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Mail after recording to: Christina M. Titus, Esq., Merrill Lynch, Hubbard Inc., Two Broadway, 22nd Floor, New York, New York 10004

This Instrument was prepared by: Jeffrey H. Weitzman, Esq., Rogers & Wells, 200 Park Avenue, New York, New York 10166

STATE OF SOUTH CAROLINA
COUNTY OF GREENVILLE

MORTGAGE AND SECURITY AGREEMENT

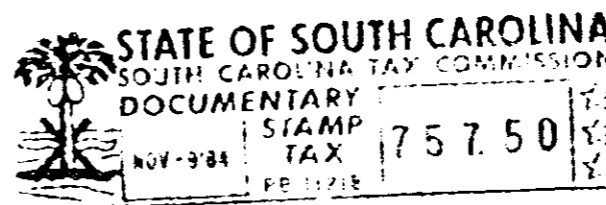
THIS MORTGAGE AND SECURITY AGREEMENT (this "Mortgage"), made as of the 23rd day of October, 1984, by and between PARK HAYWOOD ASSOCIATES, a South Carolina general partnership, having an office address c/o The Park Haywood Company, 2223 Executive Street, Charlotte, North Carolina 28208 (the "Mortgagor"), and MLH PROPERTIES LIMITED PARTNERSHIP II, a New York limited partnership, having an office address at Two Broadway, New York, New York 10004 (the "Mortgagee"), provides:

W I T N E S S E T H :

ARTICLE 1

Recitals

Section 1.1 Commitment Letter. Pursuant to a commitment letter from the Mortgagee to the Mortgagor, dated May 10, 1984, as amended by letter dated August 30, 1984 (the "Commitment Letter"), the Mortgagee has made a loan (the "Loan") of \$2,525,000 to the Mortgagor, as evidenced by a promissory note



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