**FIXTURE FILING AGREEMENT**

**Featured Mortgage Financing Agreements**

This Mortgage was prepared by and after recording should be returned to:

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07052

FIXTURE FILING AGREEMENT

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This MORTGAGE, FIXTURE FILING (this "Mortgage"),

made this 22nd day of July, 2004 by ACE GAMING, LLC, a limited liability company

duly formed and existing under the laws of the State of New Jersey and having its

principal place of business at the Sands Hotel and Casino, Indiana Avenue and Brighton

Park, Atlantic City, New Jersey 08401 (the "Mortgagor"), in favor of WELLS FARGO

BANK, NATIONAL ASSOCIATION, a national banking association having its corporate

trust office at Sixth and Marquette, Minneapolis, Minnesota 55479, as Trustee (the

"Mortgagee") under the Indenture described below on its own behalf and on behalf

of the holders from time to time of the Securities referred to below (the "Holders").

W I T N E S S E T H

WHEREAS, the Mortgagor is the owner of a fee simple interest in certain

land and air spaces situated in the City of Atlantic City, County of Atlantic, State

of New Jersey ("Atlantic City"), being more particularly described on Schedule A-1

attached hereto and by this reference made a part hereof (the "Casino Land") and

the improvements now or hereafter constructed on the Casino Land, a portion of which

constitute the Sands Hotel and Casino and Parking Garage (the "Sands");

WHEREAS, the Mortgagor is the owner of a fee simple interest in certain

land and air spaces situated in Atlantic City, being more particularly described

on Schedule A-2 attached hereto and by this reference made a part hereof (the "Office

Land") and the improvements now or hereafter constructed on the Office Land;

WHEREAS, the Mortgagor is the owner of certain land situated in the City

of Atlantic City, County of Atlantic, State of New Jersey, being more particularly

described on Schedule A-3 attached hereto and by this reference made a part hereof

(the "Expansion Land" and the improvements now or hereafter constructed on the Expansion

Land (the Casino Land, the Office Land, and the Expansion Land being collectively

referred to herein as the "Land");

WHEREAS, the Mortgagor is the owner of an easement interest in the parcels

of real property situated in Atlantic City more particularly described on Schedule

A-4 attached hereto

and by this reference made a part hereof (the "Easement") and the improvements

now or hereafter constructed on the Easement;

WHEREAS, the Easement was granted to the Mortgagor and the Claridge Casino

Hotel pursuant to that certain Ordinance No. 103 of Atlantic City dated October

7, 1987 and was recorded January 29, 1993 in the Atlantic County, New Jersey Clerk's

Office in Deed Book 5463, Page 228 (the "Easement Ordinance");

WHEREAS, the Mortgagor is the sole owner and holder of the lessee's interest

(the "Leasehold Estate") under the Lease dated December 18, 2000 originally between

Madison House Group, L.P., as lessor, and Greate Bay Hotel and Casino, Inc., as

lessee (the "Madison House Lease"), with respect to certain property located in

the City of Atlantic City, County of Atlantic and State of New Jersey commonly known

as 125 Dr. Martin Luther King Boulevard and more particularly described on Schedule

A-5 attached hereto and by this reference made a part hereof.

WHEREAS, pursuant to an Indenture, dated as of the date hereof (as the

same may hereafter be amended, supplemented or otherwise modified, the "Indenture";

capitalized terms not otherwise defined herein are used herein as defined therein),

among the Mortgagor, the Mortgagee and Atlantic Coast Entertainment Holdings, Inc.,

a Delaware corporation (the "Company"), the Company is issuing, on the date hereof,

up to $110 million of 3% First Mortgage Notes Due 2008 (the "First Mortgage Notes"

or the "Securities");

WHEREAS, this Mortgage is being executed and delivered pursuant to the

terms and conditions set forth in the Indenture and is entitled to the benefits

thereof;

WHEREAS, the Mortgagor has guaranteed the punctual payment (including

applicable notice and/or grace periods) of the principal of and any interest on

the Securities, whether at maturity, by acceleration or otherwise, and payment and

performance by the Company, and the Mortgagor of their other respective obligations

(including the payment of fees and expenses) under the Indenture and with respect

to the Securities pursuant to the guarantee contained in Article 12 of the Indenture

(as the same may hereafter be amended, supplemented or otherwise modified from time

to time, the "Guarantee"); and

WHEREAS, it is a condition precedent to the issuance of the Securities

that the obligations of Mortgagor under the Guarantee be secured by, among other

things, this Mortgage.

NOW THEREFORE, in consideration of the premises and for other good and

valuable consideration, receipt of which is hereby acknowledged, the Mortgagor agrees

as follows:

TO SECURE:

The payment and performance by the Mortgagor of all of its obligations,

covenants and duties, including, but not limited to, obligations to make payment

of all principal, interest (including any interest that accrues after the filing

of a petition of the type referred to in Sections 501(vi) and 501(vii) of the Indenture)

fees, expenses and other amounts payable under the Guarantee, this Mortgage, the

Indenture and any other Security Document, including all amounts that constitute

part of such obligations and would be owed by the Company or the Mortgagor to

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the Mortgagee but for the fact that they are unenforceable or not allowable due

to the existence of a bankruptcy, reorganization or similar proceeding involving

the Company or the Mortgagor, (all of such obligations, covenants and duties referred

to in this paragraph being called, collectively, the "Liabilities").

The Mortgagor hereby grants to the Mortgagee on behalf of the Mortgagee

and of the Holders, a security interest in, and the Mortgagor hereby mortgages to

the Mortgagee on its own behalf and on behalf of the Holders, all of its estate,

right, title and interest in, to and under, or derived from, the following property:

The Land, together with all right, title and interest of the Mortgagor

now owned or hereafter acquired, if any, in and to the streets, the land lying in

the bed of any streets, roads, avenues, alleys, passages and sidewalks; and all

reversionary rights with respect to the vacation of said streets, roads, avenues,

alleys, passages and sidewalks, open or proposed, in front of, adjoining or abutting

the Land to the center line thereof and any air spaces thereover and all and singular

the reversions or remainders in and to the Land and the tenements, hereditaments,

easements (in gross and/or appurtenant), rights-of-way or use, rights (including

alley, drainage, crop, timber, agricultural, horticultural, mineral, water, ditch,

reservoir, oil and gas rights), privileges, royalties and appurtenances to the Land,

now or hereafter belonging or in anywise appertaining thereto, including any such

estate, right, title, interest in, to or under any agreement or right granting,

conveying or creating, for the benefit of the Land, any easement, right or license

in any way affecting the said property and other property and in, to or under any

streets, ways, alleys, vaults, gores or strips of land adjoining the Land and or

any parcel thereof, or in or to the air space over the Land, and all rights of ingress

and egress by motor vehicles to parking facilities on or within the Land, and all

claims or demands of the Mortgagor, either at law or in equity, in possession or

expectancy, of, in or to the same;

TOGETHER WITH all right, title and interest of the Mortgagor to the Easement,

any interest in any fee, greater or lesser title to the Easement that Mortgagor

may own or hereafter acquire and all credits, deposits, options, privileges and

rights of Mortgagor under the Easement and the Easement Ordinance (including all

rights of use, occupancy and enjoyment) and under any amendments, supplements, extensions,

renewals, restatements, replacements and modifications thereof (including, without

limitation, (i) the right to give consents, (ii) the right to receive moneys payable

to Mortgagor, (iii) the right, if any, to purchase the real property subject to

the Easement and (iv) the right to terminate or modify the Easement);

TOGETHER WITH all right, tittle and interest of the Mortgagor in and to

the Leasehold Estate;

TOGETHER WITH all right, title and interest of the Mortgagor to the interests

granted to the Mortgagor by Atlantic City pursuant to that certain Ordinance of

Atlantic City of Atlantic City, New Jersey, No. 70, dated August 1, 1986;

TOGETHER WITH all buildings, structures, facilities and other improvements

now or hereafter located on the Land or the Easement or subject to the Leasehold

Estate, including, without limitation, the Sands and all building material, building

equipment, supplies and fixtures of every kind and nature now or hereafter located

on the Land or the Easement or subject to the

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Leasehold Estate or attached to, or contained in any such buildings, structures

or facilities including, without limitation, all of the same which may be or become

a part of the Sands, and all additions thereto and betterments, renewals, substitutions

and replacements thereof, in each case only to the extent the same is both: (i)

owned or leased by the Mortgagor or in which the Mortgagor has or shall acquire

an interest and (ii) now or hereafter located on the Land or the Easement or subject

to the Leasehold Estate (all of the foregoing hereinafter collectively called the

"Improvements") (the Land, the Easement and the Leasehold Estate, together with

the Improvements are hereinafter collectively referred to as the "Premises");

TOGETHER WITH all machinery, apparatus, equipment, materials, fittings,

fixtures and all appurtenances and additions thereto and betterments, renewals,

substitutions and replacements thereof, owned or leased by the Mortgagor or in which

the Mortgagor has or shall acquire an interest, to the extent that the same are

now or hereafter located on, attached to or contained in the Premises or placed

on any part thereof, though not attached thereto (including, without limitation,

the elevated, enclosed and motorized pedestrian walkway currently constructed upon

the Easement (the "People-Mover") and the equipment, fittings, materials and all

appurtenances and additions thereto and betterments, renewals, substitutions, replacements,

proceeds and products thereof, which are incorporated in, or a part of or are necessary

for the operation of the People-Mover (all of the foregoing; including the People-Mover,

hereinafter collectively called the "Fixtures"; the Premises and the Fixtures together

being collectively referred to as the "Mortgaged Premises"), including, without

limitation, any of the foregoing that constitute heating, lighting, plumbing, ventilating,

air conditioning, refrigerating, gas, steam, electrical, incinerating and/or compacting

plants, systems, fixtures and equipment, security systems, elevators, escalators,

hoists, cleaning systems, call systems, sprinkler systems and other fire prevention

and extinguishing apparatus and materials, loading and unloading apparatus, landscaping,

motors, machinery, pipes, ducts, conduits, dynamos, engines, compressors, generators,

boilers, furnaces, pumps, tanks, appliances, equipment, shops, girders, beams, fittings

and fixtures; the Mortgagee shall have, in addition to all rights and remedies provided

in the Indenture, the Security Agreement, dated as of the date hereof, made by the

Mortgagor to the Mortgagee (the "Security Agreement"), the Assignment of Leases,

dated as of the date hereof, made by the Mortgagor to the Mortgagee, this Mortgage

and any other agreements, commitments and undertakings made by the Mortgagor to

the Mortgagee, all of the rights and remedies of a "secured party" under said Uniform

