchase Agreement are separate and distinct from any other transactions between the parties hereto, and are unrelated to any other real properties, leases and/or loans for properties other than the Property. Further, Participant is acting as a participant in the Loan by entering into, and performing its obligations under, this Agreement, notwithstanding the fact that Participant is also the tenant of the Property, which tenant obligations are separate and apart from the Participant's obligations under this Agreement.

(d) Nothing contained in this Agreement abrogates or reduces the obligations of Participant or any of its affiliates as tenant under the Lease or with respect to any guaranties relating to the Lease or the Loan.

4. **SERVICING.**

4.1. **Servicing of Loan.**

(a) The Lead Lender shall act as Servicer of the Loan and shall collect from Borrower or any Obligor or other party acting on behalf of Borrower any and all Collections, Escrows and

Reserves, and shall collect from Participant rent payments under the Lease, to also constitute Collections. Servicer shall establish a Debt Service Fund to hold Collections until the monies are paid to Lead Lender and/or Participant in accordance with the terms of this Agreement.

(b) Wherever this Agreement refers to "payments made by Borrower", it shall mean all payments made by Borrower, and all payments made on behalf of Borrower by others, including without limitation, the tenant under the Lease.

4.2. **Disbursement of Collections.** Servicer shall disburse the Collections to itself as Lead Lender and to Participant as follows:

(a) Prior to the occurrence of an Event of Default under the Loan, all Debt Service Payments shall be disbursed in accordance with the Note Payment Schedule and as set forth below. In the event of an inconsistency between the provisions set forth below and the Note Payment Schedule before the occurrence of an Event of Default, the Note Payment Schedule shall govern. After the occurrence of an Event of Default, the provisions set forth below, and not the Note Payment Schedule, shall govern.

(b) After the occurrence of an Event of Default, all Debt Service Payments (except for default interest, yield maintenance payments and make-whole amounts, which are governed by subsection (e) below) shall be paid to Lead Lender in payment of the Lender's Loan Component, until Lead Lender has been paid all amounts set forth in the Note Payment Schedule to be paid to Lead Lender. Any Debt Service Payments received thereafter shall be paid to Participant.

(c) Except as otherwise provided in Sections 4.6 and 4.7, all Extraordinary Payments shall be paid first to Lead Lender in payment of the Lender's Loan Component, until Lead Lender has been paid in full. Any Extraordinary Payments received thereafter shall be paid to Participant.

(d) Amounts constituting reimbursement from Borrower for Extraordinary Expenses shall be paid to the party incurring the Extraordinary Expenses, in reimbursement for such expenses incurred by such party.

(e) If Borrower is required to pay any default interest, yield maintenance payment or make-whole amount under the Note, whether upon default or due to a refinancing of the Loan, the portion of such amount paid or required to be paid by Borrower which is in excess of the non-default interest amount due on the Note (which shall be paid to Lead Lender and Participant as set forth in subsection (b) above) shall be allocated equally (on a 50% - 50% basis) between Lead Lender and Participant.

(f) Any other Collections shall be allocated as appropriate under the circumstances.

4.3. **Payment Process.**

(a) Lead Lender shall pay to Participant, by wire funds transfer or check to Participant, Participant's applicable portion of Collections within three (3) business days after the later to occur of (i) each date set forth in the Note for a Debt Service Payment, and (ii) Lead Lender's actual receipt of such collections. The Lead Lender shall have no responsibility to advance monies for any Debt Service Payment, Escrow or Reserve and shall have no obligation to make disposition of any Collections until actually collected and held by Lead Lender. Lead Lender may subtract and offset any amounts due from Participant to Lead Lender hereunder, from any amounts due to Participant hereunder, and any amounts subject to such offset shall not be deemed owed to Participant in any respect.

(b) Notwithstanding anything to the contrary in this Agreement, in no event shall Participant be entitled to any payment of any amounts under this Agreement unless Participant has paid any and all amounts due and payable to Lead Lender under this Agreement, including, without limitation Participant's Participant Percentage of Extraordinary Expenses incurred by Lead Lender. Lead Lender shall be entitled to withhold any payments to Participant until Participant has satisfied its payment obligations to Lead Lender under this Agreement.

4.4. **Borrower Financials.** Lead Lender shall send to Participant, within thirty (30) days of receipt, a copy of any financial statements of the Borrower or any other Obligor furnished to Lead Lender.

4.5. **Extraordinary Expenses.** Upon demand by Lead Lender, Participant shall pay to Lead Lender in proportion to Participant's Participation Percentage its portion of all Extraordinary Expenses incurred by Lead Lender in connection with the Loan and not promptly paid or reimbursed by Borrower. In the event Participant fails to pay to Lead Lender on demand its Participation Percentage of such Extraordinary Expenses, such Participation Percentage of such Extraordinary Expenses shall constitute a loan to Participant bearing interest at a per annum rate of four percent (4%) in excess of the daily Prime Rate as published in the Wall Street Journal, or successor publication, from the date advanced by Lead Lender until paid and shall be due and payable by Participant to Lead Lender upon demand.

4.6. **Insurance.** All insurance policies for which a lender's loss payee/mortgagee endorsement is required shall name the Lead Lender as loss payee/mortgagee. The Casualty Proceeds received by Lead Lender shall be applied in accordance with the provisions of the Lease, unless the Tenant thereunder is in default of the Lease, in which event the Lead Lender shall hold the Casualty Proceeds received and shall apply the same in accordance with the provisions of the Loan Documents, except as otherwise provided in this Agreement. If the Loan Documents provide for application at the discretion of Lead Lender, or if Lead Lender is requested by Borrower to apply the proceeds inconsistent with the provisions of the Loan Documents, then Lead Lender shall notify Participant of the same and consult with Participant regarding such application; provided, however, in the event that Lead Lender and Participant are unable to agree upon any such application within such period as the circumstances may in Lead Lender's judgment reasonably require, Lead Lender shall have the sole right and authority to decide as to any such application and its good faith decision shall be binding upon Participant.

with the same force and effect as if Participant had concurred therein. Any Casualty Proceeds received by Lead Lender which are not applied to restoration of the Property and which are not required by the Loan Documents to be paid to Borrower or a third party shall be disbursed as Collections as provided herein.

4.7. **Condemnation.** Lead Lender shall adjust, compromise or settle any eminent domain or condemnation actions or proceedings affecting the Property and in the exercise of its sole discretion shall take any and all actions Lead Lender may deem appropriate or advisable in connection with the same. Lead Lender shall hold the Condemnation Award received and shall apply the same in accordance with the provisions of the Lease; provided, however, if the Tenant thereunder is in default of the Lease, then the Condemnation Award shall be applied in accordance with the provision of the Loan Documents, except as otherwise provided in this Agreement. If the Loan Documents provide for application at the discretion of Lead Lender, or if Lead Lender is requested by Borrower to apply the proceeds inconsistent with the provisions of the Loan Documents, then Lead Lender shall notify Participant of the same and consult with Participant regarding such application; provided, however, in the event that Lead Lender and Participant are unable to agree upon any such application within such period as the circumstances may in Lead Lender's judgment reasonably require, Lead Lender shall have the sole right and authority to decide as to any such application and its good faith decision shall be binding upon Participant with the same force and effect as if Participant had concurred therein. Any Condemnation Award, or portion thereof, received by Lead Lender and which is not applied to the restoration of the Property and which is not required by the Loan Documents to be paid to Borrower or a third party shall be disbursed as Collections as provided herein.

