

ARTICLE III

Events of Default; Remedies

Section 3.01 Nature of Events. An "Event of Default" shall exist if any of the following occurs and is continuing:

(a) Plitt Properties fails to make any payment or prepayment of any principal of the A Note or Southern fails to make any payment or prepayment of the B Note on or before five (5) days after the date any such payment is due (whether at maturity or otherwise);

(b) Plitt Properties fails to make any payment of interest on the A Note or Southern fails to make any payment or prepayment of interest on the B Note on or before five (5) days after the date any such payment is due;

(c) The Company fails to perform or observe any covenant or agreement contained in Section 1.02, and such failure continues for more than thirty (30) days after such failure shall first become known to any officer of the Company, or, if such failure is remediable and the Company shall be endeavoring diligently to remedy the same, such longer period (not to exceed sixty (60) days) as shall be necessary to remedy the same;

(d) The Company fails to perform or observe any other covenant or agreement contained in Article I within the time stipulated therefor or, if no time is stipulated, within a reasonable period of time after such default shall first become known to an officer of the Company;

(e) The Company fails to perform or observe any covenant or agreement contained in any instrument, within the grace period provided therefor, which it has agreed to assume pursuant to the terms of the Agreement dated as of June 15, 1978 between the Company and the Beneficiary, as the same may at any time be amended (the "Purchase Agreement"), including without limitation the obligations of the lessees under the leases of the Ground Lease Parcels and the Leasehold Parcels (as defined in the Purchase Agreement) identified in