Commercial Code. If the Lien of this Mortgage is subject to a security interest

covering any property described in this paragraph, then all of the right, title

and interest of the Mortgagor in and to any and all such property is hereby assigned

to the Mortgagee, together with the benefits of all deposits and payments now or

hereafter made thereon by or on behalf of the Mortgagor;

TOGETHER WITH all of the Mortgagor's interest in the leases, subleases,

lettings and licenses of, and all other contracts and agreements affecting, the

Land, the Easement, the Leasehold Estate, the Improvements and the Fixtures, or

any part thereof, now or hereafter entered into, and all modifications, supplements,

additions, extensions, renewals and replacements thereof, and all right, title and

interest of the Mortgagor thereunder, including cash and securities deposited thereunder

as security, the right to receive and collect the rents, additional rents, increases

in rents, security deposits, advance rents, income, proceeds, earnings, revenues,

issues and profits payable thereunder and the rights to enforce, whether at law

or in equity or by any other means, all provisions thereof, and any other benefits

derived or to be

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derived therefrom, including, without limitation, any security deposits made by

the Space Tenants (as hereinafter defined), and the right to apply the same to the

payment of the Liabilities subject to the terms and provisions of this Mortgage;

TOGETHER WITH all other property, of every kind and nature, which may

from time to time be subjected to the Lien hereof by the Mortgagor through a supplement

to this Mortgage or by anyone on its behalf or with its consent, or which may come

into the possession of or be subject to the control of the Mortgagee pursuant to

this Mortgage;

TOGETHER WITH all unearned premiums, accrued, accruing or to accrue under

insurance policies now or hereafter obtained by the Mortgagor with respect to the

Mortgaged Premises, and the Mortgagor's interest in and to all proceeds of the conversion

and the interest payable thereon, voluntary or involuntary, of the Mortgaged Premises

or any part thereof, to the extent the same are property of the Mortgagor, into

cash or liquidated claims, including without limitation, but subject to the provisions

of this Mortgage and the Indenture, proceeds of casualty insurance, title insurance

or other insurance maintained on the Premises and the Fixtures (excluding the proceeds

of all worker's compensation insurance and personal or general liability insurance),

and the right to collect and receive the same and all awards or payments, including

interest thereon, hereafter made to the Mortgagor for the taking by eminent domain

of the whole or any part of the Land, Easement, the Leasehold Estate or Mortgaged

Premises or the use thereof, or any easement therein, including any awards or payments

for changes of grade of streets or any other injury to or decrease in the value

of the Land, Easement or Mortgaged Premises, which said awards and payments, subject

to the terms of this Mortgage and the Indenture, are hereby assigned to the Mortgagee

on its own behalf and on behalf of the Holders, who is hereby authorized, subject

to the terms of this Mortgage and of the Indenture, to collect and receive the proceeds

thereof and to give proper receipts and acquittances therefor, and to apply the

same toward the payment of the Liabilities, at any time secured hereby, notwithstanding

the fact that the amount thereof may not then be due and payable and toward the

reasonable counsel fees, costs and disbursements incurred by the Mortgagee in connection

with the collection of such award or payments, and any and all refunds of real estate

taxes which may become due to the Mortgagor and any and all deposits by the Mortgagor

with providers of utilities and other services to the Premises; and the Mortgagor

hereby agrees, upon request, to make, execute and deliver any and all assignments

and other instruments sufficient for the purpose of assigning said awards or payments

to the Mortgagee on its own behalf and on behalf of the Holders, free, clear and

discharged of any encumbrances (other than encumbrances permitted hereunder or under

the Indenture) of any kind or nature whatsoever;

TOGETHER WITH all of the Mortgagor's right, title and interest in all

proceeds, both cash and non cash, of the foregoing which may be sold or otherwise

disposed of pursuant to the terms hereof;

TOGETHER WITH any and all monies now or hereafter on deposit for the payment

of real estate taxes or special assessments against the Mortgaged Premises or for

the payment of premiums on fire or other property insurance covering the Mortgaged

Property (hereinafter defined).

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All of the foregoing real and personal property and rights and interests

in property and awards are herein collectively referred to as the "Mortgaged Property".

TO HAVE AND TO HOLD the Mortgaged Property unto the Mortgagee, its successors

and assigns, to its and their own proper use, benefit and behalf forever.

PROVIDED ALWAYS, and these presents are upon the express condition that,

if (i) the outstanding principal of the Securities, and any interest which may become

due thereon and any other sums which may become due in connection therewith shall

be paid in full in accordance with the terms of the Securities, the Indenture and

hereof and if all of the Liabilities shall be performed and paid in full or (ii)

the Indenture is otherwise discharged, then these presents and the estate hereby

created shall cease, determine and be void and the Mortgagee agrees that at such

time, upon the request of the Mortgagor, it shall execute and deliver such documents

and take all action as may be reasonably requested by the Mortgagor to be necessary

to terminate this Mortgage of record.

AND the Mortgagor represents and warrants to and covenants with the Mortgagee

on its own behalf and on behalf of the Holders that, to the best of its knowledge,

it has and at all times hereafter will have good and marketable fee simple title

to the Premises (except that in the case of the Easement, the Mortgagor shall maintain

its interest, and in the case of the Leasehold Estate, the Mortgagor shall maintain

its leasehold interest) and the Mortgagor covenants that its estate, right, title

and interest in and to the Premises is free and clear of all taxes, Liens, and encumbrances

whatsoever, except as appears in Schedule B attached hereto and made a part hereof;

provided however, that the Mortgager and Mortgagee acknowledge and agree that: (x)

all security interest and other rights in the Mortgaged Property and any other Collateral

shall be, and hereby are, subject and inferior to any Liens heretofore or hereafter

created from time to time in connection with the incurrence of Working Capital Indebtedness;

and (y) notwithstanding anything to the contrary hereunder or in the Indenture or

in the other Security Documents, the Mortgagor and its subsidiaries may incur Liens

and Indebtedness (including, without limitation, Liens on the Mortgaged Property

and other Collateral) permitted by the Indenture. In connection with any of the

foregoing, Mortgagee will, at the request of Mortgagor, enter into such intercreditor

agreements, standstill agreements, subordination agreements and other documents

as shall be appropriate under the circumstances for the benefit of the holder of

such other Indebtedness or of the superior liens.

The Mortgagor further covenants with the Mortgagee on its own behalf and

on behalf of the Holders as follows:

1. Payment of Liabilities. As set forth in the Guarantee, the Mortgagor

will pay, or cause to be paid, the Liabilities secured by this Mortgage and shall

perform all conditions, covenants and obligations on the part of the Mortgagor in

accordance with the terms of the Guarantee, the Indenture, the Security Documents

and this Mortgage, including, without limitation, applicable notice and grace periods.

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2. Insurance.

2.1 The Mortgagor shall at its own expense at all times maintain or

cause to be maintained on all of the Mortgaged Property and all other personal property

subject to the Security Agreement: (x) insurance satisfying the requirements of

clauses (c) and (d) below; and (y) property and liability insurance against such

risks, in such amounts and in such form, as is usually carried by companies engaged

in a business similar to the business conducted by Mortgagor in Atlantic City, New

Jersey, provided however, that in no event shall Mortgagor be required to obtain

insurance in excess of any of the following: (a) commercial liability insurance

(including blanket contractual liability insurance, innkeeper's liability, products

liability and elevator liability) covering all claims for bodily injury, including

death, or property damage occurring on, in or about the Mortgaged Premises and the

adjoining sidewalks and passageways in an amount of not less than $50,000,000 combined

single limit as respects bodily injury and property damage in respect of any one

occurrence provided that the primary policy, providing liability limits of $1,000,000

per occurrence and $1,000,000 in the aggregate for bodily injury liability and property

damage liability, as such limits are defined in standard endorsement L6108 entitled:

"Amendment - Limits of Liability (Single Limit) (Individual Coverage Aggregate Limit)",

and such insurance may be excess to a $500,000 self-insured retention per occurrence

and may be subject to $500,000 combined single limit sublimit for coverage provided

for the care, custody and control of property, a $250,000 per loss/aggregate sublimit

for Innkeeper's Property Damage Liability, a $250,000 per loss/aggregate sublimit

for Hotel Safe Deposit Box Liability, a $250,000 per occurrence limit for real property

fire liability, and a $250,000 in the aggregate, a $1,000,000 aggregate limit for

personal injury liability, liquor liability, advertising liability and pollution

liability; during any period of alterations or improvements in, on or to the Mortgaged

Premises, the Mortgagor will cause to have the commercial liability insurance policy

endorsed to provide owners and contractors protective liability coverage including

completed operations liability coverage or maintain separate policies with respect

to such coverage; (b) workers' compensation insurance (including employer's liability

insurance) for all employees of the Mortgagor engaged on or with respect to the

Mortgaged Property in such amounts as are required by law; (c) physical damage insurance

covering the Improvements and Fixtures for loss or damages resulting from the perils

of fire, lightning and such other risks and hazards as are provided under the current

standard "Extended Coverage Endorsement" and vandalism and malicious mischief coverage

for 100% of the full replacement value of the Improvements and Fixtures (excluding

footings and foundations) on condition that the policy contains an "agreed amount

endorsement" and that no co-insurance provisions would be applicable, provided that

the property policy limit may be subject to a total limit of $200,000,000 for all

loss arising out of one occurrence subject to a sublimit of $100,000,000 unless

the loss is caused by fire, lightning, removal, wind and hail, leakage from fire

protective equipment, explosion, smoke, aircraft and vehicles, sonic shock wave,

riot, civil commotion and vandalism, molten material, and in which case the $100,000,000

sublimit will not apply, a sublimit of $35,000,000 in the aggregate for loss due

to earthquake, a sublimit of $5,000,000 in the aggregate for loss caused by flood,

a sublimit of $1,000,000 for property in transit, a sublimit of $1,000,000 on newly

acquired property, a sublimit of $105,000,000 for business interruption loss defined

to include net profit plus certain continuing expenses except ordinary payroll expenses,

a $50,000,000 sublimit for general boiler and machinery coverage, and a maximum

deductible of $500,000 for each loss and a 72-hour exclusion for any time element

loss; (d) insurance on all Equipment and all Inventory (as such terms are defined

in the Security Agreement and included in the "Collateral" therein) against loss

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or damage by reason of any hazard referred to in subsection (c) and subject to

