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**Prepared By and Return To:**

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**INFRASTRUCTURE DEVELOPMENT PROGRAM**

**AMENDED AND RESTATED**  
**OPEN END LEASEHOLD MORTGAGE**

THIS AMENDED AND RESTATED INDENTURE (this "Mortgage") is made this 1<sup>st</sup> day of FEBRUARY, 2006, effective as of FEBRUARY 1, 2006 between PENN SQUARE PARTNERS, a Pennsylvania limited partnership, having its principal office at 1853 William Penn Way, Lancaster, PA 17601 (the "Mortgagor"),

AND

REDEVELOPMENT AUTHORITY OF THE CITY OF LANCASTER, an Authority organized and existing under the Urban Redevelopment Law of the Commonwealth of Pennsylvania, having its principal office at 120 North Duke Street, Lancaster, Pennsylvania 17603 (the "Lender").

**RECITALS**

WHEREAS, the Lender, under a Loan Agreement dated as of November 4, 2002 (the "Original Loan Agreement") agreed to lend Mortgagor the principal sum of Two Million Two Hundred Fifty Thousand Dollars (\$2,250,000.00) (the "Loan") upon the terms and subject to the conditions of the Loan Agreement. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Loan Agreement; and

WHEREAS, in order to evidence its obligation to repay the Loan, the Mortgagor executed and delivered a Note dated as of November 4, 2002 (the "Note") which it has delivered to the Lender. The Note describes the interest rate and the payment terms of the Loan; and

WHEREAS, the Note is secured, in part, by that certain Open-End Mortgage Which Secures Future Advances dated November 4, 2025 was recorded as among the Land Records of Lancaster County, Pennsylvania (the "Original Mortgage"), which Original Mortgage encumbers the property more particularly described on Exhibit A attached hereto (the "Property"); and

WHEREAS, the Lender desires to hereby modify the lien of the Original Mortgage on the Premises to reflect that the Mortgagor is conveying its fee simple interest in the Premises to Lender, and Lender is in turn leasing back to Mortgagor a leasehold estate in the Premises pursuant to the terms of that certain Hotel Tower Lease Agreement between Lender, as Tower Lessor, and Mortgagor, as Tower Lessee, dated of even date herewith; and

WHEREAS, Mortgagor and Lender desire to (i) amend the Original Loan Agreement pursuant to the terms of that certain First Amendment to Loan Agreement dated of even date herewith (the "**First Amendment to Loan Agreement**"; together with the Original Loan Agreement, the "**Loan Agreement**"; (ii) amend and completely restate the Original Mortgage pursuant to the terms of this Mortgage, and (iii) make certain other modifications to the original loan documents as hereinafter set forth.

A. NOW, THEREFORE, in consideration of the agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor and Lender hereby amend and completely restate the Original Mortgage as follows:

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that the Mortgagor in consideration of the Loan, and to secure the payment of the Loan, interest on the Loan and of all other sums due or to become due under the Loan Agreement, and Note (the "**Indebtedness**") and to secure the performance by Mortgagor of all other provisions of the Loan Agreement and the Note (the "**Loan Documents**"), intending to be legally bound by these presents, does hereby grant, bargain, sell, convey, release, alien, confirm and assign unto the Lender, its successors and assigns, all of Mortgagor's interest in the land fully and accurately described on Exhibit A, attached hereto and made a part hereof (the "**Land**").

TOGETHER with all of Mortgagor's right, title and interest in and to (i) the leasehold estate created by that certain Hotel Tower Lease Agreement dated as of January 31, 2006 (the "**Tower Lease**") between Lender as Tower Lessor, and Mortgagor, as ground lessee; (ii) all modifications, extensions and renewals of the Tower Lease and all credits, deposits (including, without limitation, any deposit of cash or securities or any other property which may be held to secure Mortgagor's performance of its obligations under the Tower Lease), options, privileges and rights of the Mortgagor as tenant under the Tower Lease, including, but not limited to, the right, if any, to renew or extend the Tower Lease for a succeeding term or terms; and (iii) all the estate, right, title, claim or demand whatsoever of Mortgagor either in law or in equity, in possession or expectancy, of, in and to the Land or any part thereof.

TOGETHER with all and singular the buildings and improvements erected or to be erected thereon, streets, alleys, passages, ways, waters, watercourses, rights, liberties, privileges, hereditaments and appurtenances whatsoever, thereunto belonging or in anywise appertaining, and the reversions and remainders and rents, issues and profits thereof, including all income arising therefrom and all insurance proceeds and proceeds of condemnation awards (collectively, the "**Premises**").

TO HAVE AND TO HOLD the Premises hereby granted or mentioned and intended so to be unto the Lender, its successors and assigns, to and for the only proper use and behoof of the Lender, its successors and assigns forever.

PROVIDED, HOWEVER, that if the Mortgagor pays to the Lender the Indebtedness and any other sums properly payable under the terms of the Loan Documents and this Mortgage, on the dates and in the manner provided in the Loan Documents and this Mortgage, and keeps all the other covenants and promises contained in the Loan Documents and this Mortgage, then from that time this Mortgage and the estate hereby created, granted, transferred and assigned will be void, but otherwise will remain in full force and effect.

AND THE MORTGAGOR HEREBY FURTHER COVENANTS AND AGREES AS FOLLOWS:

1. Title. The Mortgagor has good, valid and marketable leasehold title to the Premises. The Mortgagor has the right, full power and lawful authority to execute this Mortgage and to mortgage the Premises to the Lender. The Premises are free and clear of all liens and encumbrances except those of record which have been previously disclosed in writing to the Lender. This Mortgage is and shall be subordinate in lien and in payment to a lien on the Premises given or to be given by Borrower to Marriott International, Inc. (the "**Marriott Lien**"). Upon Mortgagor's request, Lender agrees to execute a subordination agreement subordinating the lien of this Mortgage to the Marriott Lien. Notwithstanding anything to the contrary contained herein, it is understood and agreed that Mortgagor and its successors and assigns may obtain various other loans for the acquisition, development, improvement, holding, operation, and refinancing of the Premises. Lender, for itself and its successors and assigns, agrees that the Loan is and shall be subordinate in priority and right of repayment to any and all "**Senior Indebtedness**" which does not exceed a 75% "**Loan-to-Value Ratio**" (as hereinafter defined) now and hereafter obtained with respect to the Project. As used herein, "**Senior Indebtedness**" shall mean any loan obtained by Mortgagor and/or its successors and assigns and permitted transferees for the acquisition, development, improvement, holding, operation and/or refinancing of the Project, provided, however, that "**Senior Indebtedness**" shall not include::

(a) guaranties made by Mortgagor of loans made to other parties, except, in such case, to the extent that the proceeds of such loans are used to make capital improvements to and renovations of the Premises or are given in support of letters of credit or other similar credit enhancements which are used in connection with the construction, operation, renovation or use of the improvements on the Premises; or

(b) a refinancing of already existing indebtedness to the extent that the proceeds of such refinancing are distributed to Mortgagor's partners, or to the partners, shareholders, or members of a permitted transferee under Section 6, except that a refinancing to the extent that the proceeds are distributed to any of Mortgagor's present or future partners, or to the partners, shareholders, or members of a permitted transferee under Section 6, and where the Lender consents to such distribution, shall also be considered Senior Indebtedness. The Lender agrees not to unreasonably withhold, condition or delay its consent to any such distribution(s) of refinancing proceeds or to the resulting subordination of its Loans in such cases. Without limiting the generality of the preceding sentence, the Lender shall give its consent where the

**“Loan-to-Value Ratio”** determined on a *pro forma* basis immediately after the borrowing and distribution in question is not greater than 75%. **“Loan-to-Value Ratio”** shall mean the result, expressed as a percentage, produced by dividing (1) the principal amount of all Senior Indebtedness (excluding the amount secured by the Marriott Lien) by (2) the value of the Premises. The value of the Premises shall be established by an appraisal obtained and paid for by Mortgagor and dated within 24 months preceding the date on which the Lender’s consent is requested and which is prepared by an independent real estate appraiser possessing a current license issued by the Commonwealth of Pennsylvania.

