

Section 2.16. Secondary Financing and Liens and Encumbrances. Mortgagor shall not, without the prior written consent of the Mortgagee, create or permit to exist any mortgage, lien or other encumbrance on the Mortgaged Property, or any part thereof.

Section 2.17. Defense of Legal Proceedings. Red Roof covenants and agrees to appear in and defend any action or proceeding purporting to affect the security hereof or the right, powers or interests of Mortgagee under this Mortgage or any action or proceeding affecting the Mortgaged Property or title thereto; and to pay all of Mortgagee's costs and expenses, including cost of evidence of title and attorneys' fees in a reasonable sum in any such action or proceeding in which Mortgagee may appear including, but not by way of limitation, an action or proceeding instituted in the exercise of the right of eminent domain or for the partition of the Mortgaged Property.

Section 2.18. Financial Information. Red Roof shall furnish to Mortgagee within one hundred twenty (120) days after each fiscal year end of Red Roof a copy of Red Roof's annual financial statements, which shall include a statement of profit and loss for the preceding annual period, a statement of changes in financial position for the preceding annual period, and a balance sheet as of the last day of such fiscal year and a copy of the statement of profit and loss for the business of Red Roof operated on the Real Estate. If requested by the Mortgagee, the financial statements shall be audited and certified by a certified public accounting firm acceptable to Mortgagee. The financial statements shall be prepared in conformity with generally accepted accounting principles and