the conditions stated in subsection (c) of this subsection 2.1 in an amount of 100

percent of the full replacement value thereof; (e) insurance against loss of rents/business

interruption by reason of any hazard covered under the insurance required under

subsections (c) and (d) of this subsection 2.1 in an amount sufficient to avoid

any co-insurance penalty, and subject to the conditions stated in subsection (c);

and (f) insurance against such other risks of damages, hazards, casualties and contingencies,

but only if and only to the extent and in such amounts that insurance against such

other risks, hazards, casualties or contingencies shall then be commonly carried

by prudent owners and lessees of buildings or improvements in the locality similar

in character, construction, use and occupancy to the Improvements, appurtenances,

and Fixtures and equipment on or constituting a part of the Mortgaged Property;

all such insurance, after providing for costs of collection. The Mortgagor will

duly and punctually comply, or cause compliance with, all of the material terms

and conditions of any insurance policy covering or applicable to the Mortgaged Property,

whether or not expressly required hereunder, all material requirements of the issuer

of any such policy, and all orders, rules and other requirements of the National

Board of Fire Underwriters (or any body exercising similar functions) binding upon

the Mortgagor or applicable to or affecting the Mortgaged Property or any use or

condition thereof. The types, terms, conditions, coverages and policy limits of

insurance maintained pursuant to this subsection 2.1 may be increased, decreased,

amended, supplemented or otherwise modified from time to time to the extent available

and at a reasonable cost to reflect what prudent owners and/or lessees of buildings

or improvements similar in type and locality to the Mortgaged Property would carry,

as certified to the Mortgagee in an Officer's Certificate (as defined herein) of

the Mortgagor.

2.2 All insurance required pursuant to subsection 2.1 hereof shall

be evidenced by valid and enforceable policies, in form and substance, and issued

by and distributed among insurers of recognized responsibility having an A.M. Best

Company rating of at least A or B and a financial size category of Class VII or

above, and authorized to do business in the State of New Jersey. The originals of

all such policies, or certified duplicate copies or certificates thereof (accompanied

by photostats of the policies as soon as available), shall be delivered to the Mortgagee

concurrently with the execution and delivery of this Mortgage and, thereafter (i)

all quotations, synopses and letters of amendment thereto in respect of proposed

coverage, as well as definitive insurance binders relating to the renewal or replacement

policies, shall be delivered to the Mortgagee as soon as reasonably practicable

prior to the expiration of the policy or policies to be renewed or replaced and

(ii) all renewal or replacement policies, or certified duplicate copies or certificates

thereof (accompanied by photostats of the policies), shall be delivered to the Mortgagee

as soon as reasonably practicable after the expiration date of the policy or policies

to be renewed or replaced, in each case accompanied by evidence that all premiums

currently payable with respect to such policies have been paid in full.

2.3 Except in the case of workers' compensation, general and personal

liability and loss of rents/business interruption insurance, all insurance policies

at any time required by this Section 2 shall (a) provide as follows: (i) the insureds

named therein shall include the Mortgagee on its own behalf and on behalf of the

Holders and the Mortgagor, as their respective interests may appear, (ii) all losses

payable thereunder in amounts less than or equal to $1,000,000 shall be payable

directly to the Mortgagor, (iii) all losses payable thereunder in excess of $1,000,000

shall be payable to the Mortgagee on its own behalf and on behalf of the

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Holders pursuant to a standard mortgagee clause naming the Mortgagee on its own

behalf and on behalf of the Holders, as their interests may appear, with loss payable

to the Mortgagee on its own behalf and on behalf of the Holders without contribution,

and (iv) all losses thereunder in excess of $10,000,000 shall be adjusted by the

Mortgagor with the prior consent of the Mortgagee (which consent shall not be unreasonably

withheld); (b) such policies may not be canceled or amended without at least thirty

(30) days' prior written notice to the Mortgagee; and (c) no act, omission or negligence

of the Mortgagor, or its agents, servants or employees, or of any Space Tenant under

any Space Lease (as defined in Section 24.4 hereof) or any of their agents, servants

or employees which might otherwise result in a forfeiture of such insurance or any

part thereof, shall in any way affect the validity or enforceability of, or the

amounts which may be collected under, any of such insurance with respect to the

Mortgagee. All losses payable to the Mortgagee pursuant to subsection 2.3(a)(iii)

shall be assigned and paid directly to the Mortgagee for deposit into the Collateral

Account to be held and applied in accordance with Sections 1018 and 1404 of the

Indenture and Section 9.3 hereof. The policy or policies of insurance of the character

described in subsections (a), (b), (c), (d), (e) and (f) of subsection 2.1 hereof

may consist of blanket policies insuring the Mortgaged Premises and other property

of the Mortgagor; provided that such policy or policies shall set forth the amount

of insurance in force thereunder applicable to the Mortgaged Premises and any sublimits

in such blanket policy applicable to the Mortgaged Premises, which amounts shall

be not less than the amounts required pursuant to this Section 2 and shall otherwise

comply with the provisions of this Section 2 and shall afford the same protections

to the Mortgagee as would be provided by policies individually applicable to the

Mortgaged Premises, provided that if a portion of such policy covers the insurance

to be given in Section 2, the total coverage afforded under such portion shall be

on an "occurrence" basis, and provided further that if the Mortgagor converts any

insurance policy from an "occurrence" to a "claims" basis (or vice versa), the Mortgagor

shall cause the risk to be covered by such policy to be continuously insured against

notwithstanding such change. If, notwithstanding the provisions of subsection 2.3(a)(iii)

hereof, any insurance proceeds in excess of $1,000,000 are made payable to the Mortgagor,

rather than to the Mortgagee as required, the Mortgagor shall promptly deliver such

proceeds, in the form received but with any necessary endorsements, to the Mortgagee

and the Mortgagor hereby irrevocably appoints the Mortgagee as its attorney-in-fact,

coupled with an interest, to endorse and/or transfer any such payment to the name

of the Mortgagee on its own behalf and on behalf of the Holders. All proceeds of

the insurance shall be held and disbursed in accordance with Sections 1018 and 1404

of the Indenture and Section 9.3 hereof.

2.4 If the Mortgagee on its own behalf and on behalf of the Holders

shall by any manner acquire the title or estate of the Mortgagor in or to any portion

of the Mortgaged Premises, it shall thereupon, to the extent such insurance policies

are not blanket insurance policies of the Mortgagor, become the sole and absolute

owner of all insurance policies held by or required hereunder to be delivered to

the Mortgagee, affecting such portion, with the sole right to collect and retain

all unearned premiums thereon, and the Mortgagor shall be entitled only to a credit,

in reduction of the then outstanding Liabilities secured hereby, in the amount of

any cancellation refund actually received by the Mortgagee. To the extent applicable

the Mortgagor agrees, immediately upon demand, to execute and deliver such assignments

or other authorizations or instruments as may be necessary or desirable to effectuate

the foregoing.

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2.5 In the event that the Mortgagor fails to (i) provide, maintain

or keep in force the insurance policies required pursuant to subsection 2.1 hereof

or (ii) deliver and furnish to the Mortgagee the original policies of insurance

(or certified duplicate copies or certificates thereof, accompanied by photostats

of the policies) or definitive binders relating to renewal or replacement policies

pursuant to subsection 2.2 hereof prior to the expiration, cancellation or amendment

of existing policies, the Mortgagee on its own behalf and on behalf of the Holders

may at its sole option upon prior written notice to Mortgagor (but in no event shall

the Mortgagee be so obligated) obtain such insurance, and the Mortgagor will pay

all premiums thereon promptly upon demand by the Mortgagee, with interest thereon,

from the date on which such premiums are paid by the Mortgagee until the Mortgagor

shall reimburse the Mortgagee for such amounts, at a rate of interest equal to the

prime rate plus 2% per annum from time to time announced by the Mortgagee, and such

sums, until paid, shall be secured by this Mortgage.

2.6 The Mortgagor shall not take out separate insurance concurrent

in form or contributing in the event of loss with that required to be obtained and

maintained under this Section 2. Subject to the foregoing, any insurance effected

by the Mortgagor on any part of the Mortgaged Premises whether or not required under

this Mortgage, shall be for the mutual benefit of the Mortgagee on its own behalf

and on behalf of the Holders and the Mortgagor and shall be subject to all other

provisions of this Mortgage.

3. Alterations.

3.1 Neither the Improvements nor the Fixtures (except as permitted

in the Indenture or this Mortgage) shall be removed, demolished or materially altered,

except that the Mortgagor may: (a) make non-structural alterations to the extent

that such alterations constitute alterations in the normal course of business, including

removal and reconstruction of interior walls and relocation of hotel and casino

facilities; (b) replace the Fixtures or any part thereof on the terms and conditions

set forth in the Indenture and (c) make any other alteration, structural or non-structural,

(A) with an estimated cost of less than $500,000; (B) with a cost estimated by the

architect, engineer or general contractor supervising such alteration to be in excess

of $500,000 but not exceeding $2,000,000 after the Mortgagor shall have given written

notice to the Mortgagee of such alteration; (C) with a cost estimated by the architect,

engineer or general contractor supervising such alteration to be in excess of $2,000,000

but not exceeding $20,000,000 after the Mortgagor shall have given written notice

to the Mortgagee of such alteration, together with an Officer's Certificate of the

Mortgagor that such alteration complies with items (i) through (viii) below, inclusive,

and either (I) the Mortgagee shall have approved such alteration in writing, such

approval not to be unreasonably withheld or delayed or (II) the Holders of at least

25% in principal amount of Outstanding Securities shall have approved such alteration;

and (D) with a cost estimated by the architect, engineer or general contractor supervising

such alteration to be in excess of $20,000,000 after the Mortgagor shall have given

written notice to the Mortgagee, together with a duly authorized certificate from

an officer of the Mortgagor (an "Officer's Certificate") that such alteration will

comply with items (i) through (ix), below, inclusive, and based on the information

provided in such certificate and the documentation required to be provided under

this subsection to the Mortgagee, the Holders of at least 25% in principal amount

of Outstanding Securities shall have approved such alteration.