Lender agrees to execute any additional subordination agreements that may be requested by any such other lender(s) and that are consistent with the provisions of this Instrument.

Without limiting the generality of the foregoing:

(i) Notwithstanding the foregoing subordination, until: (i) the occurrence of an event of default by Mortgagor under any document evidencing Senior Indebtedness; or (ii) Mortgagor makes any assignment for the benefit of creditors; or (iii) any bankruptcy proceedings are instituted by or against Mortgagor; or (iv) any receiver for Mortgagor’s business assets is appointed; or (v) there is any dissolution or winding up of the affairs of Mortgagor, whichever of the foregoing occurs earliest, Mortgagor may make and the Lender may receive any and all payments due regarding the Loan.

(ii) In the event of any insolvency or bankruptcy (voluntary or involuntary) proceedings or any receivership, liquidation, reorganization or other similar proceedings in connection therewith, related to Mortgagor or to its creditors, as such, or to its property, or in the event of any proceedings for voluntary liquidation, dissolution or other winding up of Mortgagor, whether or not involving insolvency or bankruptcy, then the holders of Senior Indebtedness shall be entitled to receive payment in full of all principal and interest on all Senior Indebtedness before the Lender is entitled to receive any payment on account of principal or interest on the Loan, and to that end the holder of Senior Indebtedness shall be entitled to receive for application in payment thereof any payment or distribution of any kind or character, whether in cash or property or securities, which may be payable or deliverable in any such proceedings in respect of this Loan.

(iii) In the event that this Loan is declared due and payable before its expressed maturity because of the occurrence of any event of default hereunder (under circumstances when the provisions of the foregoing clause (ii) shall not be applicable), the holders of Senior Indebtedness outstanding at the time the Loan so becomes due and payable because of such occurrence of a default hereunder shall be entitled to receive payment in full of all principal and interest on all Senior Indebtedness before the Lender is entitled to receive payment on account of the principal or interest upon this Loan.

(iv) In the event of any default in payment of any principal of or any interest on any Senior Indebtedness and during the continuance of any such default, no amount shall be paid by the Mortgagor, and the Lender shall not be entitled to receive any amount, in respect of the principal of or interest on the Loan. No present or future holder of Senior Indebtedness shall be prejudiced in its right to enforce subordination of this Loan by any act or failure to act on the part of Mortgagor. Mortgagor shall render written notice to the Lender immediately upon the occurrence of each such default in the payment of any principal or any interest on any Senior Indebtedness describing such default in detail.

(v) Nothing contained in the subordination herein is intended to or shall impair, as between the Mortgagor, its creditors other than the holders of the Senior Indebtedness, and the Lender, the obligations of the Mortgagor, which is absolute and unconditional, to pay to the persons entitled thereto under the terms thereof the principal of and interest on this Loan, as and when the same shall become due and payable in accordance with its terms, or to affect the relative rights of the Lender and creditors of the Mortgagor other than the holders of Senior Indebtedness, nor shall anything herein prevent the Lender from exercising all remedies otherwise permitted by applicable law upon default under the Loan, subject to the rights, if any, under the subordination herein, of the holders of Senior Indebtedness in respect of cash, property or securities of the Mortgagor received upon the exercise of any such remedy.

(vi) Mortgagor may prepay the Marriott Lien and/or the Senior Indebtedness in whole or in part at any time.

(vii) If Lender obtains a fee mortgage in connection with the financing of the construction, renovation, or operation of the hotel which is the subject of the Hotel Tower lease, Lender agrees to cause such mortgage to be prior in payment and lien to this Mortgage and Mortgagor agrees to execute any and all instruments required of it to reflect the subordination of this Mortgage.

2. Payment and Performance. The Mortgagor will punctually pay, or cause to be paid, the Indebtedness, in the amounts and pursuant to the terms of the Loan Documents, and will perform all other agreements and provisions of the Loan Documents, and pay when due all other obligations and debts hereby secured. Additionally, the Mortgagor will punctually pay the payments secured by the Marriott Lien and will punctually perform its obligations which give rise to the Marriott Lien.

3. Taxes and Assessments. The Mortgagor will pay when due, and before they become delinquent, all taxes, water and sewer rents, assessments and other governmental charges against the Premises or upon the rents, income and profits from the Premises so as to prevent the same from becoming or being an enforceable lien or claim against the Premises. Upon request, the Mortgagor will furnish to the Lender, not less than fifteen (15) days prior to the date on which payment of the same would become delinquent, receipts or other evidence

satisfactory to the Lender of the payment of all such taxes, rents, assessments and other governmental charges.

4. Insurance; Damage or Destruction of Premises.

(a) The Mortgagor will maintain insurance on all buildings and improvements forming a part of the Premises (including those constructed after the date of this Mortgage) for the benefit of the Lender under an all-risk hazard insurance policy with boiler coverage, in an amount not less than the full insurable value of the Premises (excluding foundations and other parts below the surface of the lowest floor). Such insurance may be in the form of a master policy. The Lender may from time to time, but not more than once annually, require that the full insurable value of the Premises be determined by an appraiser or rating bureau satisfactory to the Lender. The insurance policy will name the Lender as a mortgagee in a standard mortgagee clause. The Mortgagor will deliver to the Lender a current Accord Evidence of Property Insurance Certificate.

The Mortgagor will prepay the premiums for all such insurance and thereafter will deliver to the Lender evidence of payment of all premiums due on such insurance together with certificates of such insurance at least thirty (30) days before payment is due. All of such policies will contain provision for notice to the Lender not less than thirty (30) days in advance of any cancellation of such policy.

The Mortgagor will also demonstrate to the satisfaction of the Lender that the Premises are not located within an area identified by Federal Emergency Management Agency as having "special flood hazards," as such term is interpreted under federal law or in a zoned flood plain or flood hazard area as determined by local officials. If all or any part of the Premises is located in such an area, the Mortgagor will pay for and provide the amount of flood insurance required by the Lender in its discretion.

While this Mortgage is in effect, the Mortgagor will also maintain worker's compensation insurance and public liability and property damage insurance on the Premises in amounts satisfactory to the Lender and will deliver certificates of such insurance to the Lender.

All insurance policies described in this Section 4 will be written by insurance companies licensed to do business within the Commonwealth of Pennsylvania and satisfactory to the Lender.

(b) Lender shall make available for restoration all funds received by it in connection with a casualty or condemnation in the event of a casualty or condemnation in accordance with the terms of the Tower Lease.

5. Maintenance. The Mortgagor will keep the Premises and all machinery, equipment and fixtures on the Premises in good condition and repair. The Mortgagor will not remove, demolish or materially alter the buildings, improvements and fixtures that are a part of or on the Premises and will not commit or suffer waste to any part of the Premises. The Mortgagor will maintain the Premises in compliance with all applicable governmental requirements. The Mortgagor will permit the Lender's agents at any reasonable time to enter upon the Premises for the purpose of inspecting and appraising the buildings and improvements.

