

Section 1.07 Indemnification; Waiver of Offset.

(a) If the Trustee or the Beneficiary is made a party defendant to any litigation concerning this Indenture or the Trust Estate or any part thereof or interest therein, or the occupancy thereof by the Company, then the Company shall indemnify, defend and hold the Trustee or the Beneficiary harmless from all liability by reason of said litigation, including reasonable attorneys' fees and expenses in any such litigation, whether or not any such litigation is prosecuted to judgment. If the Trustee or the Beneficiary commences an action against the Company to enforce any of the terms hereof or because of the breach by the Company of any of the terms hereof, or for the recovery of any sum secured hereby, the Company shall, to the extent permitted by law, pay to the Trustee or the Beneficiary its reasonable attorneys' fees and expenses, if the Trustee or the Beneficiary, as the case may be, shall be successful in such action. Company shall, if requested by Trustee or Beneficiary, commence and maintain any action or proceeding necessary to protect the Trust Estate, or any part thereof or interest therein.

(b) All sums payable by the Company hereunder or by Southern under the Note shall be paid without notice, demand or deduction and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of the Company hereunder shall in no way be released, discharged or otherwise affected (except as provided herein) by reason of: (i) any damage to or destruction of or any Condemnation (as defined in Section 1.13) of the Properties, the Improvements or the Personal Property or any part thereof; (ii) any restriction or prevention of or interference with any use of the Properties, the Improvements or the Personal Property or any part thereof; (iii) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to the Beneficiary, or any action taken with respect to this Indenture by any trustee or receiver of the Beneficiary, or by any court, in any such proceeding; (iv) any default or failure on the part of the Beneficiary to perform or comply with any of the terms hereof or of any other agreement with the Company; or (v) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; and whether or not the Company shall have notice or knowledge of any of the foregoing.