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The items with which the Officer's Certificate shall state the Mortgagor

will comply, as set forth above with regard to alterations or Improvements made

to the Mortgaged Premises under this Section 3.1, are as follows:

(i) any change or alteration, once commenced, shall be made promptly,

in good and workmanlike manner and in compliance with all material requirements

of applicable law ("Legal Requirements");

(ii) appropriate builder's risk (if the total cost of the proposed

change or alteration exceeds Two Million Dollars ($2,000,000)), workers' compensation,

and general liability insurance shall be maintained for any work in progress;

(iii) the Mortgaged Premises shall be kept free of Liens for labor

and materials supplied or claimed to have been supplied in connection with such

change or alterations or in the event that such Liens have been filed against the

Mortgaged Premises, the Mortgagor shall either satisfy such Liens, stay their effect,

bond against or otherwise secure against each to the reasonable satisfaction of

the Mortgagee;

(iv) such alterations will not materially and adversely affect the

value, character and usefulness of the Mortgaged Premises;

(v) such alterations shall not cause (a) the Sands (inclusive of any

such completed alterations) to fail to qualify (absent a waiver by the Casino Control

Commission of such nonqualifying condition(s)) as a licensed hotel/casino under

the Casino Control Act or (b) the Sands to fail to be independently qualifiable

(exclusive of any such alterations) at all times as a licensed hotel/casino under

the Casino Control Act;

(vi) any alteration or replacement Fixture, upon completion or replacement,

as the case may be, shall be subject to the Lien of this Mortgage, the Lien created

by the security agreement made a part of this Mortgage or the Lien of the Security

Agreement and shall be free from any title retention, security agreement or other

encumbrance, except the Lien of this Mortgage and the other Security Documents and

encumbrances permitted under Section 1014 of the Indenture;

(vii) no Event of Default shall have occurred or be continuing or occur

as a result of the proposed alteration or replacement;

(viii) with respect to any proposed alteration with a cost estimated

by the architect, engineer or general contractor supervising such alteration to

be in excess of $2,000,000 but less than $20,000,000, the Mortgagor shall submit

to the Mortgagee (a) copies of all materials relating thereto when filed with the

Casino Control Commission, (b) if no materials relating thereto are to be filed

with the Casino Control Commission and the estimated cost of such project is in

excess of $5,000,000, a description of such proposed alteration (which shall include

the type of financing, if any, the estimated cost, the parties involved and the

estimated date of completion), and copies of all available plans and specifications

in connection therewith, no later than 45 days prior to commencement of such proposed

alteration and (c) final plans,

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specifications and Casino Control Commission approvals of such alteration no later

than 90 days after completion thereof;

(ix) with respect to any proposed alteration with a cost estimated

by the architect, engineer or general contractor supervising such alteration to

be in excess of $20,000,000, the Mortgagor shall submit to the Mortgagee all materials

described in item (viii) above as well as any additional information reasonably

required by the Holders to review such proposed alteration; and

(x) the Mortgagor will pay all reasonable expenses of the Mortgagee

in connection with any consent of the Mortgagee required pursuant to this Section

3, including, without limitation, in connection with the review of any plans and

specifications in connection therewith.

3.2 Mortgagor will at all times maintain sufficient parking spaces

for the use of the Sands which shall in no event be less than approximately 1,675

spaces.

4. Estoppel Certificates. The Mortgagor, within 10 days after a request

by the Mortgagee, will furnish a written statement, duly acknowledged, and in form

for recording, of the amount due on this Mortgage and the Mortgagor will deliver

such a statement further setting forth whether any offsets or defenses exist against

the Liabilities. The Mortgagee, within 10 days after request from the Mortgagor,

will furnish a written statement, duly acknowledged and in form for recording of

the amount due on the Mortgage and stating whether it has received written notice

of or has actual knowledge of any defaults existing hereunder and containing such

other information as the Mortgagor may reasonably request.

5. Impositions.

5.1 The Mortgagor will pay or cause to be paid as and when due and

payable, and before they become delinquent, all Impositions (as such term is defined

in subsection 5.4.4 hereof) levied upon the Mortgaged Property, or any part thereof

for which the Mortgagor and/or the Mortgaged Property, or any part thereof, shall

be assessed or chargeable and will cause tenants under Major Leases (as such term

is defined in the Assignment of Leases, dated of even date herewith, made by Mortgagor

to Mortgagee) to comply with all lease provisions or contracts relating to payment

of such Impositions. Notwithstanding the foregoing, if by law any Imposition may

at the option of the taxpayer be paid in installments (whether or not interest shall

accrue on the unpaid balance thereof), the Mortgagor may cause to be paid or to

pay the same (and any accrued interest on the unpaid balance of such Imposition)

in installments as they fall due and before any fine, penalty, further interest

or cost may be added thereto; provided that no Event of Default (as defined in Section

12 hereof) shall then exist under this Mortgage and that payment in installments

would not create or cause to be created any Lien on the Mortgaged Premises or any

portion thereof which could be levied upon prior to the failure to pay a then due

installment.

5.2 The Mortgagor will pay any taxes (including, without limitation,

stamp taxes, but excluding (a) income taxes assessed by the United States government

or the State of New Jersey or any other State or any political subdivision of any

of them, (b) franchise, estate or

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similar taxes based upon or measured by income) imposed on the Mortgagee on its

own behalf and on behalf of the Holders, their successors or assigns, by reason

of the holding of this Mortgage or any of the Securities, as the case may be, or

the receipt of the interest payable thereunder.

5.3 Unless manifestly erroneous, the certificate, advice or bill of

the appropriate official designated by law to make or issue the same or to receive

payment or any Imposition, which such certificate, advice or bill indicates the

nonpayment of such Imposition, shall be prima facie evidence that such Imposition

is due and unpaid at the time of the making or issuance of such certificate, advice

or bill.

5.4 The Mortgagor shall have the right, at Mortgagor's sole cost, after

giving notice to the Mortgagee to contest the amount or validity, in whole or in

part, of any Imposition, or to seek a reduction in the valuation of the Mortgaged

Property or any portion thereof as assessed for real estate or personal property

tax purposes by appropriate proceedings diligently conducted in good faith and where

the amount so contested or for which a reduction is sought is in excess of $2,000,000,

the Mortgagor shall also prior to commencement of such contest or proceeding have

complied with the provisions of subsections 5.4.1 through 5.4.5, inclusive, hereof

or made payment of such Imposition unless such payment would operate as a bar to

such contest or interfere materially with the prosecution thereof, in which event

the Mortgagor may postpone or defer payment of such Imposition after compliance

with the provisions of subsections 5.4.1 through 5.4.5, inclusive, hereof if:

5.4.1 Neither the Mortgaged Property nor any part thereof would by

reason of such postponement or deferment be in danger of being forfeited or lost

prior to final determination of such contest or proceeding and the Mortgagee shall

not, by virtue of the contest or proceeding, be in any danger of criminal liability

and neither the Mortgaged Property nor any part thereof by any interest therein

would be subject to the imposition of any lien for which the Mortgagor has not furnished

adequate security as provided below; and

5.4.2 Subject to the provisions of the first paragraph of Section 5.4,

the Mortgagor shall either have (a) deposited with the Mortgagee in trust the amount

(at the option of the Mortgagor in cash or in the form of a letter of credit) so

contested and unpaid, together with all interest and penalties in connection therewith

and all charges that may or might be assessed against or become a charge on the

Mortgaged Property or any part thereof as estimated by the Mortgagee, in such proceedings

or (b) posted with the Mortgagee a bond issued by a surety company reasonably satisfactory

to the Mortgagee, whereby such surety undertakes to pay such Imposition, interest,

penalties and charges (x) in the event that the Mortgagor shall fail to pay the

same upon the final disposition of the contest (including appeals), or (y) in the

event that the Mortgaged Property or any part thereof is in danger of being sold,

forfeited or lost during the pendency of such contest or (z) if the Mortgagor fails

to increase the amount of such bond as hereinafter provided. Any deposit made by

the Mortgagor with the Mortgagee under the provisions of this subsection 5.4.2,

together with any additions thereto made pursuant to this subsection 5.4.2, shall

be held in trust and, at the request of the Mortgagor, invested in Collateral Investments

(as defined in the Security Agreement), and the interest on such deposits shall

be disposed of as hereinafter provided. Upon the termination of any such proceeding

(including appeals), or if the Mortgagor should so elect, at any time prior thereto,

the Mortgagor shall pay

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the amount of such Imposition or part thereof as finally determined in such proceeding

(or appeal), the payment of which may have been deferred during the prosecution

of such proceeding (or appeal), together with any costs, fees, interest, penalties

or other liabilities in connection therewith, and upon such payment, the Mortgagee

shall return any amount deposited with it together with interest, if any, received

thereon with respect to such Imposition. Such payment, at the request of the Mortgagor,

shall be made by the Mortgagee out of the amount deposited with it pursuant to clause

(a) of this subsection 5.4.2 with respect to such Imposition, to the extent that

such amount is sufficient therefor, and any balance due shall be paid by the Mortgagor

and any balance remaining shall be paid to the Mortgagor together with interest,

if any, received thereon. If, at any time during the continuance of such proceeding,

the Mortgagee shall reasonably deem the amount deposited with it or provided by

bond insufficient, the Mortgagor shall, within ten (10) days after demand, make

an additional deposit of, or increase the amount of its letter of credit or bond

by, such additional amount as the Mortgagee may request to cover payment of the

items set forth in this subsection 5.4.2, and upon failure of the Mortgagor so to

do, the Mortgagee may, after 10 days following written notice from the Mortgagee

to the Mortgagor, apply the amount theretofore deposited with it (or the Mortgagee

may submit for payment the letter of credit and apply the amount thereof, or may

require application of the bonded amount by the surety company, if a bond has been

furnished) to or on account of the payment, removal or discharge of such Imposition

and the interest and penalties in connection therewith and any costs, fees or other

liability accruing in any such proceeding, or any part of any of the same and the

balance, if any, shall be returned to the Mortgagor. The Mortgagor shall, during

the continuance of any contest (including appeals) referred to herein and at its

sole cost and expense, provide the Mortgagee with such information relating to the

same as the Mortgagee may reasonably request. If, at any time during the continuance

of such proceeding, the Mortgaged Property or any part thereof is, in the judgment

of the Mortgagee, in any reasonable danger of being sold, forfeited or lost, the

Mortgagee may require, after ten (10) days' notice to the Mortgagor, that the amount

theretofore deposited with it be applied to the payment of such Imposition (or the

Mortgagee may submit for payment the letter of credit and apply the amount thereof,

or may require application of the bonded amount by the surety company, if a bond

has been furnished) in the manner provided in the preceding sentence. Notwithstanding

anything contained herein to the contrary, no such deposit held by the Mortgagee,

or any part thereof, shall be returned to the Mortgagor so long as any Event of

Default shall exist hereunder. The Mortgagee shall act as the holder, in trust,

of the monies, if any, deposited by the Mortgagor pursuant to this subsection 5.4.2.