6. Transfers. While the Loan is outstanding, Mortgagor shall not assign, transfer, or otherwise dispose of this Mortgage, or assign or sublease its leasehold interest in the Premises without prior written approval of the Lender, except as otherwise permitted under this Section 6. Provided that Mortgagor gives prior written notice to Lender and the Department (as defined in the Loan Agreement and in accordance with the notice address for the Department set forth in the Loan Agreement) and Lender and the Department consent (such consent not to be unreasonably conditioned, delayed or withheld), Mortgagor may assign or sublease its leasehold interest in the Premises together with the Loan to any person or entity who agrees in writing to assume and be bound by the remaining obligations and terms under this Instrument and the Note and the Mortgage, whereupon Mortgagor shall be released from all remaining obligations with respect to the Loan. It is contemplated that Lender shall transfer its fee simple interest to a condominium regime to be created in the future. Mortgagor agrees to cooperate in connection therewith and execute any and all documents necessary to assist in the effectuation of such transfer including, without limitation, the execution of an amended and restated leasehold mortgage transferring the property to be secured from the Property to the appropriate condominium unit. Nothing in this Section 6 or otherwise in the Loan Documents shall restrict or prevent Mortgagor from, or require any consent to, (1) borrowing money and/or granting mortgages, liens and encumbrances on the Premises for the financing or refinancing of the Premises, as contemplated under Section 1 hereof, or (2) granting any and all easements, rights-of-way, long-term leases or operating agreements, and similar encumbrances on the Premises as it shall determine to be necessary or desirable for the development and operation of the Premises, or (3) effecting transfers, issuances, redemptions or reorganizations of the partnership interests in the Mortgagor.

7. Payment of Costs. If the Lender retains the services of counsel in connection with any default under this Mortgage or the Guaranty, the Mortgagor will pay the Lender reasonable attorney's fees, but in no event less than the sum of Two Thousand Dollars (\$2,000.00), and this obligation will be secured hereby. The Mortgagor will also pay all costs in connection with both the recording of this Mortgage and the recording of any satisfaction of this Mortgage.

8. Events of Default. Any of the following will constitute an event of default ("**Event of Default**") under this Mortgage: (a) Mortgagor shall default in payment, when due, of the Loan, or in the observance or performance of any other covenant or provision of the Mortgage or the Loan Agreement including all obligations under the Loan Documents agreed by Mortgagor to be performed or observed) and such default in payment or in observance or performance or any other covenant continues for a period of forty-five (45) days after notice of such default from Lender to Mortgagor or in the event of default incapable of cure within forty-five (45) days and Mortgagor shall fail to commence and diligently proceed to cure said default within such forty-five (45) day period; (b) if the Mortgagor shall fail in the payment of any rent, additional rent or other charge mentioned in or made payable by the Tower Lease as and when such rent or other charge is payable; or (c) if there shall occur any default by Mortgagor, as tenant under the Tower Lease, in the observance or performance of any term, covenant or condition of the Tower Lease on the part of Mortgagor, to be observed or performed, and said default is not cured prior to the expiration of any applicable grace period therein provided, or if any one or more of the events referred to in the Tower Lease shall occur which would cause the Tower Lease to terminate without notice or action by the Tower Lessor under the Tower Lease

or which would entitle the Tower Lessor under the Tower Lease to terminate the Tower Lease and the term thereof by giving notice to the Mortgagor, as tenant thereunder, or if the leasehold estate created by the Tower Lease shall be surrendered or the Tower Lease shall be terminated or cancelled for any reason or under any circumstances whatsoever, or if any of the terms, covenants or conditions of the Tower Lease shall in any manner be modified, changed, supplemented, altered, or amended without the consent of Lender.

If any Event of Default occurs, the Lender will have the option of doing any or all of the following: (a) making the entire unpaid balance of the Indebtedness due and payable immediately, without further notice to the Mortgagor; and (b) exercising immediately any and all other rights and remedies provided in this Mortgage and in the Note, or which may be available to the Lender under the Tower Lease or otherwise. All such rights and remedies will be cumulative and concurrent and may be pursued singly, successively or together in the Lender's sole discretion. All such rights and remedies may be exercised from time to time and as often as an occasion, or occasions, therefor will occur until the Indebtedness is paid in full.

9. Confession of Judgment for Possession. THE FOLLOWING PARAGRAPH SETS FORTH A WARRANT OF AUTHORITY FOR AN ATTORNEY TO CONFESS JUDGMENT AGAINST THE MORTGAGOR. IN GRANTING THIS WARRANT OF ATTORNEY TO CONFESS JUDGMENT AGAINST THE MORTGAGOR, THE MORTGAGOR HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, AND, ON THE ADVICE OF THE SEPARATE COUNSEL OF THE MORTGAGOR, UNCONDITIONALLY WAIVES ANY AND ALL RIGHTS THE MORTGAGOR HAS OR MAY HAVE TO PRIOR NOTICE AND AN OPPORTUNITY FOR HEARING UNDER THE RESPECTIVE CONSTITUTIONS AND LAWS OF THE UNITED STATES AND THE COMMONWEALTH OF PENNSYLVANIA.

IN CASE OF ANY EVENT OF DEFAULT AS SET FORTH IN SECTION 8 OF THIS MORTGAGE (OF WHICH AN AFFIDAVIT ON BEHALF OF THE LENDER, WILL BE SUFFICIENT EVIDENCE), THEN, AND IN ANY SUCH EVENT, ANY ATTORNEY OF ANY COURT OF RECORD OF PENNSYLVANIA OR ELSEWHERE IS HEREBY AUTHORIZED AND EMPOWERED TO APPEAR FOR THE MORTGAGOR, AND ALL PERSONS CLAIMING UNDER OR THROUGH THE MORTGAGOR, AND AS ATTORNEY FOR THE MORTGAGOR AND ALL PERSONS CLAIMING UNDER OR THROUGH THE MORTGAGOR, TO SIGN AN AGREEMENT FOR ENTERING AN AMICABLE ACTION OF EJECTMENT FOR POSSESSION OF THE PREMISES OR ANY PART THEREOF AND TO CONFESS JUDGMENT THEREIN AGAINST THE MORTGAGOR, IN FAVOR OF THE LENDER, WHEREUPON A WRIT FOR POSSESSION MAY IMMEDIATELY ISSUE FOR THE POSSESSION OF THE PREMISES, WITHOUT ANY PRIOR COMPLAINT, WRIT OR PROCEEDING WHATSOEVER; AND FOR SO DOING THIS MORTGAGE, OR A COPY HEREOF VERIFIED BY AFFIDAVIT, WILL BE HIS SUFFICIENT WARRANT. THIS POWER MAY BE EXERCISED AS OFTEN AS THE LENDER WILL REQUIRE AND WILL NOT BE EXHAUSTED BY ONE OR MORE OR BY ANY IMPERFECT EXERCISE THEREOF.

IF FOR ANY REASON AFTER SUCH ACTION HAS BEEN COMMENCED, THE ACTION IS DISCONTINUED OR POSSESSION OF THE PREMISES WILL REMAIN



IN OR BE RESTORED TO THE MORTGAGOR, THE LENDER WILL HAVE THE RIGHT FOR THE SAME DEFAULT OR ANY SUBSEQUENT DEFAULT TO BRING ONE OR MORE FURTHER AMICABLE ACTIONS AS ABOVE PROVIDED TO RECOVER POSSESSION OF THE PREMISES. THE LENDER MAY BRING SUCH AMICABLE ACTION IN EJECTMENT BEFORE OR AFTER JUDGMENT ON THIS MORTGAGE OR ON THE NOTE, OR AFTER A SALE OF THE PREMISES BY THE SHERIFF. IF AFTER EXECUTION AND RETURN OF THE WRIT OF POSSESSION, THE MORTGAGOR RE-ENTERS INTO POSSESSION OF THE PREMISES, THE PROTHONOTARY, UPON PRAECIPE AND AFFIDAVIT SETTING FORTH THE FACTS FILED WITHIN THREE YEARS AFTER THE RETURN OF THE WRIT UPON WHICH EXECUTION WAS COMPLETED, WILL ISSUE A NEW WRIT OF POSSESSION.

