

16. (a) This Mortgage is subject and subordinate to that certain mortgage dated January 13, 1978, made between Creative Fabrics, Inc. Employees Pension Plan, as mortgagor, and Pacific Mutual Life Insurance Company, as mortgagee, in the original principal amount of One Million Two Hundred and Sixty Four Thousand (\$1,264,000.00) Dollars, which mortgage was recorded in the office of _____ on _____ and which mortgage constitutes a first mortgage lien upon the Premises, (the "First Mortgage").

(b) This Mortgage is and shall remain subject and subordinate to the First Mortgage and, as hereinafter defined, to any New First Mortgage.

(c) Mortgagor covenants and agrees with Mortgagee to comply with, observe and perform all the terms, covenants, provisions and conditions, other than those requiring the payment of principal and/or interest and/or Deposits (hereinafter defined) (such payments hereinafter sometimes collectively referred to as the "First Mortgage Payments") of the First Mortgage and any New First Mortgage and the note(s) secured thereby.

As used herein, "Deposits" shall mean all deposits, if any, for real estate taxes, water rates, sewer charges, insurance premiums and the like required to be made under this Mortgage, the First Mortgage or a New First Mortgage, as the case may be.

17. During the term the Collection Agreement is in effect, Mortgagor shall pay or prepay, or shall cause the payment or prepayment of, the installments of principal and/or interest and/or Deposits, due pursuant to this Mortgage, to Irving Trust Company, as collection agent (the "Collection Agent"), in accordance with the terms and provisions of a certain collection agreement (the "Collection Agreement") of even date herewith by and among Mortgagor, Mortgagee and the Collection Agent, a copy of which is attached hereto as Exhibit C and incorporated herein by reference.

18. Mortgagee does not assume any of the obligations of Mortgagor under the First Mortgage or any New First Mortgage.

19. Subject to the conditions set forth below in subparagraphs (a) through (h), the Mortgagee may from time to time "refinance" the First Mortgage and any New First Mortgage. As used herein, "refinance" shall mean extend, replace, increase, refinance, consolidate (including, without limitation, a consolidation with this Mortgage) the First Mortgage or any New First Mortgage, or place one or more additional mortgages (individually an "Additional Mortgage" and collectively the "Additional Mortgages") on the Premises to which Additional Mortgages this Mortgage shall be subject and subordinate. As used herein, "New First Mortgage" shall mean the First

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