5.4.3 The Mortgagor will exhibit to the Mortgagee the original receipts

(or copies thereof) or other proof reasonably satisfactory to the Mortgagee of the

payment of all real estate taxes within 30 days after the same are required to be

paid by the Mortgagor in compliance with subsection 5.1 hereof. Concurrently with

the delivery of the financial statements and other information required by Section

1009 of the Indenture, Mortgagor shall for all other Impositions deliver to the

Mortgagee quarterly an Officer's Certificate that, to the best knowledge of such

officer, all such Impositions have been paid and that, to the best of such officer's

knowledge, the aggregate of all unpaid amounts on such Impositions do not exceed

$25,000, except for Impositions which are being contested in accordance with the

provisions of the first paragraph of subsection 5.4. The Mortgagor shall immediately

notify the Mortgagee of the receipt by the Mortgagor of any notice that any Imposition

has not been paid when due and shall, at the same time, furnish to the Mortgagee

a copy of such notice of non-payment.

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5.4.4 "Impositions" shall mean all duties, taxes (including sales and

use taxes), water, sewer and other rents, rates and charges, assessments (including,

without limitation, all assessments for public improvements or benefit, whether

or not commenced or completed prior to the date hereof), charges for public or private

utilities, highway services, communication services, sprinkler systems, protective

services and levies, license and permit fees, inspection fees and other authorization

fees and other charges, ordinary or extraordinary, whether foreseen or unforeseen,

of any kind and nature whatsoever, including interest or penalties thereon, which

prior to or during the term of this Mortgage will have been or may be laid, levied,

assessed or imposed upon or become due and payable out of or in respect of, or become

a Lien on the Mortgaged Property or any part thereof, or the occupancy, use or possession

of or activity conducted on the Mortgaged Property or any part thereof or which

are levied or assessed against the income received by the Mortgagor from all or

any part of the Mortgaged Property by virtue of any present or future law, order

or ordinance of the United states of America or of any state, county or local government

or of any department, office or bureau thereof or of any other governmental authority

(such governments or other authorities being collectively referred to herein as

a "Governmental Authority") having or claiming jurisdiction over the Mortgagor and/or

the Mortgaged Premises or any part thereof. The term "Impositions" shall not include

(a) income taxes assessed by the United States government or the State of New Jersey

or any other State or any political subdivision of any of them, or (b) franchise,

estate or similar taxes based upon or measured by income.

6. Changes in Method of Taxation.

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6.1 In the event of the passage after the date hereof of any law applicable

to the Mortgaged Premises or any part thereof, (i) deducting from the value of the

Mortgaged Premises, for the purposes of taxation, any Lien thereon, or changing

in any way the laws for the taxation of mortgages or debts secured by mortgages

or the manner of collection of any such taxes, or (ii) imposing a tax, either directly

or indirectly, on this Mortgage or any other documents evidencing or securing the

Liabilities, in each case, the result of which affects adversely the Mortgagee,

the Mortgagee shall have the right to declare, by written notice delivered to Mortgagor,

that an Event of Default will occur hereunder one hundred twenty (120) days from

the giving of such written notice unless the Mortgagor is exempt from such tax or,

if not exempt from such tax, is permitted by law to pay the whole of such tax (or

to provide funds to the Mortgagee to pay such taxes) and assumes as an obligation

and Liability secured hereby the obligation to make all payments (or provide funds

to the Mortgagee to pay such taxes) of any tax so imposed until full payment of

the Liabilities. The Mortgagor shall promptly notify the Mortgagee of the occurrence

of any of the events set forth in clauses (i) or (ii) of this Section 6.1.

6.2 The Mortgagor shall not have, nor will claim nor demand nor be entitled

to receive, any credit or credits by virtue of the payment of taxes as provided

herein against the Liabilities or the other sums payable as provided herein and

in the Securities secured hereby, and such taxes shall be paid without abatement

of or deduction from, and without counterclaim or setoff against such principal,

interest and other sums, for any reason, including, without limitation, for so much

of the taxes assessed against the Mortgaged Premises as is equal to the tax rate

applied to the amount due on this Mortgage or any part thereof, and no deduction

shall otherwise be made or claimed from the taxable value of the Mortgaged Premises,

or any part thereof, by reason of the indebtedness secured by this Mortgage.

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7. Expenses of Litigation. If an action to foreclose this Mortgage or

to collect any of the Liabilities is commenced or any other action or proceeding

is commenced to which the Mortgagee is or becomes a party or in which the Mortgagee

is defending or upholding the Lien of this Mortgage, or in which the Mortgagee is

served in with any legal process, discovery notice or subpoena relating to this

Mortgage, all reasonable sums paid by the Mortgagee for the expense of any such

litigation or appearance or action in response to any such legal process, discovery

notice or subpoena (including attorneys' fees and disbursements associated with

legal costs) shall be paid by the Mortgagor within thirty (30) days after notice

has been given by the Mortgagee to the Mortgagor, together with interest thereon

on such amounts as have actually been paid by the Mortgagee to third parties at

a rate of interest equal to the greater of the prime rate of the Mortgagee plus

2% per annum, and such amounts shall be a Lien on the Mortgaged Property prior to

any other right or title to, interest in or claim upon the Mortgaged Property subordinate

to the Lien of this Mortgage, and shall be secured by this Mortgage, and, in any

action or proceeding to foreclose this Mortgage, or to recover or collect any of

the Liabilities, the provisions of law respecting the recovery of costs, disbursements

and allowances shall prevail unaffected by this covenant.

However, if such action or proceeding is not one relating to the enforcement

of the rights of any Holders or the Lien of this Mortgage, the Mortgagee shall promptly

notify the Mortgagor of such action or proceeding and the Mortgagor may participate

in the conduct of such action or proceeding at the Mortgagor's sole cost and expense.

8. Maintenance. Subject to the Mortgagor's rights of alteration pursuant

to Section 3 hereof, the Mortgagor will maintain and operate the Sands and the hotel

that is the subject of the Madison House Lease at a quality level at least as high

as that existing on the date hereof and keep the Mortgaged Property in good condition

and repair (subject to ordinary wear and tear), will not commit or suffer any waste

of the Mortgaged Property and will comply with, or cause to be complied with, all

statutes, ordinances and requirements of any Governmental Authority to which the

Mortgaged Property are subject and which failure to comply therewith would have

a materially adverse effect on the Mortgaged Property. Notwithstanding the foregoing,

the Mortgagor shall have the right to contest the application of any such statute,

ordinance or requirement of a Governmental Authority; provided that, if such statute

or ordinance or requirement of a Governmental Authority imposes an immediate fine

or monetary Imposition in an amount in excess of $2,000,000 upon the Mortgaged Premises

for the failure to comply with such ordinance or requirement, the Mortgagor shall

either pay such fine or monetary imposition and file an action for recovery thereof

or deposit with Mortgagee, in the manner described in Section 5.4.2 hereof, an amount

reasonably determined by the Mortgagee to be sufficient to protect the Mortgagee's

interest (on its own behalf and on behalf of the Holders). Subject to the provisions

of Section 9.3 hereof, the Mortgagor will promptly repair, restore, replace or rebuild

any part of the Mortgaged Premises now or hereafter subject to the Lien of this

Mortgage which may be damaged or destroyed by any casualty whatsoever, free from

Liens and encumbrances, except the Lien of this Mortgage and the other Security

Documents and the encumbrances permitted by Section 1014 of the Indenture, without

regard to the adequacy of any insurance proceeds, provided that the insurance proceeds

are made available to the Mortgagor pursuant to Section 9 of this Mortgage. The

Mortgagor will do all other things reasonably required for the maintenance and continuance

of all such services in respect of Impositions to the extent required to fulfill

the obligations set forth in this Section 8.

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9. Destruction: Restoration; Condemnation.

9.1 Definitions. "Restoration" shall, for purposes of this Mortgage,

mean the replacement, rebuilding or repairing of damaged, destroyed or, in the case

of a condemnation, remaining areas of the Mortgaged Premises or the repair or replacement

of the Mortgaged Premises not so condemned, in either case as nearly as possible

to the condition, character and size of the Mortgaged Premises immediately prior

to such damage, destruction or condemnation to comply with the Casino Control Act

and all other material Legal Requirements and all material requirements of any insurance

policy covering or applicable to the Mortgaged Premises including, without limitation,

all material requirements of any issuer of such policy and any applicable board

of underwriters.

9.2 Destruction. If the Mortgaged Premises, or any part thereof, shall

be destroyed or damaged by fire or any other casualty, the Mortgagor shall give

prompt notice thereof to the Mortgagee. If the Mortgagor does not promptly make

proof of loss after a casualty, the Mortgagee may make proof of loss, and each insurance

company concerned is hereby authorized and directed to make payment for such loss

directly to the Mortgagor and/or the Mortgagee on its own behalf and on behalf of

the Holders as their interests appear in accordance with the provisions of subsection

2.3 hereof. In all instances where the insurance proceeds are less than $1,000,000,

the Mortgagor shall use such proceeds only for Restoration. In all instances of

destruction or casualty as aforesaid where the insurance proceeds exceed $1,000,000,

the insurance proceeds shall be deposited into and held in the Collateral Account

and applied in accordance with Section 1018 of the Indenture and subsection 9.3

hereof. In the event that the Mortgagee releases such proceeds to the Mortgagor,

the Mortgagor shall be obligated to restore or repair the Mortgaged Premises. In

the event of foreclosure of the Mortgaged Premises or other transfer of title to

the Mortgaged Premises in extinguishment of the indebtedness under the Securities

and this Mortgage, all right, title and interest of the Mortgagor in and to any

insurance policies then in force shall pass to the purchaser or grantee and the

Mortgagor hereby appoints the Mortgagee its attorney-in-fact, in the Mortgagor's

name, to assign and transfer all such policies and proceeds to such purchaser or

grantee, and the Mortgagor shall be entitled only to a credit in reduction of the

then outstanding Liabilities secured hereby in the amount of the cancellation refund

actually received by the Mortgagee. The Mortgagor agrees, within fifteen (15) days

following such foreclosure and written request by the Mortgagee, to execute and

deliver such assignments or other authorizations or instruments as may be necessary

or desirable to effectuate the foregoing.