10. Waivers. The Mortgagor waives the right of inquisition on any property levied upon under a judgment obtained in proceedings to collect the Indebtedness hereby secured or in proceedings on this Mortgage, and further waives and releases any and all benefits that may accrue to the Mortgagor by virtue of any law relating to appraisements, stay of execution or exemption of the Premises from levy or sale under execution, now or hereafter in force. A foreclosure sale will constitute a foreclosure sale of all equity whatsoever of the Mortgagor in the Premises and the Lender will, if it is the purchaser at the sale, hold the Premises and any part thereof so purchased free of any equity of redemption by reason of any circumstances whatsoever and not as collateral for any obligation.

11. No Release. No extension or indulgence granted to the Mortgagor, and no alteration, change or modification of the Note consented or agreed to by the Lender, and no other act or omission of the Lender, including the taking of additional security or the release of any security, or the waiver by the Lender or failure by the Lender to enforce any provision of this Mortgage, the Note, or the Loan Agreement or to declare a default with respect thereto, will constitute a release of the lien and obligation of this Mortgage or be interposed as a defense against the enforcement of this Mortgage, or operate as a waiver of any subsequent defaults or otherwise affect the right of the Lender to exercise all rights or remedies stipulated herein and in the Note and the Loan Agreement, except an act of the Lender which constitutes an express, effective, written release and satisfaction of the Note.

12. Protective Advances by Lender. If the Mortgagor fails to pay all sums due which give rise to the Marriott Lien, or any taxes, water and sewer rents, charges, claims, assessments, assessments for public improvements, liens or encumbrances or fails to furnish and pay for the insurance required by Section 4(a), or fails to keep the Premises in good condition and repair, the Lender may, at its option, pay any or all such items together with penalties and interest thereon, and procure and pay for such insurance and repairs. Additionally, following any default by the Mortgagor, the Lender may at any time advance such other sum or sums as the Lender in its sole discretion may deem necessary to protect the security of this Mortgage. Any advance by the Lender under this Section 13 will be considered a protective advance. All protective advances made by the Lender will immediately and without demand be secured hereby and the Mortgagor will be obligated to repay such protective advances to the Lender, together with interest thereon at the prime interest rate. If not immediately repaid, the amount of such protective advances will be added to the principal of the Indebtedness and be secured by

this Mortgage. The production of a receipt by the Lender will be conclusive proof of a payment or advance authorized hereby, and the amount and validity thereof.

13. Binding Effect. All covenants, stipulations and agreements contained in this Mortgage by or on behalf of the Mortgagor or the Lender will be binding upon their respective successors in title or interest and their respective assigns, whether so expressed or not.

14. Amendments. This Mortgage may be amended only with the written consent of the Mortgagor and the Lender.

15. Notices. Notices required hereunder, or any correspondence concerning this Mortgage shall be directed to the following addresses and shall be deemed properly given (a) if delivered by hand, (b) if sent by recognized overnight courier service (including, without limitation, Federal Express or United Parcel Service overnight service), charges prepaid; or (c) if sent by facsimile, with a copy sent by first class U.S. Mail, postage prepaid:

(a) If to the Lender:

Redevelopment Authority of the City of Lancaster  
120 North Duke Street  
Lancaster, PA 17603  
Phone: (717) 291-4779  
Fax: (717) 291-4713  
Attention: Charles H. Maneval, III

(b) If to the Mortgagor:

Penn Square Partners  
1853 William Penn Way  
Lancaster, PA 17601  
Phone: (717) 291-2284  
Fax: (717) 209-4068  
Attention: Mark C. Fitzgerald

Notices and communications hereunder shall be deemed sufficiently given when dispatched pursuant to the foregoing provisions. Notices and communications delivered by hand shall be effective upon receipt; notices and communications sent by fax, with a copy by first class U.S. Mail, shall be effective upon dispatch; and notices and communications sent by recognized overnight courier service shall be effective on the business day following dispatch. The parties hereto may, by a notice given hereunder, designate any further or different addresses to which any subsequent notice or communication hereunder shall be sent.

16. Severability. The provisions of this Mortgage are severable. This means that if any of the terms, covenants, conditions or provisions of this Mortgage are unenforceable or invalid under federal, state or other applicable law, such unenforceability or invalidity will not make any other of the terms, covenants, conditions or provisions hereof unenforceable or invalid. If any waiver by Mortgagor in this Mortgage is prohibited by law, including but not limited to

the waiver of exemption from execution, such waiver will be and be deemed to be deleted herefrom.

17. Representations And Warranties Regarding Tower Lease. Mortgagor warrants and represents to Lender that, as of the date of this Instrument: (i) the Tower Lease (hereinafter defined) is in full force and effect in accordance with its terms; (ii) Mortgagor has not waived, canceled or surrendered any of its rights under the Tower Lease; (iii) Mortgagor is the sole owner of, and has good and marketable title to, the Leasehold Estate (hereinafter defined); (iv) the Leased Premises (hereinafter defined) and the Premises are free and clear of all liens, encumbrances and other matters affecting title, other than the lien of this Instrument and the easements and restrictions listed in a schedule of exceptions to coverage in the title insurance policy issued to Lender contemporaneously with the execution and recordation of this Instrument and insuring Lender's interest in the Mortgaged Property; (v) there is no existing Tower Lessee Default (hereinafter defined) and no event has occurred which, with the passage of time or the giving of notice, or both, would constitute a Tower Lessee Default; and (vi) to the best of Mortgagor's knowledge, there is no existing Tower Lessor Default (hereinafter defined) and no event has occurred which, with the passage of time or the giving of notice, or both, would constitute a Tower Lessor Default.

18. Notices Under Tower Lease. In the event Lender ceases to be Tower Lessor, Mortgagor shall deliver to Lender, within ten (10) days after Mortgagor's receipt, a true and correct copy of each notice, demand, complaint or request from Tower Lessor under, or with respect to, the Tower Lease.

19. Mortgagor's Obligations To Comply With Tower Lease. Mortgagor shall (i) pay the Tower Lease Rent (hereinafter defined) and all other sums of money due and payable at any time and from time to time under the Tower Lease as and when such sums become due and payable, but in any event before the expiration of any grace period provided in the Tower Lease for the payment of any such sum, and (ii) at all times fully perform, observe and comply with all other terms, covenants and conditions of the Tower Lease to be performed, observed or complied with by Mortgagor as lessee under the Tower Lease. If the Tower Lease does not provide for a grace period for the payment of a sum of money, Mortgagor shall make the payment on or before the date on which the payment becomes due and payable. Mortgagor shall deliver evidence of the payment to Lender within ten (10) days after receipt of a written request from Lender for evidence of the payment.

20. Lender's Right To Cure Tower Lessee Defaults. At any time after Lender receives notice of a Tower Lessee Default, (i) Lender may (but shall not be obligated to do so), make any payment, perform any obligation and take any other action Mortgagor would have the right to pay, perform or take under the Tower Lease which Lender deems necessary or desirable to cure the Tower Lessee Default, and (ii) Lender and its authorized agents shall have the right at any time or from time to time to enter the Premises, or any part thereof, to such extent and as often as Lender, in its discretion, deems necessary or desirable in order to cure the Tower Lessee Default, subject to the rights of the tenants and occupants of the Mortgaged Property. Lender may exercise its rights under this section immediately after receipt of notice of a Tower Lessee Default and without regard to any grace period provided to Mortgagor in the Tower Lease to cure the Tower Lessee Default. For purposes of exercising its rights under this Section, Lender

shall be fully protected for any action taken or omitted to be taken by Lender, in good faith, in reliance on any written notice from Tower Lessor stating that a Tower Lessee Default has occurred and is continuing even though Mortgagor may question or deny the existence or nature of the Tower Lessee Default. All expenditures made by Lender pursuant to this Section to cure a Tower Lessee Default shall become an additional part of the Indebtedness secured by this Instrument.