4.8. **Litigation Regarding the Loan.** If Lead Lender (a) is named as a party in any litigation involving the Loan or (b) determines that it is in the best interests of the Lead Lender and Participant to initiate litigation with respect to the Loan, including but not limited to enforcing the provisions of the Lease, notwithstanding the fact that Participant is the tenant under the Lease, or (c) is of the opinion that the services of an attorney should be retained for the protection of the interest of Lead Lender and Participant, Lead Lender shall select and retain an attorney and other professionals for the purpose of enforcing the Loan against Borrower and the Collateral. Participant shall pay within thirty (30) days of a written notice from Lead Lender its portion of the fees and expenses of such attorney and other professionals in proportion to its Participation Percentage, such notice to be accompanied by invoices evidencing such fees and expenses. In the event Participant fails to pay to Lead Lender within such thirty (30) days its Participation Percentage of such fees and expenses such Participation Percentage of such fees and expenses shall constitute a loan to Participant bearing interest at a per annum rate of four percent (4%) in excess of the daily Prime Rate as published in the Wall Street Journal, or successor publication, from the date advanced by Lead Lender until paid and shall be due and payable by Participant to Lead Lender upon demand.

4.9. **Servicing Fee.** So long as Lead Lender also serves as Servicer, there shall be no servicing fee for acting as Servicer hereunder.

4.10. **Lead Lender's Right to Offset.** Notwithstanding anything to the contrary in this Agreement, Lead Lender may, with notice to the Participant, deduct from Participant's share of

Collections, Participant's Participation Percentage of: (a) any Extraordinary Expenses incurred by Lead Lender in connection with the Loan; and (b) any legal fees and expenses incurred by Lead Lender in connection with any litigation regarding the Loan. If such Extraordinary Expenses or legal fees and expenses were incurred due to a default by Participant as tenant under the Lease, Lead Lender may deduct the full amount of such Extraordinary Expenses and legal fees from Participant's share of Collections.

5. **MODIFICATION OF LOAN DOCUMENTS AND COLLATERAL.**

5.1 **Actions Requiring Participant Approval.**

- (a) Lead Lender shall not, without the prior written consent of Participant, which consent shall not be unreasonably withheld or delayed, exercise or enforce any of the rights of the Lead Lender under the Loan Documents with respect to any of the following actions (unless such actions are expressly permitted pursuant to the terms of the Loan Documents or this Agreement):
 - i. Release or subordinate all or any security for the performance of any of Borrower's obligations under the Loan Documents, including repayment of the Loan or the repayment of any interest in connection with the Loan, or voluntarily release any Guarantor from any guaranty; or
 - ii. Extend the term of the Note beyond the maturity date specified therein or otherwise modify or amend any material term of the Note.
- (b) Lead Lender shall not, without the prior written consent of Participant, which consent shall not be unreasonably withheld or delayed, exercise or enforce any of the rights of the Lead Lender under the Loan Documents with respect to any of the following actions (unless such actions are expressly permitted pursuant to the terms of this Agreement):
 - i. Accept, receive or apply any prepayment upon all or any portion of the Loan in any form or manner other than as expressly permitted under the Loan Documents or this Agreement; provided, however, that a prepayment of the Loan during a time when prepayment is not permitted or requires consent may be accepted in Lead Lender's discretion (including, but not limited to, accepting a prepayment without collection of a prepayment premium or make-whole amount);
 - ii. Agree to any amendment, modification, cancellation or termination of any of the Loan Documents; or
 - iii. Adjust, compromise or settle a title insurance claim affecting the Property.

5.2. **Modification of Loan Documents Not Requiring Participant Approval.**

Notwithstanding anything to the contrary in Section 5.1 above, Lead Lender may, at any time without the consent of Participant, subject to any conditions and restrictions set forth in the Loan Documents, enter into amendments, modifications, supplements or waivers of the Loan Documents for any one or more of the following purposes:

- (a) to correct or amplify the description of any property subject to the lien of the Loan Documents;
- (b) to grant to the Lead Lender one or more additional properties as security for the Loan provided; or
- (c) to cure any ambiguity, or to cure, correct or supplement any defective or inconsistent provision contained therein.

5.3. **Waivers Not Requiring Participant Approval.** Notwithstanding anything to the contrary in Section 5.1 above, Lead Lender may, at any time without the consent of Participant, subject to any conditions and restrictions set forth in the Loan Documents:

- (a) waive any late payment fee or other charge;
- (b) waive any assumption or transfer fee;
- (c) accept a late payment;
- (d) renew or extend the maturity of the loan in accordance with the provisions of the Loan Documents; or
- (e) accept partial payment of Debt Service.

5.4. **Releases of Collateral.** Except (i) as provided for or required by the Loan Documents, (ii) upon Payment in full of the Loan, or (iii) in connection with any Enforcement Action, the consent of Participant shall be required to release any Collateral.

6. **STANDARD OF CARE.**

6.1. **Participant's Due Diligence.** Participant was a prior holder of the Note and is the tenant under the Lease and acknowledges that it is fully aware of all aspects of the Loan Documents. Participant has received and made a complete examination of copies of all Loan Documents it requires to be examined and approves of the form and content of the same. Participant acknowledges that Participant has been provided with or granted access to all of the financial and other information that Participant has requested or believes to be necessary to enable Participant to make an independent and informed judgment with respect to the Collateral, Borrower and any Obligor and their credit and the desirability of purchasing its Participation Interest in the Loan. Participant has, without reliance on Lead Lender, its directors, officers, employees, attorneys or agents, and based upon such documents and information as the

Participant has deemed appropriate, made its own independent credit analysis and decision to purchase its Participation Interest in the Loan and Participant is participating in the Loan based upon Participant's own independent examination and evaluation of the Loan transaction and the information furnished with respect to the Loan and without any representations or warranties from Lead Lender, its directors, officers, employees, attorneys or agents as to the business wisdom or propriety of purchasing a participation in the Loan, compliance with any lending or regulatory requirements, the credit worthiness of the Borrower or any Obligor and the value and security of the Collateral, and does not require any further information to participate in the Loan. The Participant represents and warrants that the delivery of this Agreement and its purchase of an undivided interest in the Loan is in compliance with any agreement, law, statute, regulation, decree or decision (including any legal lending limits) which is binding on it.

6.2. **Risk of Nonpayment.** Participant accepts the full risk of nonpayment by Borrower and any other Obligor of the Loan and of its Participation Interest in the Loan and agrees that Lead Lender shall not be responsible for nor warrants or represents the payment, performance or observance by Borrower or any other Obligor of any of the terms, covenants or conditions of the Loan Documents or the value and security of the Collateral.

6.3. **No Warranties.** Participant specifically acknowledges that Lead Lender, its directors, officers, employees, attorneys and agents have made no warranty or representation, express or implied, to Participant with respect to the solvency, condition (financial or other) or future condition (financial or other) of Borrower, any Obligor, Lead Lender, or the Collateral. Participant also acknowledges that Lead Lender makes no warranty or representation as to, and shall not be responsible for, the due execution, legality, validity, enforceability, genuineness, sufficiency or collectibility of the Collateral or any Loan Document relative thereto. Lead Lender shall not be responsible for the performance or observance of any of the terms, covenants or conditions of the Loan Documents and shall not have any duty to inspect the property (including the books and records) of Borrower or any Obligor. Participant releases and holds harmless Lead Lender for any claims or liabilities arising directly or indirectly with or from the sale of the Participation Interest to the Participant.