9.3 Restoration. If any insurance proceeds or condemnation award (including

interest thereon, the "Restoration Funds"), held by the Mortgagee in the Collateral

Account or otherwise are to be applied to the Restoration of the Mortgaged Premises

or any portion thereof as determined in this Section 9.3 or Section 1018 of the

Indenture, the Mortgagor shall promptly restore, replace or rebuild the damaged

or destroyed Mortgaged Premises and such Restoration shall be performed only in

accordance with the following conditions:

(a) In the event the cost estimated by the architect supervising

the Restoration (the "Estimated Restoration Cost") is less than $2,000,000, the

Mortgagor shall diligently use the Restoration Funds to restore and repair the Mortgaged

Premises provided that any proceeds remaining after the Restoration may be retained

by the Mortgagor; provided

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further, however, that if any Event of Default shall occur and then exist, the

Restoration Funds shall be paid over to the Mortgagee to be applied in accordance

with the terms of the Indenture.

(b) Intentionally Omitted.

(c) Prior to commencement of the Restoration or at any time during

the Restoration, if the Estimated Restoration Costs exceeds the amount of the Restoration

Funds by a sum greater than or equal to $2,000,000, the amount of such excess shall

be paid by the Mortgagor to the Mortgagee in the form of cash or a letter of credit

(reasonably acceptable in form and substance to the Mortgagee) to be added to the

Restoration Funds in the Collateral Account and in the event such shortfall is less

than the sum of $2,000,000, the Mortgagor shall pay such shortfall on an ongoing

basis during the course of the Restoration.

(d) If no Default or Event of Default shall have occurred and be continuing,

all proceeds of loss of rents/business interruption insurance payable as a result

of any damage or destruction affecting the Mortgaged Premises shall be paid first,

to the Mortgagee in an amount sufficient to pay, when due, all Liabilities, including

the interest on and the principal of the Securities, for so long as the interruption

shall continue or until coverage is exhausted, and second, to the Mortgagor. If

a Default or Event of Default shall have occurred and be continuing, all such proceeds

of loss of rents/business interruption insurance shall be paid to the Mortgagee.

The Mortgagee shall hold such proceeds in trust and, at the direction of the Mortgagor,

shall invest such proceeds in the type of investments set forth in clauses (a) through

(d) in the definition of "Cash Equivalents" in the Indenture (such investments being

referred to hereafter as "Cash Equivalents". The Mortgagee shall apply or cause

to be applied the proceeds and such income received thereon to the payment of taxes,

insurance premiums, rents, interest on and principal of the Securities, and the

normal operating expenses of the Mortgaged Property from and after the date of the

occurrence of such damage or destruction until the completion of the necessary Restoration,

if any, or until the exhaustion of such proceeds, whichever first occurs. Upon completion

of such Restoration, any remainder of such loss of rents/business interruption insurance

proceeds in the hands of the Mortgagee shall, provided that no Event of Default

shall be continuing hereunder, be paid to the Mortgagor with interest received thereon,

if any.

(e) Except as provided in Section 1018 of the Indenture, nothing in

this Section 9 shall relieve the Mortgagor of its duty to repair, restore, rebuild

or replace the Mortgaged Property following damage or destruction by fire or other

casualty or partial condemnation in the event that no or inadequate proceeds of

insurance are available to defray the cost of such repairing, restoring, rebuilding

or replacement. In addition, nothing contained herein shall relieve the Mortgagor

of its duty to pay all Liabilities subsequent to the occurrence of any fire or other

casualty or condemnation; provided, however, that, if the Mortgagee is applying

the proceeds of business interruption insurance or temporary taking proceeds to

the payment of the principal and accrued interest under the Securities, the Mortgagor

shall not be required to make double payments.

9.4 Condemnation/Eminent Domain.

(a) Immediately upon obtaining knowledge or the institution of any

proceedings for the condemnation or taking, either permanent or temporary, by eminent

domain of the Mortgaged Premises or any portion thereof, the

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Mortgagor will notify the Mortgagee of the pendency of such proceedings. The Mortgagee

may, but shall not be obligated to, participate in any such proceedings, and the

Mortgagor shall from time to time deliver to the Mortgagee all instruments requested

by it to permit such participation. Except as otherwise provided herein, the Mortgagor

shall, at its expense, diligently prosecute any such proceeding and shall consult

with the Mortgagee, its attorneys and experts and cooperate with them in any defense

of any such proceedings. The Mortgagor will not enter into any agreement for the

taking or conveyance of the Mortgaged Premises or any material part thereof, with

anyone authorized to acquire the same by eminent domain or in condemnation unless

the Mortgagor shall have delivered to the Mortgagee an Officer's Certificate from

the Mortgagor that such agreement is fair and reasonable in light of all of the

circumstances.

(b) All awards and proceeds of condemnation in respect of any of the

Mortgaged Premises shall be applied in the same manner provided in Section 9.3 hereof

in respect of damage or destruction.

10. Inspection. The Mortgagee and any persons authorized by the Mortgagee

shall have the right to enter and inspect the Mortgaged Premises upon reasonable

notice at all reasonable times, but shall undertake such inspections in such a manner

as to minimize disruption and interference of the operation thereof.

11. Assignment of Rents, Issues and Profits.

(a) Subject to the limitations contained herein, the Mortgagor hereby

assigns to the Mortgagee on its own behalf and on behalf of the Holders the rents,

issues and profits derived from (i) all leases of the Mortgaged Premises now or

hereafter entered into by the Mortgagor and (ii) all occupancy, license and concession

agreements in respect of any part of the Mortgaged Premises now or hereafter entered

into, and the Mortgagor grants to the Mortgagee the right to enter the Mortgaged

Premises for the purpose of collecting the same and to lease the Mortgaged Property,

or any part thereof, and to apply said rents, issues and profits on account of the

Liabilities. This assignment, grant and right to apply rents, issues and profits

shall continue in effect until the Liabilities are paid in full, but the Mortgagee

hereby waives the right to enter the Mortgaged Premises and/or to collect said rents,

issues and profits, and the Mortgagor shall be entitled to collect, receive, use

and retain said rents, issues and profits, until the occurrence of and during the

continuation of an Event of Default; such right of the Mortgagor to exercise all

such rights, including the right to collect, receive, use and retain said rents,

issues and profits may be revoked by the Mortgagee upon the occurrence of and during

the continuation of an Event of Default by the Mortgagee giving written notice of

such revocation to the Mortgagor. The Mortgagor shall not accept prepayments of

installments of rent under the leases which payments would, in the aggregate for

all such leases, exceed the sum of $1,000,000 (except for tenant finish work performed

with respect to any such lease). If, following the occurrence of an Event of Default,

the Mortgagee shall thereafter elect to discontinue the exercise of any right or

remedy assigned or granted to the Mortgagee on its own behalf and on behalf of the

Holders pursuant to this Section 11 or such Event of Default has otherwise been

cured, the Mortgagor's rights under this subsection 11(a) shall be automatically

reinstated, subject to the same or any other right or remedy hereunder being reasserted

at any time and from time to time following any subsequent Event of Default. Anything

herein to the contrary notwithstanding, the rights of the Mortgagor to collect or

retain any sums shall not apply to amounts to be used by Mortgagor to

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cure an Event of Default or otherwise make any payment in respect of Securities

or make any payment or perform any obligation under the Indenture or other Security

Document (all of which, whether paid to Mortgagor or Mortgagee, shall be made available

to Mortgagor for such purpose).

(b) The granting of the assignment created in Section 11(a) hereof

shall not, prior to entry upon and taking of possession of the Mortgaged Property

by the Mortgagee, be deemed or construed to constitute the Mortgagee in possession

nor thereafter or at any time or in any event obligate the Mortgagee to perform

or discharge any obligation of the Mortgagor or to appear in or defend any action

or proceeding relating to the Mortgaged Property or the leases relating thereto

nor shall the Mortgagee be liable in any way for any injury or damage to person

or property sustained by any individual or individuals in or about the Mortgaged

Property and the Mortgagor agrees to indemnify and hold harmless the Mortgagee against

any and all such liability, loss or damage, except for losses occurring as the result

of gross negligence or willful misconduct on the part of the Mortgagee.

12. Events of Default. The occurrence of one or more of the following

events shall constitute an "Event of Default" (occurring for any reason whatsoever,

whether voluntary or involuntary, or by operation o(pound) law or pursuant to or

in compliance with any judgment, decree or order of any court or of any Legal Requirement

or otherwise):

(a) any Event of Default, as defined in the Indenture; or

(b) upon the assignment of any of the rents, issues, profits or leases

of any portion of the Mortgaged Property, or any part thereof, to anyone other than

the Mortgagee on its own behalf and on behalf of the Holders without the prior written

consent of the Mortgagee, except as permitted in the Indenture, and such assignments

of rents, issues, profits or leases are not rescinded or otherwise voided following

the giving by the Mortgagee to the Mortgagor of 30 days' written notice thereof;

or

(c) in the event of a lease, assignment or other transfer of any portion

of the Mortgaged Property other than as permitted in the Indenture, this Mortgage

or as Permitted Encumbrances, and such lease or other transfer is not rescinded

or otherwise voided following the giving by the Mortgagee to the Mortgagor of 30

days' written notice thereof; or

(d) the event that the Mortgagee declares that an Event of Default

has occurred in accordance with Section 6.1.

12.2 Remedies. Upon the occurrence of an Event of Default hereunder,

in addition to its remedies contained in the Indenture, the Mortgagee on its own

behalf and on behalf of the Holders may take any or all of the following actions,

at the same or at different times:

(a) Possession. Enter upon and take possession of the Mortgaged Property,

and lease and let the Mortgaged Property, or any part thereof, and receive all the

rents, issues and profits thereof which are overdue, due or to become due, and apply

the same, after payment of all reasonably necessary charges and expenses, on account

of the amounts hereby secured, and the

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Mortgagee is hereby given and granted full power and authority to do any act or

thing, which the Mortgagor might or could legally do in connection with the management

and operation of the Mortgaged Property. The granting of the authority so created

shall not, prior to entry upon and taking of possession of the Mortgaged Property

by the Mortgagee, be deemed or construed to constitute the Mortgagee in possession

nor thereafter or at any time or in any event obligate the Mortgagee to perform

or discharge any obligation of the Mortgagor or to appear in or defend any action

or proceeding relating to the Mortgaged Property or the leases relating thereto

nor shall the Mortgagee be liable in any way for any injury or damage to person

or property sustained by any individual or individuals in or about the Mortgaged

Property and the Mortgagor agrees to indemnify and hold harmless the Mortgagee against

any and all such liability, loss or damage, except for losses occurring as the result

of gross negligence or willful misconduct on the part of the Mortgagee.