21. Covenants To Protect Leasehold Estate. Mortgagor shall not, without the written consent of Lender (which may be given or withheld by Lender in its discretion), (i) surrender the Leasehold Estate to Tower Lessor or terminate or cancel the Tower Lease, (ii) amend, modify or change the Tower Lease, either orally or in writing, or waive any of Mortgagor's rights under the Tower Lease, (iii) subordinate the Tower Lease or the Leasehold Estate to any mortgage, deed of trust or other lien on Tower Lessor's fee title to the Leased Premises other than as provided herein, or (iv) except as otherwise provided herein, reject or assume the Tower Lease or assign the Leasehold Estate pursuant to Section 365(h) of the Bankruptcy Code (hereinafter defined). Mortgagor absolutely and unconditionally transfers and assigns to Lender all of Mortgagor's rights to surrender, terminate, cancel, modify and change the Tower Lease, and any such surrender, termination, cancellation, modification or change made without the prior written consent of Lender shall be void and have no legal effect.

22. Ground Lessee's Bankruptcy.

(a) Mortgagor assigns to Lender, as additional security for the Indebtedness, Mortgagor's right to reject the Tower Lease under Section 365 of the Bankruptcy Code after the occurrence of an Event of Tower Lessee Bankruptcy (hereinafter defined), subject to Section 25(b).

(b) If, after the occurrence of an Event of Tower Lessee Bankruptcy, Mortgagor decides to reject the Tower Lease, Mortgagor shall give Lender written notice, at least ten (10) days in advance, of the date on which Mortgagor intends to apply to the Bankruptcy Court for authority and permission to reject the Tower Lease. Lender shall have the right, but not the obligation, within ten (10) days after receipt of Mortgagor's notice, to deliver to Mortgagor a notice ("**Lender's Assumption Notice**") in which (i) Lender demands that Mortgagor assume the Tower Lease and assign the Tower Lease to Lender, or its designee, in accordance with the Bankruptcy Code, and (ii) Lender agrees to cure or provide adequate assurance of prompt cure of all Tower Lessee Defaults reasonably susceptible of being cured by Lender and of future performance under the Tower Lease. If Lender timely delivers Lender's Assumption Notice to Mortgagor, Mortgagor shall not reject the Tower Lease and shall, within fifteen (15) days after receipt of Lender's notice, comply with the demand contained in clause (i) of Lender's notice. If Lender does not timely deliver Lender's Assumption Notice to Mortgagor, Mortgagor shall have the right to reject the Tower Lease.

23. Tower Lessor's Bankruptcy.

(a) If, after the occurrence of an Event of Tower Lessor Bankruptcy (hereinafter defined), Tower Lessor rejects the Tower Lease pursuant to Section 365(h) of the Bankruptcy Code (i) Mortgagor, immediately after obtaining notice of the rejection, shall deliver

a copy of the notice to Lender, provided Lender is no longer Tower Lessor, (ii) Mortgagor shall not, without Lender's prior written consent (which may be given or withheld in Lender's discretion), elect to treat the Tower Lease as terminated pursuant to Section 365(h) or any other applicable provision of the Bankruptcy Code, and (iii) this Instrument and the lien created by this Instrument shall extend to and encumber Mortgagor's retained rights under the Tower Lease that are appurtenant to the Leased Premises for the balance of the term of the Tower Lease and for any renewal or extension of those rights under the Tower Lease. Mortgagor transfers and assigns to Lender, as additional security for the Indebtedness, Mortgagor's rights, after Tower Lessor's rejection of the Tower Lease, to treat the Tower Lease as terminated, and any termination of the Tower Lease made by Mortgagor without Lender's prior written consent shall be void and have no legal effect.

(b) Mortgagor transfers and assigns to Lender, as additional security for the Indebtedness, all of Mortgagor's rights to damages caused by Tower Lessor's rejection of the Tower Lease after the occurrence of an Event of Tower Lessor Bankruptcy and all of Mortgagor's rights to offset such damages against rent payable under the Tower Lease. As long as no Event of Default has occurred and is continuing, Lender agrees that it will not enforce its rights under the preceding sentence, but will permit Mortgagor to exercise such rights with Lender's prior written consent.

24. Option To Renew Or Extend Tower Lease. Mortgagor shall give Lender written notice of Mortgagor's intention to exercise each option to renew or extend the term of the Tower Lease at least ninety (90) days, but not more than one hundred fifty (150) days, before the last day on which the option may be timely exercised. For so long as the Lender and Tower Lessor are the same person, if there is a conflict between the foregoing notice provision and the provisions of the Tower Lease, the Tower Lease provisions shall control. If Mortgagor intends to renew or extend the term of the Tower Lease, it shall deliver to Lender, together with the notice of such decision, a copy of the notice of renewal or extension it delivers to Tower Lessor. If Mortgagor does not intend to renew or extend the term of the Tower Lease or, if Mortgagor fails to deliver its written notice of exercise of its option to renew or extend the term of the Tower Lease at least ninety (90) days before the last day on which the option may be timely exercised, Lender shall have the right, but shall not be obligated, to renew or extend the term of the Tower Lease for and on behalf of Mortgagor.

25. No Merger Of Estates. If Mortgagor acquires the fee estate of Tower Lessor under the Tower Lease (the "**Fee Estate**") (i) there shall be no merger between the Fee Estate and the Leasehold Estate unless all persons, including Lender, having an interest in the Tower Lease consent in writing to the merger, and (ii) simultaneously with Mortgagor's acquisition of the Fee Estate, the lien of this Instrument shall automatically, without the necessity of any further conveyance, be spread to cover the Fee Estate and as so spread shall be prior to the lien of any mortgage, deed of trust or other lien placed on the Fee Estate after the date of this Instrument. Promptly after Mortgagor's acquisition of the Fee Estate, Mortgagor, at its sole cost and expense, including payment of Lender's attorneys' fees and out-of-pocket disbursements, shall execute and deliver all documents and instruments necessary to subject the Fee Estate to the lien of this Instrument, and shall provide to Lender a title insurance policy insuring the lien of this Instrument as a first lien on the Fee Estate and the Leasehold Estate. If Lender acquires the Fee Estate and the Leasehold Estate (whether pursuant to the provisions of the Tower Lease, by

foreclosure of this Instrument, or otherwise), the Fee Estate and the Leasehold Estate shall not merge as a result of such acquisition and shall remain separate and distinct for all purposes after such acquisition unless and until Lender shall elect to merge the Fee Estate and the Leasehold Estate.

26. New Lease. If (i) the Tower Lease is canceled or terminated for any reason before the natural expiration of its term, and (ii) Lender (or its designee) obtains from Tower Lessor a new lease in accordance with the term of the Tower Lease, Mortgagor shall have no right, title or interest in and to the new lease or the leasehold estate created by the new lease.