6.4. **No Fiduciary.** Participant agrees and acknowledges that Lead Lender is not acting in any fiduciary capacity to the Participant and is not a fiduciary and Lead Lender makes no warranty or representation and shall not be responsible for any statement, warranty or representation made in connection with the Collateral or any information or documents forwarded to Participant in connection with the Loan. Without limiting the generality of the foregoing, Participant acknowledges that Lead Lender has made no representation, warranty or guaranty that the Loan will be paid in accordance with its terms and is not responsible for the repayment of the Loan or the performance of the obligations of the Borrower or any Obligor under any of the Loan Documents, it being understood Participant shall look only to Borrower, any Obligor and the Collateral for repayment of the Loan and performance of the terms and conditions of the Loan Documents. Participant agrees and acknowledges that Lead Lender can act for its own benefit with respect to the Loan and the Collateral as Lead Lender deems appropriate in Lead Lender's good faith business judgment, including, without limiting the generality of the foregoing, commencing any litigation with respect to obligations of landlord or

tenant under the Lease, and bringing and pursuing any actions in its own name and for its own benefit in any bankruptcy proceedings.

6.5. **Duty of Care.** Lead Lender shall not be liable for any negligence, failure to act, neglect, or default save the direct acts or omissions of itself and its employees and then only arising out of gross negligence or willful misconduct. In the exercise of any of its duties or powers or in its servicing of the Loan, the Lead Lender may act on the advice of or information obtained from any accountant, attorney, appraiser, evaluator, surveyor, engineer, architect or other expert and shall not be responsible for any loss occasioned by acting thereon and shall be entitled to take legal or other advice and employ such assistance as may be necessary to the proper discharge of its duties and to pay proper and reasonable compensation for all such advice or assistance which compensation shall be an "Extraordinary Expense" and, upon demand of Lead Lender, shall be paid by the Participant in accordance with its Participation Percentage. Lead Lender shall not be responsible for any negligence or misconduct on the part of any accountant, attorney, appraiser, evaluator, surveyor, engineer, architect or other expert or be bound to supervise the proceedings of any such appointee provided that Lead Lender shall have used reasonable care in the selection of such person or firm. Notwithstanding anything to the contrary contained in this Agreement or in any law applicable generally to transactions of the type evidenced by this Agreement, Lead Lender may act upon any written or oral notice, or any consent, certificate, cable, telex or other instrument or writing believed by Lead Lender to be genuine. Lead Lender shall not be liable to Participant under any circumstances directly or indirectly, for any action taken or omitted to be taken by it in good faith, nor shall Lead Lender be liable or responsible for the consequences of any oversight or errors of business judgment made in good faith in the exercise of its reasonable judgment. Lead Lender shall not be liable with respect to any action taken or omitted to be taken by Lead Lender in accordance with any written instruction furnished to Lead Lender by Participant.

7. **DEFAULT AND ENFORCEMENT OF PROCEDURES.**

7.1. **Notice of Defaults.**

(a) Each of Lead Lender and Participant will give notice to other party of the occurrence of a default under any of the Loan Documents of which such party shall have actual knowledge ("Event of Default"), but failure to give any such notice shall not result in any added liability on the part of Lead Lender or Participant, as the case may be, to the other; provided, however, this sentence shall not negate any liability or obligation arising elsewhere in this Agreement or any Loan Document. Lead Lender shall deliver to Participant a copy of any notice of default sent by Lead Lender to Borrower under the Loan Documents.

(b) Upon the occurrence of a default by Borrower under the Loan or the Loan Documents, Participant shall have the right to cure such default of Borrower, including the payment of any default interest, late charges on missed payments prepayment premiums and any make-whole payments. If Participant wishes to exercise this option to cure Borrower's default, Participant shall so notify Lead Lender within five (5) business days of notice from Lead Lender that a default has occurred under the Loan. Participant shall thereafter cure the default within five (5) business days if the default is a payment default, or within ten (10) business days

thereafter for any other default, provided however that such initial ten (10) business day period may be extended if the default is of a nature that is not capable of cure within ten (10) business days for a period of time not to exceed the lesser of thirty (30) days or the expiration of the applicable cure period provided to Borrower under the Loan Documents, provided that Participant commences to effectuate such cure within such ten (10) day period and diligently pursues completion of the cure thereafter. Bankruptcy of any party shall not toll or extend any of the time periods set forth in this section.

7.2. Management of Loan in Default.

(a) Notwithstanding any other provision of this Agreement (other than Section 7.2(b) below), if the Loan shall be in default, Lead Lender shall be entitled to deal with the Loan and take such Enforcement Action or omit to take such action as Lead Lender determines in its own discretion.

(b) Notwithstanding the foregoing or anything to the contrary in this Agreement, if an Event of Default by Borrower shall have occurred and be continuing which (i) is of a type that is outside of the control of the Participant, (ii) is incapable of being cured by Participant, and (iii) not a default in the payment of money, Lead Lender hereby agrees that, upon Participant's written request delivered prior to Lead Lender's commencement of the exercise of any remedies due to such Event of Default, Lead Lender will forbear from exercising any rights and remedies under the Loan Documents and it will continue to share Debt Service payments with Participant under Section 4.2(a) so long as Lead Lender continues to receive payments as required under the Loan Documents. In no event shall Lead Lender be required to so forbear or share Debt Service Payments if an Event of Default is due to a failure of Lead Lender to receive Debt Service Payments strictly in accordance with the Loan Documents.

7.3. Discretionary Option. Notwithstanding any other provision of this Agreement, Lead Lender shall have the sole and exclusive right and authority in its business discretion (but not the obligation) to commence and place into action any Enforcement Action on such terms and conditions as Lead Lender in the exercise of its business discretion shall deem advisable or appropriate in such circumstance and any such action made or taken by Lead Lender shall be binding upon Participant with the same force and effect as if Participant had concurred therein.

7.4. Reinstatement or Redemption. In the event that Enforcement Action is brought and prosecuted by Lead Lender, such proceedings shall be instituted by Lead Lender through counsel of its choice. Lead Lender may accept reinstatement or redemption of the Loan without the prior consent of Participant, and Participant acknowledges that the Loan may be reinstated or redeemed by Borrower without the consent of Participant.

7.5. Lead Lender Advance of Funds. Under each circumstance where an Enforcement Action requires the expenditure of monies and/or Lead Lender advances funds out-of-pocket and if, within ten (10) days thereafter, Borrower has not repaid the funds advanced by Lead Lender then, notwithstanding anything to the contrary contained herein, the Lead Lender may declare such failure an Event of Default by Borrower and may take action to effect Enforcement Action and avail itself of the rights available under the Loan Documents to collect

and enforce payment and performance of the same and Participant agrees not to object to such action on the part of the Lead Lender. Nothing herein shall be construed as requiring Lead Lender to advance its own funds to prevent or cure a default or to effectuate an Enforcement Action.

7.6. **Collection and Related Expenses.** Participant indemnifies Lead Lender from costs and expenses arising out of or as Lead Lender may incur by reason of taking an Enforcement Action to the extent of Participant's Participation Percentage of such costs and expenses. All expenses of collection, including without limitation, attorneys fees, publication expenses, foreclosure expenses, transfer fees or taxes, and all expenses incurred by Lead Lender in connection with an Enforcement Action shall be Extraordinary Expenses and Participant shall pay, on demand, its portion thereof in accordance with its Participation Percentage. In the event Participant fails to pay to Lead Lender on demand its Participation Percentage of any Extraordinary Expenses such Participation Percentage shall constitute a loan to Participant bearing interest at a per annum rate of four percent (4%) in excess of the daily Prime Rate as published in the Wall Street Journal, or successor publication, from the date advanced by Lead Lender until paid and shall be due and payable by Participant to Lead Lender upon demand.