(b) Foreclosure. Institute an action of mortgage foreclosure, or take

other action as the law may allow, at law or in equity, for the enforcement of this

Mortgage, and proceed thereon to final judgment and execution of the entire unpaid

balance of the Liabilities including costs of suit, interest and reasonable attorneys'

fees. In case of any sale of the Mortgaged Property by virtue of judicial proceedings,

the Mortgaged Property may be sold in one parcel and as an entirety or in such parcels,

manner or order as the Mortgagee in its sole discretion may elect. The failure to

make any tenants parties defendant to a foreclosure proceeding and to foreclose

their rights will not be asserted by the Mortgagor as a defense in any proceeding

instituted by the Mortgagee to collect any of the Liabilities.

(c) Appointment of Receiver. Without notice to the Mortgagor, appoint

a receiver of the rents, issues and profits of the Mortgaged Property without the

necessity of proving either the depreciation or the inadequacy of the value of the

security or the insolvency of the Mortgagor or any person who may be legally or

equitably liable to pay moneys secured hereby and the Mortgagor and each such person

waives such proof and hereby consents to the appointment of a receiver.

(d) Excess Monies. Apply on account of the unpaid Liabilities and the

interest thereon or on account of any arrearages of interest thereon, or on account

of any balance due to the Mortgagee after a foreclosure sale of the Mortgaged Property,

or any part thereof, any unexpended moneys still retained by the Mortgagee that

were paid by the Mortgagor to the Mortgagee for the payment of, or as security for

the payment of, taxes, assessments, municipal or governmental rates, charges, Impositions,

Liens, water or sewer rents, or insurance premiums, if any, or in order to secure

the performance of some other act by or obligation of the Mortgagor.

(e) Other Remedies. Exercise any and all other rights and remedies

granted under this Mortgage or now or hereafter existing in equity, at law, by virtue

of statute or otherwise, including, without limitation, the right and power to sell

the whole or any portion of the Mortgaged Property according to law.

12.3 Remedies, Cumulative and Concurrent. The rights and remedies of

the Mortgagee on its own behalf and on behalf of the Holders as provided in this

Mortgage and the other documents securing the indebtedness evidenced by the Securities

will be cumulative and concurrent and may be pursued separately, successively or

together against the Mortgagor or

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against other obligors or against the Mortgaged Property, or any one or more of

them, in the sole and absolute discretion of the Mortgagee, and may be exercised

as often as occasion for such pursuit arises. The failure to exercise any such right

or remedy will not be construed as a waiver or release of that right or remedy.

The Mortgagee's consent to any act or omission by subsequent act or omission or

a waiver of the need for such consent in any future or other instance.

12.4 Waiver of Exemptions; Marshalling. Subject to any contrary provisions

contained in this Mortgage, the Mortgagor hereby waives and releases, to the extent

permitted by law:

(a) All benefit that might accrue to the Mortgagor by virtue of any

present or future law exempting the Mortgaged Property or any part of the proceeds

arising from any sale of the Mortgaged Property. from attachment, levy or sale on

execution; and

(b) Exemption from civil process; and

(c) Redemption or extension of time for payment; and

(d) Any right to have the Mortgaged Property marshalled.

12.5 Discontinuance of Proceedings. If the Mortgagee has proceeded

to enforce any right under the Guarantee, the Indenture, the Securities or this

Mortgage or any other document securing the Liabilities and such proceedings have

been discontinued or abandoned for any reason, then in every such case, the Mortgagor

and the Mortgagee will be restored to their former positions and the rights, remedies

and powers of the Mortgagee will continue as if no such proceedings had been taken.

12.6 Application of Proceeds. In the event of any sale of the Mortgaged

Property by foreclosure, through suit in equity, by publication or otherwise, the

proceeds of any such sale shall be applied in the manner set forth in Section 506

of the Indenture.

13. No Waivers, Etc. Any failure by the Mortgagee to insist upon the strict

performance by the Mortgagor of any of the terms and provisions of this Mortgage

shall not be deemed to be a waiver of any of the terms and provisions hereof, and

the Mortgagee, notwithstanding any such failure, shall have the right thereafter

to insist upon the strict performance by the Mortgagor of any and all of the terms

and provisions of this Mortgage to be performed by the Mortgagor; neither the Mortgagor

nor any other person now or hereafter obligated for the payment of the whole or

any part of the sums now or hereafter secured by this Mortgage, including, but not

limited to, any guarantor, shall be relieved of such obligation by reason of the

failure of the Mortgagee to comply with any request of the Mortgagor, or of any

other person so obligated, to take action to foreclose this Mortgage or otherwise

enforce any of the provisions of this Mortgage or any provisions relating to the

Liabilities including the indebtedness evidenced by the Securities, or by reason

of the release, regardless of consideration, of the whole or any part of the security

held for the indebtedness evidenced by the Securities or the Liabilities, or by

reason of any agreement or stipulation between any subsequent owner or owners of

the Mortgaged Property and the Mortgagee extending the time of payment or modifying

the terms of the Securities or this Mortgage, without first having obtained the

consent

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of the Mortgagor or such other person and, in the last-mentioned event, the Mortgagor

and all such other persons shall continue to be liable to make such payments according

to the terms of any such agreement of extension or modification unless expressly

released and discharged in writing by the Mortgagee; the Mortgagee may release,

regardless of consideration and without the necessity for any notice to or consent

by the holder of any subordinate Lien on the Mortgaged Property as may be permitted

pursuant to the terms of the Indenture, any part of the security held for the indebtedness

evidenced by the Securities or the Liabilities without, as to the remainder of the

security, impairing or affecting the Lien of this Mortgage or the priority of such

Lien over any subordinate Lien; the holder of any subordinate Lien on the Mortgaged

Property shall have no right to terminate any lease affecting the same, or any part

thereof, whether or not such lease be subordinate to this Mortgage; and the Mortgagee

may resort for the payment of the indebtedness evidenced by the Securities or the

Liabilities secured to any other security therefor held by the Mortgagee in such

order and manner as the Mortgagee may elect.

14. Revenue Stamps. If at any time the United States of America or the

State of New Jersey shall require internal revenue or other stamps to be affixed

to the Securities or this Mortgage, the Mortgagor will pay for the same, together

with any interest or penalties imposed in connection therewith.

15. Notices. (a) Any request, demand, authorization, direction, notice,

consent, waiver or other document provided or permitted by this Mortgage to be made

upon, given or furnished to, or filed with:

(1) the Mortgagee shall be sufficient for every purpose hereunder if in

writing and mailed postage prepaid, by registered or certified mail, return receipt

requested, or delivered personally, to the Mortgagee at:

Wells Fargo Bank, National Association

MAC N9303-121

P.O. Box 1517

Minneapolis, Minnesota 55480

with a copy, in the case of any notice from the Mortgagor to the Mortgagee, given

in one of the foregoing manners to:

Jones Day

222 East 41st Street

New York, New York 10017

Tel.: 212-326-3939

Attention: Donald F. Devine, Esq.

(provided that any failure by the Mortgagor to furnish such a copy shall not affect

the sufficiency of any such request, demand, authorization, direction, notice, consent,

waiver or other document with respect to the Mortgagee); and

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(2) the Mortgagor shall be sufficient for every purpose hereunder if in

writing and mailed postage prepaid, registered or certified mail, return receipt

requested, or delivered personally, to the Mortgagor, addressed to it at:

The Sands Hotel and Casino

Indiana Avenue and Brighton Park

Atlantic City, New Jersey 08401

Attention: Patricia Wild, Esq.

or at any other address previously furnished in writing to the Mortgagee by the

Mortgagor, with a copy given in one of the foregoing manners to:

Jones Day

222 East 41st Street

New York, New York 10017

Tel.: 212-326-3939

Attention: Donald F. Devine, Esq.

and also to the Guarantor at the address provided in the Indenture (provided that

any failure to furnish such copies shall not affect the sufficiency of any such

demand, request, authorization, direction, notice, consent, waiver or other document

provided or permitted to be made, given or furnished in connection with this mortgage).

(b) In the event that a notice is given by personal delivery as provided

in this Section 15, the party giving such notice shall, within three days after

such personal delivery, also give such notice by mail as provided in subsection

15(a) above, provided that such notice shall be effective as of the date of personal

delivery.

16. Modification; Amendment. This Mortgage may not be modified, amended,

discharged, waived in whole or in part except by an agreement in writing signed

by the party against whom enforcement of any such modification, amendment, discharge

or waiver is sought.

17. Partial Invalidity. In the event any one or more of the provisions

contained in this Mortgage shall for any reason be held to be invalid, illegal or

unenforceable, in any respect, such invalidity, illegality or unenforceability shall

not affect any other provision hereof, but each shall be construed as if such invalid,

illegal or unenforceable provision had never been included.

18. No Subordinate Financing. The Mortgagor shall not execute or deliver,

or suffer to exist, any pledge, security agreement, or mortgage (other than this

Mortgage and the Permitted Encumbrances) covering all or any portion of the Mortgaged

Property except as expressly permitted under Section 1014 of the Indenture.

19. Intentionally Omitted.

20. Security Agreement. It is the intention of the parties hereto that

this Mortgage shall constitute a security agreement within the meaning of the Uniform

Commercial Code with respect to the Fixtures, and that a security interest shall

attach thereto for the benefit of the

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Mortgagee to secure the Liabilities and all other sums and charges which may become

due hereunder or secured hereby. The Mortgagor hereby authorizes the Mortgagee to

file financing and continuation statements with respect to the Fixtures in which

the Mortgagor has a mortgageable interest, without the signature of the Mortgagor

whenever lawful and, upon written request, the Mortgagor shall promptly prepare

and execute financing and continuation statements reasonable and necessary to establish

and maintain a valid security interest hereunder in form reasonably satisfactory

to the Mortgagee to further evidence and secure the Mortgagee's interest in the

Fixtures, and shall pay all filing fees in connection therewith. Upon the occurrence

of an Event of Default under this Mortgage, the Mortgagee, pursuant to Section 9-501(4)

of the Uniform Commercial Code, as said Section is currently constituted or may

be hereafter amended, shall have the option of proceeding as to both real and personal

property in accordance with its rights and remedies in respect of the real property,

in which event the default provisions of the Uniform Commercial Code shall not apply.

The parties agree that in the event that the Mortgagee elects to proceed with respect

to the Fixtures separately from the real property, ten (10) days' notice of the

sale of the Fixtures shall be reasonable notice.