27. Appointment Of Lender As Mortgagor's Attorney-In-Fact. Mortgagor makes, constitutes and appoints Lender as Mortgagor's attorney-in-fact, in Mortgagor's name, place and stead, with full power of substitution, to take all actions and to sign all documents and instruments which Lender, in its discretion, considers to be necessary or desirable to (i) prevent or cure a Tower Lessee Default, (ii) perform or carry out any of the Mortgagor's covenants under Section 26, (iii) renew or extend the term of the Tower Lease pursuant to Section 28, (iv) appoint arbitrators and conduct arbitration proceedings pursuant to the Tower Lease, and (v) request and obtain estoppel certificates from Tower Lessor pursuant to the Tower Lease. Mortgagor gives and grants to Lender, as Mortgagor's attorney-in-fact, full power and authority to do and perform every act and sign every document and instrument necessary and proper to be done in the exercise of the foregoing power as fully as Mortgagor might or could do, and Mortgagor hereby ratifies and confirms all acts that Lender, as Mortgagor's attorney-in-fact, shall lawfully do or cause to be done by virtue of this power of attorney. This power of attorney, being coupled with an interest, shall be irrevocable as long as any of the Indebtedness remains unpaid.

28. Conflicts between Tower Lease and Leasehold Mortgage. To the extent any of the obligations imposed on Mortgagor in this Mortgage or rights conferred on Mortgagor conflict with the terms and conditions of the Tower Lease, the provisions of the Tower Lease shall control. To the extent any of the rights conferred on Lender or obligations imposed on Lender in this Mortgage conflict with the terms and conditions of the Tower Lease, the Tower Lease shall control.

29. Certain Defined Terms. As used herein, the following terms shall have the following meanings.

(a) **"Bankruptcy Code"** means the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq., as amended from time to time.

(b) **"Event of Tower Lessee Bankruptcy"** means either of the following actions taken by or with respect to Mortgagor: (i) Mortgagor pursuant to or within the meaning of the Bankruptcy Code (x) commences a voluntary case, or (y) consents to the entry of an order for relief against it in an involuntary case; or (ii) a court of competent jurisdiction enters an order or decree under the Bankruptcy Code that is for relief against Mortgagor in an involuntary case.

(c) **"Event of Tower Lessor Bankruptcy"** means either of the following actions taken by or with respect to Tower Lessor: (i) Tower Lessor pursuant to or

within the meaning of the Bankruptcy Code (x) commences a voluntary case, or (y) consents to the entry of an order for relief against it in an involuntary case; or (ii) a court of competent jurisdiction enters an order or decree under the Bankruptcy Code that is for relief against Tower Lessor in an involuntary case.

(d) **"Tower Lessee Default"** means (i) a default by Mortgagor in making any payment of rent, additional rent or other sum of money payable by Mortgagor to Tower Lessor under the Tower Lease on the date such payment is due and payable, or (ii) a default by Mortgagor in performing or observing any of the terms, covenants or conditions of the Tower Lease (other than the payments referred to in clause (i)) required to be performed or observed by Ground Lessee.

(e) **"Tower Lessor"** means the lessor from time to time under the Tower Lease.

(f) **"Tower Lessor Default"** means a default by Tower Lessor in performing or observing any of the terms, covenants or conditions of the Tower Lease required to be performed or observed by Tower Lessor.

(g) **"Tower Lease Rent"** means the base or minimum rent payable in fixed monthly or other periodic installments under the Tower Lease.

(h) **"Leased Premises"** means the Land and any other real property leased by Mortgagor pursuant to the Tower Lease.

(i) **"Leasehold Estate"** means Mortgagor's interest in the Land and any other real property leased by Mortgagor pursuant to the Tower Lease, including (i) all rights of Mortgagor to renew or extend the term of the Tower Lease, (ii) all amounts deposited by Mortgagor with Tower Lessor under the Tower Lease, (iii) Mortgagor's right or privilege to terminate, cancel, surrender, modify or amend the Tower Lease, and (iv) all other options, privileges and rights granted and demised to Mortgagor under the Tower Lease and all appurtenances with respect to the Tower Lease.

B. Mortgagor hereby renews and extends its covenant and agreement to perform, comply with and be bound by each and every of the other terms and provisions of the Original Mortgage as amended, completely restated and superseded by the terms of this Mortgage.

C. Each and every of the terms and provisions of this Mortgage shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

D. All references in the Note and in all other Loan Documents (as that term is defined in this Mortgage) to the **"Mortgage"** shall be deemed to include the Original Mortgage as amended and completely restated by this Mortgage. In the event of any inconsistency in the terms of the Original Mortgage, as amended and completely restated by this Mortgage and the Loan Documents, the terms of this Mortgage shall govern and control.

E. This Mortgage modifies, renews and extends the Original Mortgage and all other Loan Documents and in no way acts as a release or relinquishment of the lien created by the

Original Mortgage or other Loan Documents. The Original Mortgage liens are hereby modified, extended, renewed, carried forward and confirmed by Mortgagor in all respects and shall remain in full force and effect until the amount of the Note then payable in accordance with the terms thereof, all accrued but unpaid interest, and all extensions, renewals and rearrangements thereof and all sums secured by the Loan Documents shall be fully and finally paid.

F. Mortgagor acknowledges and agrees that this Mortgage hereby amends and restates the Original Mortgage and that this Mortgage is not intended to, nor shall it be construed to, constitute a novation of the Original Mortgage or the obligations contained therein.

G. Mortgagor and Lender hereby reinstate, renew and extend the liens of the Original Mortgage, as amended and restated hereby, and the liens securing the Note so that the Note, and the liens securing the Note, remain in full force and effect as reinstated, renewed and extended herein.

H. All recitals are hereby incorporated in and made a part of this Mortgage to the same extent as if herein set forth in full, provided, however, that said recitals shall not be deemed to modify the express provisions set forth herein.

I. This Mortgage may be executed in multiple counterparts, each of which, for all purposes, shall be deemed an original, and all of which together shall constitute one and the same agreement.



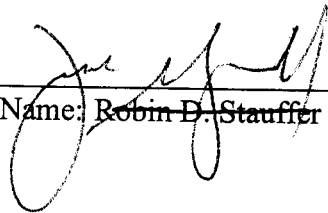
IN WITNESS WHEREOF, the Mortgagor has executed this Mortgage on the day and year first above written.


PENN SQUARE PARTNERS, a Pennsylvania limited partnership

By: PENN SQUARE GENERAL, L.P., a Pennsylvania limited partnership

By: PENN SQUARE GENERAL CORPORATION, its sole general partner

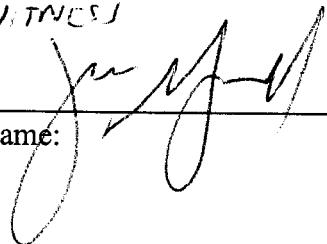
WITNESS:

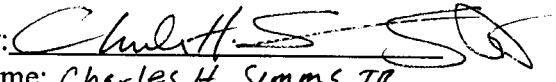
  
Name: Robin D. Stauffer

By:   
Name: Mark Fitzgerald  
Title: Executive Vice-President and Chief Operating Officer

REDEVELOPMENT AUTHORITY OF THE CITY OF LANCASTER

~~ATTEST:~~  
WITNESS

  
Name:

By:   
Name: Charles H. Simms, Jr.  
Title: Chairman

COMMONWEALTH OF PENNSYLVANIA :  
COUNTY OF LANCASTER : SS  
:

On this, the 15<sup>th</sup> day of February, 2006 before me the undersigned officer, personally appeared Mark Fitzgerald, who acknowledged himself to be the Executive Vice-President and Chief Operating Officer of PENN SQUARE GENERAL CORPORATION, general partner of PENN SQUARE GENERAL L.P., general partner of PENN SQUARE PARTNERS, a limited partnership, organized and existing under the laws of the Commonwealth of Pennsylvania, and that he as such officer, being duly authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