7.7. **Rights of Parties to Bid Upon Foreclosure.** In the event of a foreclosure of the Collateral or sale under a power of sale or a trustee's sale, either party may bid in its own name as an independent bidder outside of its participation in the Loan. Any bid entered shall be in such amount as such party shall deem appropriate under the circumstances. If either party's bid is the successful bid, the certificate of sale or deed shall be entered in the name of such party solely, individually, and this Participation Agreement shall terminate and (after the division of sale proceeds as provided in Section 7.8 below) neither Lead Lender nor Participant shall have any further rights to receive any monies or payments with respect to its Participation Interest in the Loan. If Lead Lender is the successful bidder, upon Lead Lender's payment of its bid (or upon crediting its bid against amounts due to Lead Lender as provided in Section 7.8 below), Lead Lender will obtain sole title to the Property in its own name, and not as Lead Lender or Servicer under this Agreement. In no event shall Lead Lender be required to bid in any such proceedings, and if it does elect to make a bid, it shall not be required to bid any particular amount (such bid amount to be in Lead Lender's sole discretion).

7.8. **Division of Sale Proceeds.** The proceeds of the foreclosure sale or sale pursuant to a power of sale or trustee's sale shall be Collections and, to the extent received by Lead Lender, shall constitute Extraordinary Payments and shall be paid in accordance with the terms of this Agreement. If Lead Lender is the successful bidder, it shall be entitled to apply the amount of its successful bid against the amount of Collections to which Lead Lender is entitled in accordance with the terms of this Agreement. Any excess amount of Lead Lender's successful bid over the amount due to Lead Lender, shall be disbursed to Participant in accordance with the terms of this Agreement.

7.9. **No Liability.** Lead Lender shall not be liable with respect to any Enforcement Action taken or omitted to be taken by Lead Lender in the exercise of its good faith business discretion.

8. **TRANSFER AND ASSIGNMENT.**

8.1. **Assignment or Sale of Participant's Participation Interest.** Participant may sell its Participation Interest in the Loan only on the following terms and conditions:

- (a) The sale must be of the whole of the Participant's Participation Interest, to a proposed purchaser who agrees to assume and perform the obligations of Participant set forth in this Agreement, at which point Participant shall be released from any further obligations hereunder arising after the date of such sale to, and assumption by, such proposed purchaser. Any such sale shall be made expressly subject to the terms and conditions of this Agreement.
- (b) Such sale shall be made only:
 - (i) to an Institutional Lender or a sophisticated investor who agrees, in writing under an agreement reasonably acceptable to Lead Lender, to be bound by the terms and conditions of this Agreement, and
 - (ii) pursuant to a sale which is exempt from the requirement for a registration or filing under the Federal Securities Act or any applicable Blue Sky Laws and does not require the registration or filing of an exemption from registration of the Loan, of such sale of Participant's interest in the Loan.
- (c) Lead Lender shall be notified in writing by Participant of the name and address of the proposed purchaser.
- (d) Prior to Participant offering or agreeing to sell such Participation Interest, Participant shall first offer such Participation Interest to Lead Lender by notice in writing addressed to Lead Lender, stating the sale terms and specifying the sum the Participant fixes as the price for the sale. If the Lead Lender fails to notify the Participant within fifteen (15) business days after receipt of the notice that Lead Lender desires to purchase the Participation Interest at the specified price and on such terms, Participant shall be free to sell its Participation Interest to the proposed purchaser at a price not less than the aforesaid specified price and on such terms. If the Participant wishes to sell its Participation Interest at a price less than the aforesaid specified price or on any other more beneficial terms to a purchaser, Lead Lender shall be given the first opportunity to purchase at the reduced price and/or on such more beneficial terms in accordance with the terms of this paragraph. If the Participant is advised in writing that Lead Lender wishes to purchase the Participation Interest, the Participant shall be bound to sell its Participation Interest to the Lead Lender at the applicable specified price and on such terms and such sale and purchase shall be completed, subject to adjustment in purchase price if intervening Collections are paid, within fifteen (15) business days after the giving of Lead Lender's notice that Lead Lender is purchasing the Participation Interest.

8.2. **Assignment or Sale of Lead Lender's Interests.** Lead Lender may sell the Note or its Participation Interest in the Loan on the following terms and conditions:

- (a) The sale must be of the whole of the Note or the whole of the Lead Lender's Participation Interest to a proposed purchaser who agrees to assume and perform the obligations of Lead Lender set forth in this Agreement, at which point Lead Lender shall be released from any further obligations hereunder arising after the date of such sale to, and assumption by, such proposed purchaser. Any such sale shall be made expressly subject to the terms and conditions of this Agreement.
- (b) Such sale shall be made only:
 - (i) to an Institutional Lender or a sophisticated investor which agrees, in writing under an agreement reasonably acceptable to Lead Lender, to be bound by the terms and conditions of this Agreement, and
 - (ii) pursuant to a sale which is exempt from the requirement for a registration or filing under the Federal Securities Act or any applicable Blue Sky Laws and does not require the registration or filing of an exemption from registration of the Loan, of such sale of Lead Lender's interest in the Loan.
- (c) Lead Lender may at any time assign its rights and obligations pursuant to this Agreement as Servicer on five (5) business days prior written notice to the Participant to:
 - (i) an Affiliate of the Lead Lender;
 - (ii) a Subsidiary of the Lead Lender or an Affiliate of a subsidiary;
 - (iii) an entity controlling or owning the Lead Lender;
 - (iv) an entity that Lead Lender merges or consolidates into;
 - (v) an entity that is merged into or consolidated with Lead Lender;
 - (vi) an entity that acquires substantially all of the assets of the Lead Lender;
 - (vii) an entity substantially all of whose assets are acquired by Lead Lender or its Affiliate or Subsidiary.

8.3. **Resignation.** Lead Lender may on ten (10) business days' advance written notice to Participant resign its obligations as Servicer under this Agreement. Upon any such resignation, Lead Lender and Participant shall jointly appoint a replacement Servicer. If Lead Lender and Participant do not jointly agree on a replacement Servicer within such ten (10) business days, Lead Lender shall appoint the replacement Servicer. Upon the appointment of a replacement Servicer, and acceptance by such replacement Servicer of the responsibilities under this Agreement, Lead Lender shall be relieved of its responsibilities as Servicer under this Agreement.

8.4. **Termination.** This Agreement and the rights and obligations of the Parties shall terminate upon the earliest to occur of:

- (a) Payment in Full of the Obligations to both Lead Lender and Participant;
- (b) Payment in Full to Lead Lender of Lender's Loan Component (but not Participant's Loan Component) and payment of all other amounts due to Lead Lender under this Agreement, whereupon Lead Lender shall endorse and assign the Loan and the Loan Documents, without warranty or recourse, to Participant.
- (c) Transfer of title to the Collateral to Lead Lender following a default; or
- (d) Completion of Enforcement Actions resulting in transfer of the Collateral to a third party.

8.5. **Payment in Lieu of Interest Earnings.** Any sale of Lead Lender's Participation Interest shall also include an assumption by the purchaser of such Participation Interest of Lead Lender's obligations as "Purchaser" set forth in Section 5.05 of the Mortgage Loan Purchase Agreement. Lead Lender and Participant acknowledge and agree that Lead Lender would not have closed on the purchase of the Note under the Mortgage Loan Purchase Agreement without Participant entering into this Agreement, and this Agreement is an integral and integrated part of the Mortgage Loan Purchase Agreement.

9. **PURCHASE RIGHTS OF LEAD LENDER.**

9.1. **Purchase Rights.** For one (1) year following the date of this Agreement, Lead Lender shall have the option to purchase Participant's Participation Interest, upon payment of a purchase price equal to Participant's Principal Amount, plus simple interest accrued at the Note Rate from the date hereof until the date of closing of the purchase of Participant's Participation Interest. Lead Lender shall exercise this option by giving Participant written notice that Lead Lender is exercising this option, and closing shall occur at a date and at a place selected by Lead Lender but no later than fifteen (15) business days thereafter. Participant shall transfer Participant's Participation Interest free and clear of any liens or encumbrances and, if Participant fails to clear any such lien or encumbrances, then the purchase proceeds may be used to remove such liens or encumbrances.

9.2. **Right of First Refusal.** Lead Lender shall also have the right of first refusal to purchase Participant's Participation Interest in the Loan in the event of a default under the Loan. Participant shall provide Lead Lender with written notice, stating the sale terms and specifying the sum the Participant has agreed upon as the price for sale, together with a copy of the proposed purchase and sale contract. If the Lead Lender fails to notify the Participant within fifteen (15) business days after receipt of such notice that Lead Lender desires to purchase the Participation Interest at the specified price and on the terms set forth in the proposed purchase and sale contract, Participant shall be free to sell its Participation Interest to another party at a price not less than the aforesaid specified price and otherwise on the same terms set forth in the

proposed contract. If the Participant wishes to sell its Participation Interest at a price less than the aforesaid specified price or on terms more beneficial to a purchaser than those set forth in the proposed contract delivered to Lead Lender, Lead Lender shall be given the first opportunity to purchase at the reduced price and on such more beneficial terms in accordance with the terms of this paragraph. If Participant is advised in writing that Lead Lender wishes to purchase the Participation Interest, Participant shall be bound to sell its Participation Interest to Lead Lender at the applicable specified price and on the terms set forth in the proposed contract and such sale and purchase shall be completed, subject to adjustment in purchase price if intervening Collections are paid, within fifteen (15) business days after the giving of Lead Lender's notice that Lead Lender is purchasing the Participation Interest. Participant shall transfer Participant's Participation Interest free and clear of any liens or encumbrances and, if Participant fails to clear any such lien or encumbrances, then the purchase proceeds may be used to remove such liens or encumbrances.

10. **MISCELLANEOUS.**

10.1. **Notices.** All notices and other communications permitted or required by the terms of this Agreement (except telephonic notices where expressly permitted) shall be in writing, given or served by depositing the same with the United States Postal Service, designated as certified mail, return receipt requested, bearing adequate postage, or delivery by reputable private carrier such as Federal Express, Airborne, UPS or similar private courier service, or by facsimile copy, properly addressed. Each such notice shall be effective upon being deposited or delivered. The time period within which a response to any such notice must be given, however, shall commence to run from the date of receipt of the notice by the addressee thereof. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice sent. By giving to the other party hereto at least ten (10) days' notice thereof, either party hereto shall have the right from time to time and at any time during the term of this Agreement to change its address and shall have the right to specify as its address any other address within the United States of America. Each such notice shall be delivered to the following addresses (unless changed in accordance with this Section):

If to Lead Lender:

HAREFF TORRANCE LLC
185 N.W. Spanish River Blvd., Suite 100
Boca Raton, Florida 33431
Attn: General Counsel

If to Participant:

BORDERS, INC.
100 Phoenix Drive
Ann Arbor, Michigan 48108
Attn: General Counsel

10.2. **Successors and Assigns.** This Agreement shall apply to, inure to the benefit of, and be binding upon and enforceable against the parties hereto, and to the extent permitted hereunder, their respective successors and assigns, to the same extent as if such successor or assign had been specifically mentioned in this Agreement.

10.3. **Time of the Essence.** Time is of the essence of this Agreement and each and every date set forth herein.

10.4. **Governing Law.** This Agreement shall be deemed to constitute a contract under and shall be construed and enforceable in accordance with the laws of the State of Florida, without regard to conflict of laws principles.

10.5. **Judicial Interpretation.** Should any provision of this Agreement require judicial interpretation, the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent or attorney prepared the same, it being agreed that the agents and attorneys of both parties have participated in the preparation hereof.

10.6. **No Amendment.** Neither this Agreement nor any term hereof may be changed, waived, discharged, or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought.

10.7. **Construction.** Article, section and subsection headings in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

10.8. **No Partnership.** This instrument creates a participation in the Loan only and neither the execution and performance of this Agreement nor the sharing in the Loan, the Collections and the Collateral is intended to be, nor shall it be construed to be, the formation of a partnership or a joint venture between Lead Lender and Participant.

10.9. **Indemnification.** Notwithstanding any asserted negligence of Lead Lender, Participant shall, in accordance with its Participation Interest, indemnify and hold harmless the Lead Lender, its directors, officers, employees and agents (to the extent not reimbursed by the Borrower) against any cost, expense (including legal fees and disbursements), claim, demand, action, loss or liability (except such as result from the Lead Lender's gross negligence or willful misconduct) that the Lead Lender may suffer or incur in connection with this Agreement, the Loan Documents, the Borrower or the Lease or any action taken or omitted by the Lead Lender hereunder or thereunder; provided however, notwithstanding anything to the contrary herein, if such cost, expense, claim, demand, action, loss or liability arises due to any action or omission caused, directly or indirectly, by Participant, whether as a participant in the Loan, as the tenant under the Lease, or as a previous holder of the Loan, Participant shall fully indemnify and hold the Lead Lender harmless. The Lead Lender may apply any payments received from the Borrower or any other Obligor first to reimburse itself for such costs, expenses, claims, demands, actions, losses and liabilities. The provisions of this paragraph shall survive termination of this Agreement.

10.10. **Confidentiality.** Except as otherwise required by law, nonpublic information regarding Borrower given by Lead Lender to Participant (exclusive of information already in the public domain or information received by Participant from sources other than Lead Lender) will

be treated by Participant as confidential, may not be disclosed to any other party without Lead Lender's and Borrower's prior written consent, and will not be used by Participant or any of its affiliates for any purposes other than as contemplated by this Agreement. Participant shall not make any public announcement or employ any advertising, including without limitation, press releases or advertisements referred to as "tombstone advertisements," with respect to the transactions contemplated hereby, or include Borrower's name on any client lists, without Borrower's and Lead Lender's prior written approval.

10.11. **Exculpation of Lead Lender.** Recourse of Participant to Lead Lender for Lead Lender's obligations with respect to this Agreement shall be limited solely to Lead Lender's Participation Interest and neither Lead Lender nor any of its affiliates or related parties shall have any personal liability whatsoever for Lead Lender's obligations with respect to this Agreement, nor shall Lead Lender have any liability for actions taken (or not taken) or liability accruing after resignation of Lead Lender, an Event of Default by Borrower, transfer or assignment of the Note by Lead Lender, or transfer or assignment of Lead Lender's Participation Interest.

10.12. **Additional Bankruptcy Provisions.** In the event that either party files or becomes the subject of an Insolvency Proceeding, or other similar proceeding or action, such party shall consent to relief from and waiver of any automatic stay or similar protection in connection with such proceedings with respect to this Agreement. In addition, in connection with an Insolvency Proceeding, or similar proceeding or action, the party that is the subject of such proceeding or action will consent to a motion filed by the other party classifying all of the rights, obligations, covenants, and agreements of this Agreement as in the ordinary course of business specifically not subject to the automatic stay. Further, if either party is required to appear or participate in any Insolvency Proceeding or similar proceeding or action in order to obtain court approval to perform or enforce this Agreement, then the party that has caused such court approval to be necessary (e.g., a party filing for or subject to bankruptcy protection) shall reimburse the other party for all costs and expenses, including reasonable attorneys' fees and costs, for such party's appearance or participation in such proceedings in order to enforce or perform under this Agreement. Such costs and expenses shall become part of Lender's Loan Component or Participant's Loan Component, as applicable.