COMMONWEALTH OF PENNSYLVANIA  
Notarial Seal  
Barbara S. Hostetter, Notary Public  
City of Lancaster, Lancaster County  
My Commission Expires Mar. 29, 2008

Barbara S Hostetter  
Notary Public

COMMONWEALTH OF PENNSYLVANIA :  
COUNTY OF LANCASTER : SS  
:

On this, the 15<sup>th</sup> day of February, 2006 before me the undersigned officer, personally appeared Charles H. Sumas, who acknowledged himself to be the Chairman of REDEVELOPMENT AUTHORITY OF THE CITY OF LANCASTER, an Authority organized and existing under the Urban Redevelopment Law of the Commonwealth of Pennsylvania, and that he as such officer, being duly authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Authority by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

COMMONWEALTH OF PENNSYLVANIA  
Notarial Seal  
Barbara S. Hostetter, Notary Public  
City of Lancaster, Lancaster County  
My Commission Expires Mar. 29, 2008

Barbara S Hostetter  
Notary Public

**EXHIBIT A**  
**LEGAL DESCRIPTION**



# Fidelity National Title Insurance Company

## Exhibit "A" LEGAL DESCRIPTION

File No. 04-PHI-12225

### TRACT NO.1 (2-10 East King Street & 19-21 South Queen Street)

ALL THAT CERTAIN tract of land with the improvements thereon erected, being situated on the South side of East King Street, the West side of South Christian Street, and the East side of South Queen Street, in the city of Lancaster, County of Lancaster, Commonwealth of Pennsylvania, as shown on a survey prepared by H.F. Huth Engineers, Inc., dated April 17, 1962, revised May 10, 1962, said tract being more fully bounded and described as follows:

BEGINNING at a point at the intersection of the South line of East King Street and the East line of "The Square"; thence along the South line of East King Street, North 81 degrees 35 minutes East, a distance of 11.61 feet to a point, a corner of land now or late of Simon A. Cantor, said point being the Eastern face of the East wall of the three-story brick store building hereon erected; thence along the East face of said wall and passing through the center line of said wall at the Southern extremity of said wall, South 08 degrees 32 minutes East, a distance of 131.67 feet to a point in the South side of a 10.0 foot wide private alley, said point being situated on the North face of the North wall of a four-story brick building hereon erected; thence along the same, North 81 degrees 46 minutes 30 seconds East, a distance of 69.21 feet to a point in the West line of South Christian Street; thence along the same, South 08 degrees 38 minutes 30 seconds East, a distance of 162.66 feet to a point, a corner of lands now or late of William G. Rinehart; thence along the same, passing along the North face of the North wall of the building erected on lands now or late of William G. Rinehart, South 81 degrees 42 minutes 30 seconds West, a distance of 246.74 feet to a point in the East line of South Queen Street; thence along the same, North 08 degrees 39 minutes 30 seconds West, a distance of 229.32 feet to a point in the South line of "The Square"; thence along the same, North 81 degrees 56 minutes East, a distance of 66.0 feet to a point in line of the East line of said "Square"; thence along the same, North 08 degrees 26 minutes West, a distance of 65.10 feet to the point or place of BEGINNING.

TOGETHER with and subject to the right to the use of the aforesaid 10 feet wide private alley.

### TRACT NO. 2 (40 South Christian Street)

ALL THAT CERTAIN lot or piece of land situated on the West side of South Christian Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, having thereon erected a two-story brick building known as No. 40 South Christian Street, bounded and described according to a survey made by J. Haines Shertzer on November 7, 1949, as follow, to wit:

BEGINNING at an iron pin on the West line of South Christian Street, a corner of property now or late of Richard Oblender; thence extending along said property of Richard Oblender, North 88 degrees 29 minutes West, a distance of 125.00 feet to a "V" cut in the wall of the building adjoining to the South, a corner of other property now or late of R.S. Noonan and Ella Noonan, his wife, and S. Edward Sherrill and Anita B. Sherrill, his wife; thence extending along said property of the said R.S. Noonan and Ella Noonan, his wife, and S. Edward Sherrill and Anita B. Sherrill, his wife, North 45 minutes East, a distance of 32.14 feet to a cross in the concrete walk on line of property now or late of Phares Reifsnnyder; thence extending along said property of Phares Reifsnnyder, South 88 degrees 44 minutes East, a distance of 125.00 feet to an iron pin on the aforesaid West line of South Christian Street; thence extending along said West line of South Christian Street, South 45 minutes West, a distance of 32.68 feet to an iron pin, the place of BEGINNING.

**TRACT NO. 3 (27-29 South Queen Street)**

ALL THAT CERTAIN lot or piece of ground situate on the East side of South Queen Street, between Penn Square and Vine Street, in the City of Lancaster, County of Lancaster, Commonwealth of Pennsylvania, on which is erected a four-story brick store building, known as Nos. 27-29 South Queen Street, and other improvements.

CONTAINING in front on the East side of South Queen Street, 32 feet 2 ¼ inches, and extending in depth of that width Eastward 245 feet to Christian Street.

BOUNDED on the North by property of Watt & Shand; on the East by South Christian Street; on the South by property now or formerly of Farmers Bank & Trust Company of Lancaster; on the West by South Queen Street.

**TRACT NO. 4 (33-35 South Queen Street)**

ALL THAT CERTAIN lot of ground situate on the East side of South Queen Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, known as 33-35 South Queen Street, bounded and described as follows, to wit:

CONTAINING in front on said South Queen Street, 32 feet 6 inches, more or less, and extending in depth of that width, more or less, 120 feet to property now or formerly of Watt & Shand Company

BOUNDED on the North by property now or formerly of Julia G. Loeb; on the East by property now or formerly of Watt & Shand Company; on the South by property now or formerly of the Peoples Trust Company; on the West by South Queen Street.

**TRACT NO. 5 (31 South Queen Street)**

ALL THAT CERTAIN half lot of piece of land, with the buildings and improvements thereon erected, situated on the East side of South Queen Street, between Penn Square and Vine Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, known as No. 31 South Queen Street.

CONTAINING in front on the East side of said South Queen Street 32 feet 2 ¼ inches, more or less, and extending in depth of that width Eastwardly, 245 feet, more or less, to South Christian Street, the Northern boundary line of the main building of the hereby granted premises being a party wall to the end of said main building.

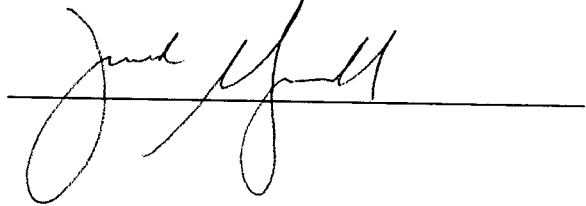
BOUNDED on the North by property now or late of Walter A. Heinitsh; on the South by property now or late of Julius Loeb; on the East by said South Christian Street; on the West by said South Queen Street.

TOGETHER WITH AND UNDER AND SUBJECT TO the terms and conditions as set forth in the Easement Agreement between City of Lancaster and Penn Square Partners, dated October 3, 2005 and recorded November 8, 2005 as Instrument Number 5474304.

BEING THE SAME PREMISES which The Bon-Ton Stores of Lancaster, Inc., a Pennsylvania corporation, by Deed dated February 17, 1998 and recorded February 18, 1998 in the Office of the Recorder of Deeds, in and for Lancaster County, Pennsylvania in Record Book 5624, Page 0389, granted and conveyed unto Penn Square Partners, a Pennsylvania limited partnership, its successors and assigns.