10.13 **Entire Agreement.** This Agreement contains the entire understanding of the Parties in respect to the transaction contemplated hereby and supersedes all prior agreements and understandings between the Parties with respect to such subject matter.

10.14. **Waiver of Jury Trial.** Each of the Parties to this Agreement irrevocably waives all right to a trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement and the obligations of the Parties hereunder. Each Party represents that it is sophisticated in the ownership of commercial loans and fully understands the substance and effect of this waiver.

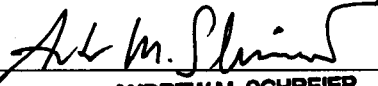
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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

LEAD LENDER:

HAREFF TORRANCE LLC, a Delaware limited liability company

By: Kinsan Management Corp., a Delaware corporation, its Manager

By: 
Name: **ANDREW M. SCHREIER**
Title: **VICE PRESIDENT**

[SIGNATURES CONTINUE ON NEXT PAGE]

PARTICIPANT:

BORDERS, INC., a Colorado corporation

By: _____

Name: _____

Title: _____

EXHIBIT A

LIST OF LOAN DOCUMENTS

Loan Documents dated as of November 10, 1994

1. Loan Agreement among NCC Torrance/B Associates Limited Partnership ("Original Borrower"), NCC Torrance/B, Inc. ("General Partner of Original Borrower"), and National Tenant Finance Corporation ("Original Lender") [the "Loan Agreement"]
2. Promissory Note in the original principal amount of \$7,049,000.00 from Original Borrower in favor of United States Trust Company of New York ("Successor Lender #1") [the "Note"]
3. Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing from Original Borrower in favor of Original Lender, as beneficiary, and Chicago Title Insurance Company, as trustee, recorded in Recorder's Office, Los Angeles County, California on November 22, 1994 as Instrument No. 94-2103333, as affected by the Assignment of Deed of Trust from Original Lender as assignor to Successor Lender #1 as assignee, recorded in Recorder's Office, Los Angeles County, California on November 22, 1994 as Instrument No. 94-2103336 [the "Mortgage"]
4. Assignment of Leases and Rents from Original Borrower in favor of Original Lender, recorded in Recorder's Office, Los Angeles, County, California on November 22, 1994 as Instrument No. 94-2103334, as affected by the Assignment of Lease Assignment from Original Lender as assignor in favor of Successor Lender #1 as assignee, recorded in Recorder's Office, Los Angeles County, California on November 22, 1994 as Instrument No. 94-2103337
5. Pledge Agreement between Original Borrower and Original Lender
6. Hazardous Materials Indemnity Agreement between Original Borrower and Original Lender
7. UCC-1 Financing Statement, naming Original Borrower as debtor and Successor Lender #1 as secured party, recorded in Recorder's Office, Los Angeles County, California on November 22, 1994 as Instrument No. 94-2103335
8. UCC-1 Financing Statement, naming Original Borrower as debtor and Successor Lender #1 as secured party, filed with the California Secretary of State on November 28, 1994 as Instrument No. 9435060182
9. UCC-1 Financing Statement, naming Original Borrower as debtor and Successor Lender #1 as secured party, filed with the California Secretary of State on November 28, 1994 as Instrument No. 9435060212
10. UCC-1 Financing Statement, naming Original Borrower as debtor and Successor Lender #1 as secured party, filed with the Michigan Secretary of State on November 28, 1994 as Instrument No. C910040

Assignment of Original Borrower's Interest to Torrance Borders Partners, Ltd., a California limited partnership (the "Successor Borrower") dated April 1, 1997

11. Assignment, Assumption and Reaffirmation Agreement among Original Borrower, Successor Borrower, and Successor Lender #1, recorded on April 8, 1997, as Instrument No. 97-527193, in the Recorder's Office, Los Angeles County, California

12. UCC Amendment, amending UCC Financing Statement No. 94-2103335, to change the debtor to Successor Borrower, recorded on April 8, 1997 as Instrument No. 97-527194, in Recorder's Office, Los Angeles County, California
13. Letter dated March 26, 2003 from Borders, Inc., as tenant, to Successor Borrower as landlord, which letter Successor Borrower acknowledged and agreed to pursuant to a Landlord Estoppel Certificate dated April 20, 2009
14. Landlord Estoppel Certificate dated April 20, 2009.

Assignment of Successor Lender #1's interest in Loan to Borders, Inc. ("Successor Lender #2") dated February 4, 2002

15. Assignment of Deed of Trust from Successor Lender #1 to Successor Lender #2, recorded on January 14, 2004 as Instrument No. 04-0099054 in the Recorder's Office, Los Angeles County, California
16. Assignment of Lease Assignment from Successor Lender #1 to Successor Lender #2, recorded on January 14, 2004, as Instrument No. 04-0099056 in the Recorder's Office, Los Angeles County, California
17. UCC-1 Financing Statement, naming Successor Borrower as debtor and Successor Lender #2 as secured party, recorded in Recorder's Office, Los Angeles County, California on May 13, 2002 as Instrument No. 02-1098012

EXHIBIT B

**NOTE PAYMENT SCHEDULE
(for an July 29, 2011 Closing)**

(attached)

[The Loan Payment Schedule is subject to adjustment based on the actual Closing Date if the Closing Date is not July 29, 2011]

BORDERS - Torrance, CA
Mortgage Schedule - Closing Date 7/29/2011

Exhibit "B"

For the Month Ended	Monthly Rent	Balance - Debt Service Fund	Accrued Interest	Accrued Principal	Amortized Note Balance	DEBT SERVICE			HAREEF TORRANCE LLC - "LEAD LENDER"				BORDERS (PARTICIPANT)			
						Payment	Interest	Principal	Total Payment to "Lead Lender"	Interest	Principal	Principal Balance	Total Payment to Seller	Interest	Principal	Principal Balance
11/30/2010	95,842.00	95,842.00	55,342.00	40,500.00	6,567,500.00							\$ 3,304,000.00				\$ 3,304,000.00
12/31/2010	95,842.00	191,684.00	110,684.00	81,000.00	6,527,000.00											
1/31/2011	95,842.00	287,526.00	166,026.00	121,500.00	6,486,500.00											
2/28/2011	95,842.00	383,368.00	221,368.00	162,000.00	6,446,000.00											
3/31/2011	95,842.00	479,210.00	276,710.00	202,500.00	6,405,500.00											
4/30/2011	95,842.00	575,052.00	332,052.00	243,000.00	6,365,000.00	332,052.00	332,052.00	-	-	-	-	3,304,000.00	332,052.00	332,052.00	-	3,304,000.00
5/31/2011	95,842.00	670,894.00	387,894.00	283,500.00	6,324,500.00	(C)										
6/30/2011	95,842.00	766,736.00	433,736.00	324,000.00	6,284,000.00											
7/31/2011	95,842.00	862,578.00	479,578.00	364,500.00	6,243,500.00											
8/31/2011	95,842.00	958,420.00	525,420.00	405,000.00	6,203,000.00				(A)	168,300.33	486,000.00	2,818,000.00	163,751.67	(B)		3,304,000.00
9/30/2011	95,842.00	1,054,262.00	571,262.00	445,500.00	6,162,500.00											
10/31/2011	95,842.00	1,150,104.00	617,104.00	486,000.00	6,122,000.00	818,052.00	332,052.00	486,000.00	654,300.33	307,630.50	534,000.00	2,284,000.00	163,751.67	(Interest 5/1/2011 - 7/29/2011)	-	3,304,000.00
11/30/2011	95,771.75	1,245,946.00	662,946.00	526,500.00	6,081,500.00											
12/31/2011	95,771.75	1,341,788.00	708,788.00	567,000.00	6,041,000.00											
1/31/2012	95,771.75	1,437,630.00	754,630.00	607,500.00	6,000,500.00											
2/29/2012	95,771.75	1,533,472.00	799,472.00	647,000.00	5,959,500.00											
3/31/2012	95,771.75	1,629,314.00	844,314.00	687,500.00	5,918,500.00											
4/30/2012	95,771.75	1,725,156.00	889,156.00	727,000.00	5,877,500.00											
5/31/2012	95,771.75	1,821,000.00	933,000.00	766,500.00	5,836,500.00	307,630.50	307,630.50	-	307,630.50	307,630.50	534,000.00	2,284,000.00	-	-	-	3,304,000.00
6/30/2012	95,771.75	1,916,842.00	976,842.00	805,500.00	5,795,500.00											
7/31/2012	95,771.75	2,012,684.00	1,020,684.00	845,000.00	5,754,500.00											
8/31/2012	95,771.75	2,108,526.00	1,064,526.00	884,500.00	5,713,500.00											
9/30/2012	95,771.75	2,204,368.00	1,106,368.00	924,000.00	5,672,500.00											
10/31/2012	95,771.75	2,300,210.00	1,148,210.00	963,500.00	5,631,500.00											
11/30/2012	95,771.75	2,396,052.00	1,190,052.00	1,003,000.00	5,590,500.00	841,630.50	307,630.50	534,000.00	841,630.50	307,630.50	534,000.00	2,284,000.00	-	-	-	3,304,000.00
12/31/2012	95,771.75	2,491,894.00	1,231,894.00	1,042,500.00	5,549,500.00											
1/31/2013	95,771.75	2,587,736.00	1,273,736.00	1,082,000.00	5,508,500.00											
2/28/2013	95,771.75	2,683,578.00	1,315,578.00	1,121,500.00	5,467,500.00											
3/31/2013	95,771.75	2,779,420.00	1,357,420.00	1,161,000.00	5,426,500.00											
4/30/2013	95,771.75	2,875,262.00	1,399,262.00	1,200,500.00	5,385,500.00											
5/31/2013	95,771.75	2,971,104.00	1,441,104.00	1,240,000.00	5,344,500.00											
6/30/2013	95,771.75	3,066,946.00	1,482,946.00	1,279,500.00	5,303,500.00											
7/31/2013	95,771.75	3,162,788.00	1,524,788.00	1,319,000.00	5,262,500.00											
8/31/2013	95,771.75	3,258,630.00	1,566,630.00	1,358,500.00	5,221,500.00											
9/30/2013	95,771.75	3,354,472.00	1,608,472.00	1,398,000.00	5,180,500.00											
10/31/2013	95,771.75	3,450,314.00	1,650,314.00	1,437,500.00	5,139,500.00											
11/30/2013	95,771.75	3,546,156.00	1,692,156.00	1,477,000.00	5,098,500.00											
12/31/2013	95,771.75	3,642,000.00	1,734,000.00	1,516,500.00	5,057,500.00											
1/31/2014	95,771.75	3,737,842.00	1,775,842.00	1,556,000.00	5,016,500.00											
2/28/2014	95,771.75	3,833,684.00	1,817,684.00	1,595,500.00	4,975,500.00											
3/31/2014	95,771.75	3,929,526.00	1,859,526.00	1,635,000.00	4,934,500.00											
4/30/2014	95,771.75	4,025,368.00	1,899,368.00	1,674,500.00	4,893,500.00											
5/31/2014	95,771.75	4,121,210.00	1,939,210.00	1,714,000.00	4,852,500.00											
6/30/2014	95,771.75	4,217,052.00	1,979,052.00	1,753,500.00	4,811,500.00											
7/31/2014	95,771.75	4,312,894.00	2,018,894.00	1,793,000.00	4,770,500.00											
8/31/2014	95,771.75	4,408,736.00	2,058,736.00	1,832,500.00	4,729,500.00											

BORDERS - Torrance, CA
Mortgage Schedule - Closing Date 7/29/2011

Exhibit "B"