**CERTIFICATE OF RESIDENCE OF THE LENDER**

I hereby certify that the precise residence and complete post office address of the  
Redevelopment Authority of the City of Lancaster is 120 North Duke Street, Lancaster, PA  
17603.

A handwritten signature in cursive script, appearing to read "James M. Hall", is written over a horizontal line.

RECORDED in the Office for Recording of Deeds, in and for the County of Lancaster,  
Mortgage Book Volume \_\_\_\_\_, Page \_\_\_\_\_.

\_\_\_\_\_  
(Title)

This Document Recorded  
02/03/2006  
09:27AM  
Doc Code: 93

Lancaster County, Recorder of Deeds Office

Doc Id: 5496381  
Receipt #: 550428  
Rec Fee: 32.50



5496381  
Page: 1 of 6  
02/03/2006 09:27AM

RETURN TO:

Fidelity National Title Insurance Co.  
1500 Walnut Street, Suite 400  
Philadelphia, PA 19102  
215-732-9700

File No.: 04-PHI-1225

Parcel ID #'S:

333-07327-0-0000; 333-04639-0-0000;  
333-10277-0-0000; 333-11046-0-0000;  
333-05005-0-0000; 333-17324-0-0000

## RELEASE OF MORTGAGE

## RELEASE OF MORTGAGE

**THIS RELEASE OF MORTGAGE** is made this 31<sup>st</sup> day of January, 2006, by THE REDEVELOPMENT AUTHORITY OF THE CITY OF LANCASTER ("Mortgagee") in favor of PENN SQUARE PARTNERS ("Mortgagor").

**WHEREAS**, Mortgagee advanced the principal sum of Two Million Dollars (\$2,000,000.00) to Mortgagor (the "OGP Mortgage"), which is secured by, among other things, the land and improvements located in the City and County of Lancaster, Commonwealth of Pennsylvania, by a Mortgage dated May 10, 2000, recorded May 12, 2000 in Record Book 6631, Page 298; Amendment to Mortgage dated November 4, 2002 and recorded October 21, 2003 in Instrument Number 5252565, as more particularly described on Exhibit A attached hereto and made a part hereof (the "Mortgaged Property"); and

**WHEREAS**, pursuant to Section 6 of the Agreement to Transfer and Reimbursement Agreement dated as of the date hereof between Mortgagee and Mortgagor, Mortgagee shall release the Mortgaged Property from the lien and operation of the OGP Mortgage.

**NOW, THEREFORE**, Mortgagee, intending to be legally bound hereby and in consideration of the payment of certain sums by Mortgagor, at the time of the execution hereof, and other good and valuable consideration, the receipt whereof is hereby acknowledged, has remised, released, quit-claimed, and exonerated, and by these presents does remise, release, quit-claim and exonerate unto Mortgagor and its and its successors and assigns the Mortgaged Property, to hold the same with the appurtenances, unto Mortgagor and its successors and assigns, forever freed and exonerated of and from the lien of the OGP Mortgage and every part thereof.

**IN WITNESS WHEREOF**, Mortgagee, intending to be legally bound, has caused this Release of Mortgage to be duly executed the day and year first above written.

THE REDEVELOPMENT AUTHORITY  
OF THE CITY OF LANCASTER, a  
body politic and corporate existing under the  
laws of the Commonwealth of Pennsylvania

By: Charles H. Simmons, Jr.

Name: Charles H. Simmons, Jr.

Title: Chairman

Address:  
120 N. Duke Street  
Lancaster, Pennsylvania 17603





**EXHIBIT A**

Legal Description

(See Attached)



# Fidelity National Title Insurance Company

## Exhibit "A" LEGAL DESCRIPTION

File No. 04-PHI-12225

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TOGETHER with and subject to the right to the use of the aforesaid 10 feet wide private alley.

### TRACT NO. 2 (40 South Christian Street)

ALL THAT CERTAIN lot or piece of land situated on the West side of South Christian Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, having thereon erected a two-story brick building known as No. 40 South Christian Street, bounded and described according to a survey made by J. Haines Shertzer on November 7, 1949, as follow, to wit:

BEGINNING at an iron pin on the West line of South Christian Street, a corner of property now or late of Richard Oblender; thence extending along said property of Richard Oblender, North 88 degrees 29 minutes West, a distance of 125.00 feet to a "V" cut in the wall of the building adjoining to the South, a corner of other property now or late of R.S. Noonan and Ella Noonan, his wife, and S. Edward Sherrill and Anita B. Sherrill, his wife; thence extending along said property of the said R.S. Noonan and Ella Noonan, his wife, and S. Edward Sherrill and Anita B. Sherrill, his wife, North 45 minutes East, a distance of 32.14 feet to a cross in the concrete walk on line of property now or late of Phares Reifsnyder; thence extending along said property of Phares Reifsnyder, South 88 degrees 44 minutes East, a distance of 125.00 feet to an iron pin on the aforesaid West line of South Christian Street; thence extending along said West line of South Christian Street, South 45 minutes West, a distance of 32.68 feet to an iron pin, the place of BEGINNING.

**TRACT NO. 3 (27-29 South Queen Street)**

ALL THAT CERTAIN lot or piece of ground situate on the East side of South Queen Street, between Penn Square and Vine Street, in the City of Lancaster, County of Lancaster, Commonwealth of Pennsylvania, on which is erected a four-story brick store building, known as Nos. 27-29 South Queen Street, and other improvements.

CONTAINING in front on the East side of South Queen Street, 32 feet 2 ¼ inches, and extending in depth of that width Eastward 245 feet to Christian Street.

BOUNDED on the North by property of Watt & Shand; on the East by South Christian Street; on the South by property now or formerly of Farmers Bank & Trust Company of Lancaster; on the West by South Queen Street.

**TRACT NO. 4 (33-35 South Queen Street)**

ALL THAT CERTAIN lot of ground situate on the East side of South Queen Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, known as 33-35 South Queen Street, bounded and described as follows, to wit:

CONTAINING in front on said South Queen Street, 32 feet 6 inches, more or less, and extending in depth of that width, more or less, 120 feet to property now or formerly of Watt & Shand Company

BOUNDED on the North by property now or formerly of Julia G. Loeb; on the East by property now or formerly of Watt & Shand Company; on the South by property now or formerly of the Peoples Trust Company; on the West by South Queen Street.

**TRACT NO. 5 (31 South Queen Street)**

ALL THAT CERTAIN half lot of piece of land, with the buildings and improvements thereon erected, situated on the East side of South Queen Street, between Penn Square and Vine Street, in the City of Lancaster, County of Lancaster and State of Pennsylvania, known as No. 31 South Queen Street.

CONTAINING in front on the East side of said South Queen Street 32 feet 2 ¼ inches, more or less, and extending in depth of that width Eastwardly, 245 feet, more or less, to South Christian Street, the Northern boundary line of the main building of the hereby granted premises being a party wall to the end of said main building.

BOUNDED on the North by property now or late of Walter A. Heinitsh; on the South by property now or late of Julius Loeb; on the East by said South Christian Street; on the West by said South Queen Street.

TOGETHER WITH AND UNDER AND SUBJECT TO the terms and conditions as set forth in the Easement Agreement between City of Lancaster and Penn Square Partners, dated October 3, 2005 and recorded November 8, 2005 as Instrument Number 5474304.

BEING THE SAME PREMISES which The Bon-Ton Stores of Lancaster, Inc., a Pennsylvania corporation, by Deed dated February 17, 1998 and recorded February 18, 1998 in the Office of the Recorder of Deeds, in and for Lancaster County, Pennsylvania in Record Book 5624, Page 0389, granted and conveyed unto Penn Square Partners, a Pennsylvania limited partnership, its successors and assigns.