For the Month Ended	Monthly Rent	Balance - Debt Service Fund	Accrued Interest	Accrued Principal	Amortized Note Balance	DEBT SERVICE				RENT/DEBT SERVICE ALLOCATION						BORDERS (PARTICIPANT)			
						HAREFF TORRANCE LLC - "LEAD LENDER"				HAREFF TORRANCE LLC - "LEAD LENDER"				BORDERS (PARTICIPANT)					
						Payment	Interest	Principal	Balance	Total Payment to "Lead Lender"	Interest	Principal	Principal Balance	Total Payment to Seller	Interest	Principal	Principal Balance		
9/30/2014	95,791.67	802,458.37	209,375.00	593,083.37	4,406,916.63	898,250.00	251,250.00	647,000.00	4,353,000.00	449,125.00	125,625.00	323,500.00	1,666,500.00	449,125.00	125,625.00	323,500.00	2,686,500.00		
10/31/2014	95,791.67	0.04	-	647,000.00	4,353,000.00														
11/30/2014	95,789.71	95,789.71	36,456.38	59,333.38	4,293,666.63														
12/31/2014	95,789.71	191,579.46	72,912.75	118,666.71	4,234,333.29														
1/31/2015	95,789.71	287,369.17	109,369.13	178,000.05	4,174,999.96														
2/28/2015	95,789.71	383,158.88	145,825.50	237,333.38	4,115,666.62														
3/31/2015	95,789.71	478,948.59	182,281.88	296,666.72	4,056,333.29	218,738.25	218,738.25	-	4,353,000.00	109,369.13	109,369.13	-	1,666,500.00	109,369.13	109,369.13	-	2,686,500.00		
4/30/2015	95,789.71	356,000.05	-	356,000.05	3,996,999.95														
5/31/2015	95,789.71	451,789.76	36,456.38	415,333.39	3,937,666.62														
6/30/2015	95,789.71	547,579.47	72,912.75	474,666.72	3,878,333.28														
7/31/2015	95,789.71	643,369.18	109,369.13	534,000.06	3,818,999.95														
8/31/2015	95,789.71	739,158.89	145,825.50	593,333.39	3,759,666.61														
9/30/2015	95,789.71	834,948.60	182,281.88	652,666.73	3,700,333.28	930,738.25	218,738.25	712,000.00	3,641,000.00	465,369.13	109,369.13	356,000.00	1,310,500.00	465,369.13	109,369.13	356,000.00	2,330,500.00		
10/31/2015	95,789.71	0.06	-	712,000.00	3,641,000.00														
11/30/2015	95,826.71	95,826.77	30,493.38	65,333.40	3,575,666.61														
12/31/2015	95,826.71	191,653.48	60,986.75	130,666.73	3,510,333.27														
1/31/2016	95,826.71	287,480.19	91,480.13	196,000.07	3,444,999.94														
2/29/2016	95,826.71	383,306.90	121,973.50	261,333.40	3,379,666.60														
3/31/2016	95,826.71	479,133.61	152,466.88	326,666.74	3,314,333.27	182,960.25	182,960.25	-	3,641,000.00	91,480.13	91,480.13	-	1,310,500.00	91,480.13	91,480.13	-	2,330,500.00		
4/30/2016	95,826.71	392,000.07	32,000.00	360,000.07	3,248,999.93														
5/31/2016	95,826.71	487,826.78	30,493.38	457,333.41	3,183,666.60														
6/30/2016	95,826.71	583,653.49	60,986.75	522,666.74	3,118,333.26														
7/31/2016	95,826.71	679,480.20	91,480.13	588,000.08	3,052,999.93														
8/31/2016	95,826.71	775,306.91	121,973.50	653,333.41	2,987,666.59														
9/30/2016	95,826.71	871,133.62	152,466.88	718,666.75	2,922,333.26	966,960.25	182,960.25	784,000.00	2,857,000.00	483,480.13	91,480.13	392,000.00	918,500.00	483,480.13	91,480.13	392,000.00	1,938,500.00		
10/31/2016	95,826.71	0.08	-	784,000.00	2,857,000.00														
11/30/2016	95,844.04	95,844.12	23,927.38	71,916.75	2,785,083.26														
12/31/2016	95,844.04	191,688.16	47,854.75	143,833.41	2,713,166.59														
1/31/2017	95,844.04	287,532.20	71,782.13	215,750.08	2,641,249.93														
2/28/2017	95,844.04	383,376.24	95,709.50	287,666.74	2,569,333.26														
3/31/2017	95,844.04	479,220.28	119,636.88	359,583.41	2,497,416.60														
4/30/2017	95,844.04	431,500.07	-	431,500.07	2,425,999.93	143,564.25	143,564.25	-	2,857,000.00	71,782.13	71,782.13	-	918,500.00	71,782.13	71,782.13	-	1,938,500.00		
5/31/2017	95,844.04	527,344.11	23,927.38	503,416.74	2,353,583.27														
6/30/2017	95,844.04	623,188.15	47,854.75	575,333.40	2,281,666.60														
7/31/2017	95,844.04	719,032.19	71,782.13	647,250.07	2,209,749.94														
8/31/2017	95,844.04	814,876.23	95,709.50	719,166.73	2,137,833.27														
9/30/2017	95,844.04	910,770.27	119,636.88	791,083.40	2,065,916.61														
10/31/2017	95,844.04	0.06	-	863,000.00	1,994,000.00	1,006,564.25	143,564.25	863,000.00	1,994,000.00	503,282.13	71,782.13	431,500.00	487,000.00	503,282.13	71,782.13	431,500.00	1,507,000.00		
11/30/2017	95,783.08	95,783.14	16,699.75	79,083.39	1,914,916.61														
12/31/2017	95,783.08	191,566.22	33,399.50	158,166.72	1,835,833.28														
1/31/2018	95,783.08	287,349.30	50,099.25	237,250.05	1,756,749.95														
2/28/2018	95,783.08	383,132.38	66,799.00	316,333.38	1,677,666.62														
3/31/2018	95,783.08	478,915.46	83,498.75	395,416.71	1,598,583.29														
4/30/2018	95,783.08	570,783.12	16,699.75	554,083.37	1,440,416.63														
5/31/2018	95,783.08	666,066.20	33,399.50	632,666.70	1,361,333.30														
6/30/2018	95,783.08	761,849.28	50,099.25	711,750.03	1,282,249.97														
7/31/2018	95,783.08																		
8/31/2018	95,783.08																		
9/30/2018	95,783.08																		
10/31/2018	95,783.08																		
11/30/2018	95,783.08																		
12/31/2018	95,783.08																		
1/31/2019	95,783.08																		
2/28/2019	95,783.08																		
3/31/2019	95,783.08																		
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4/30/2021	95,783.08																		
5/31/2021	95,783.08																		
6/30/2021	95,783.08																		
7/31/2021	95,783.08																		
8/31/2021	95,783.08																		
9/30/2021	95,783.08																		
10/31/2021	95,783.08																		
11/30/2021	95,783.08																		
12/31/2021	95,783.08																		
1/31/2022	95,783.08																		
2/28/2022	95,783.08																		
3/31/2022	95,783.08																		
4/30/2022	95,783.08																		
5/31/2022	95,783.08																		
6/30/2022	95,783.08																		
7/31/2022	95,783.08																		
8/31/2022	95,783.08																		
9/30/2022	95,																		

BORDERS - Torrance, CA
Mortgage Schedule - Closing Date 7/29/2011

Exhibit "B"

For the Month Ended	Monthly Rent	Balance - Debt Service Fund	Accrued Interest	Accrued Principal	Amortized Note Balance	DEBT SERVICE			RENT/DEBT SERVICE ALLOCATION				BORDERS (PARTICIPANT)					
						Payment	Interest	Principal	Balance	Total Payment to "Lead Lender"	Interest	Principal	Principal Balance	Total Payment to Seller	Interest	Principal	Principal Balance	
8/31/2018	95,783.08	857,632.36	66,799.00	790,833.36	1,203,166.64													
9/30/2018	95,783.08	953,415.44	83,498.75	869,916.69	1,124,083.31													
10/31/2018	95,783.08	0.02	-	949,000.00	1,045,000.00	1,049,198.50	100,198.50	949,000.00	1,045,000.00	524,599.25	50,099.25	474,500.00	12,500.00	524,599.25	50,099.25	474,500.00	1,032,500.00	
11/30/2018	95,835.21	95,835.23	8,751.88	87,083.36	957,916.65													
12/31/2018	95,835.21	191,670.44	17,503.75	174,166.69	870,833.31													
1/31/2019	95,835.21	287,505.63	26,255.63	261,250.03	783,749.98													
2/28/2019	95,835.21	383,340.86	35,007.50	348,333.36	696,666.64													
3/31/2019	95,835.21	479,176.07	43,759.38	435,416.70	609,583.31													
4/30/2019	95,835.21	522,500.03	-	522,500.03	522,499.97	52,511.25	52,511.25	-	1,045,000.00	26,255.63	26,255.63	-	12,500.00	26,255.63	26,255.63	-	1,032,500.00	
5/31/2019	95,835.21	618,335.24	8,751.88	609,583.37	435,416.64													
6/30/2019	95,835.21	714,170.45	17,503.75	696,666.70	348,333.30													
7/31/2019	95,835.21	810,005.66	26,255.63	783,750.04	261,249.97													
8/31/2019	95,835.21	905,840.87	35,007.50	870,833.37	174,166.63													
9/30/2019	95,835.21	1,001,676.08	43,759.38	957,916.71	87,083.30	1,097,511.25	52,511.25	1,045,000.00	-	38,755.63	26,255.63	12,500.00	-	1,058,755.63	26,255.63	1,032,500.00	-	
10/31/2019	95,835.21	0.04	-	1,045,000.00	-													
						10,347,404.00	3,739,404.00	6,608,000.00		5,364,343.41	2,060,343.41	3,304,000.00		4,983,060.59	1,679,060.59	3,304,000.00		

(A) "Lead Lender" receives \$1,897,086.50 before the 50%:50% allocation commences as follows:

Accrued principal at closing:	\$	364,500.00	(C)
16 rental payments (8/2011 - 11/2012)	3 @ \$95,842.00 per mo:	287,526.00	
	12 @ \$95,771.75 per mo:	1,149,261.00	
	1 @ \$95,799.50 per mo:	95,799.50	
		<u>\$ 1,897,086.50</u>	

(B) "Participant" in its prior role as "Noteholder", receives \$163,751.67 as accrued interest from 5/1/2011 - 7/29/2011 (\$6,608,000.00 X 10.05% X 90/365).