21. Successors and Assigns. All covenants of the Mortgagor contained in

this Mortgage are imposed solely and exclusively for the benefit of the Mortgagee

on its own behalf and on behalf of the Holders and its successors and assigns, and

no other person shall have standing to require compliance with such covenants or

shall, under any circumstances, be deemed to be a beneficiary of such covenant,

any or all of which may be freely waived in whole or in part by the Mortgagee at

any time if in its sole discretion it deems it advisable to do so. But all such

covenants of the Mortgagor shall run with the Land and bind the Mortgagor, the successors

and assigns of the Mortgagor (and each of them) and all subsequent owners, encumbrancers

and tenants of the Mortgaged Premises, and shall enure to the benefit of the Mortgagee,

its successors and assigns. The word "Mortgagor" shall be construed as if it read

"Mortgagors" whenever the sense of this Mortgage so requires and shall include all

successors and assigns of the Mortgagor. The word "Mortgagee" shall be construed

to mean the Mortgagee named herein and the successors and assigns thereof. The Mortgagor

understands and agrees that whenever herein the Mortgagee's consent is required,

the Mortgagee may be obligated, prior to giving such consent, to obtain the agreement

of the Holders as required in the Indenture and, in such event, the Mortgagee's

obligation to deliver any such consent to the Mortgagor shall be subject to the

Mortgagee first obtaining the required Holders' consent. All covenants, agreements

and obligations of the Mortgagee hereunder shall inure to the benefit of the Mortgagor

and its successors and assigns and shall be binding upon the Mortgagee, Holders,

participants and their respective successors and assigns.

22. Governing Law. This Mortgage and all matters relating or pertaining

to this Mortgage shall be governed, construed and enforced by and under the laws

of the State of New Jersey.

23. Space Leases; Leasehold Estate.

23.1 All Space Leases of all or any portion of the Mortgaged Property

hereafter entered into after the date hereof by the Mortgagor (i) will be subordinated

to the Lien created by this Mortgage unless Mortgagee directs otherwise and (ii)

shall provide that following the sale of the Mortgaged Property or any part thereof

through foreclosure or otherwise, or following

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conveyance of the Mortgaged Property or any part thereof by deed or assignment

in lieu of foreclosure, the Space Tenant under each such Space Lease will, upon

ten (10) days' written notice from the purchaser of the Mortgaged Property or any

part thereof (or its assignee) given within sixty (60) days after the sale thereof,

attorn to such purchaser or assignee as the direct tenant of such purchaser or assignee.

23.2 The Mortgagor shall duly and punctually perform and serve all

of the material terms, covenants and conditions of the Space Leases required to

be performed and observed by it as landlord thereunder substantially in accordance

with the terms thereof. The Mortgagor will further do all things reasonably necessary

to preserve and keep unimpaired its rights under all Space Leases. The Mortgagor

shall require all Space Tenants to observe, keep and perform all material covenants

and agreements imposed upon them under the Space Leases. The Mortgagor shall appear

in and defend any action or proceeding arising under or in any manner connected

with any of the Space Leases.

23.3 The Mortgagor shall furnish to the Mortgagee a copy of each Space

Lease promptly after its execution. At any time, and from time to time, upon request

and on reasonable notice from the Mortgagee, the Mortgagor shall deliver to the

Mortgagee a schedule of all Space Leases then in effect, which schedule shall include

the following: (i) the name of the Space Tenant under the Space Lease; (ii) a description

of the space leased thereunder in form satisfactory to the Mortgagee, including

but not limited to the approximate number of square feet leased thereunder, type

of activity performed under such lease and type of space leased; (iii) the rental

rate, including any escalations, if any; (iv) the term of the Space Lease and a

description of any renewal options; and (v) such other information as the Mortgagee

may reasonably request.

23.4 "Space Leases" shall mean any and all leases, licenses, concessions

or other agreements (written now or hereafter in effect), which grant a possessory

interest in and to, or the right to use part of the Mortgaged Property. "Space Tenant"

shall mean the tenant or other user or occupant of such part of the Improvements.

23.5 With respect to the Madison House Lease and the Leasehold Estate

created thereby:

(a) The Mortgagor shall fully perform and comply with all agreements,

terms, covenants, obligations and conditions of the lessee under the Madison House

Lease within the time periods provided therein.

(b) The Mortgagor shall not, without the Mortgagee's prior written

consent (which shall not be unreasonably withheld or delayed), (i) modify, amend,

supplement, terminate or cancel the Madison House Lease, (ii) assign, transfer or

otherwise convey all or any portion of the Leasehold Estate or (iii) surrender or

abandon the Leasehold Estate.

(c) The Mortgagor shall give prompt written notice to the Mortgagee

of the occurrence of any default or event of default by the lessor or the Mortgagor

under the Madison House Lease.

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(d) No release, forbearance or forgiveness of any of the Mortgagor's

obligations under the Madison House Lease shall release or otherwise affect the

Mortgagor's obligations under this Mortgage.

24. Indenture. This Mortgage has been executed and delivered pursuant

to the terms of the Indenture and is entitled to the benefits of the Indenture.

25. Further Assurances. The Mortgagor will, at any time and from time

to time after the execution and delivery of this Mortgage, promptly upon request,

execute and deliver such further deeds of trust, mortgages, instruments of further

assurances and other documents and do such further acts and things as the Mortgagee

may reasonably request in order to evidence further the Lien and security interest

of this Mortgage, pursuant to its terms and to protect further the security of the

Mortgagee on its own behalf and on behalf of the Holders, and otherwise to effect

fully the purposes of this Mortgage.

26. Escrowed Sums. In order to more fully protect the security of this

Mortgage and to insure the payment of Impositions and insurance premiums, from and

after the occurrence of an Event of Default hereunder and until such Event of Default

is cured, the Mortgagor shall pay to the Mortgagee and as "Escrowed Sums", in monthly

installments in advance, an amount equal to the pro rata sum of (a) Impositions

(estimated wherever necessary) to become due for the tax year during which such

payment is so directed and (b) the insurance premiums for the same year for those

insurance policies as are required hereunder. If the Mortgagee determines that any

amounts theretofore paid by the Mortgagor are insufficient for the payment in full

of such Impositions and insurance premiums, the Mortgagee shall notify the Mortgagor

of the increased amounts required to provide a sufficient fund, whereupon the Mortgagor

shall pay to the Mortgagee, within thirty (30) days thereafter the additional amount

as stated in such notice by the Mortgagee. The Escrowed Sums shall be held by the

Mortgagee and upon written request of the Mortgagor invested in Cash Equivalents

and shall not be commingled with the Mortgagee's other funds and shall be paid directly

by the Mortgagee to the applicable Governmental Authority or the insurance companies

entitled thereto. Upon assignment of its rights under this Mortgage, the Mortgagee

shall have the right to pay over the balance of the Escrowed Sums then in its possession

to the assignee and upon assumption of such liability by the assignee, the Mortgagee

on its own behalf and on behalf of the Holders shall become completely released

from all liability with respect thereto. Upon full payment of the Liabilities or

at such earlier time as the Mortgagee may elect, the balance of the Escrowed Sums

in the Mortgagee's possession shall be paid over to the Mortgagor and no other party

shall have any right or claim thereto. If no Event of Default shall be continuing

hereunder, the Escrowed Sums shall, at the option of the Mortgagee, be repaid to

the Mortgagor in sufficient time to allow the Mortgagor to satisfy the Mortgagor's

obligations under this Mortgage to pay Impositions and the required insurance premiums;

or be paid directly by the Mortgagee to the applicable Governmental Authority and

the insurance company entitled thereto. If an Event of Default shall be continuing

hereunder, however, the Mortgagee shall have the additional option of crediting

the full amount of the Escrowed Sums against the Liabilities. Notwithstanding anything

to the contrary contained in this Section 26 or elsewhere in this Mortgage, the

Mortgagee hereby reserves the right to waive the payment by the Mortgagor to the

Mortgagee of the Escrowed Sums, and, in the event that the Mortgagee does so waive

such payment, it shall be without prejudice to the Mortgagee's rights to insist,

at any subsequent time or times, that such payments be made in accordance herewith.

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27. Release by Mortgagee. Any release of, regardless of consideration,

any part of the Mortgaged Property or any other collateral security for any of the

Liabilities or the indebtedness evidenced by the Securities will not in any way

impair, affect, subordinate or release the Lien or security interests created in

or evidenced by this Mortgage or its stature as a Lien and security interest in

and to the Mortgaged Property. For payment of the Liabilities or the indebtedness

evidenced by the Securities, the Mortgagee may resort to the security of the Mortgage

and/or any other security held by the Mortgagee on its own behalf and on behalf

of the Holders in such order and manner as the Mortgagee may elect. The Mortgagee

may, to the full extent that it may lawfully do so, pursue any one or more remedies

permitted or referred to hereunder or under applicable law to enforce the provisions

of this Mortgage, to collect the Liabilities or the indebtedness evidenced by the

Securities or to realize upon the security given therefor at the same time or at

different times without in any way impairing or waiving its right to pursue any

other remedy or remedies so provided.

28. Waiver of Damages. Except as to claims arising out of the negligence

or willful misconduct of the Mortgagee, the Mortgagor further waives any claim against

the Mortgagee for consequential, special or punitive damages arising in connection

with the Indenture, this Mortgage or any of the other documents securing the Securities,

and further waives the right to interpose any defense based on any statute of limitations

or any claim of laches arising in connection with the Indenture or this Mortgage

and any setoff or counterclaim of any nature or description.

29. Unenforceability. If any term, covenant, condition or provision of

this Mortgage or the application thereof to any circumstance or to any person, firm

or corporation shall be invalid or unenforceable to any extent, the remaining terms,

covenants, conditions and provisions of this Mortgage or the application thereof

to any circumstances or to any Person, other than those as to which any term, covenant,

condition or provision is held invalid or unenforceable, shall not be affected or

impaired thereby and each remaining term, covenant, condition and provision of this

Mortgage shall be valid and shall be enforceable to the fullest extent permitted

by law.

30. Spill Compensation and Control Act and Industrial Site Recovery Act.

Industrial Site Recovery Act.

A. Representations and Warranties.

For the purposes of this Section 30, the Mortgagor makes the following

representations only as to properties owned, occupied and/or leased by it and solely

on its own behalf:

(1) To the best of the Mortgagor's knowledge, none of the real property

owned, occupied and/or leased by the Mortgagor, and located in the State of New

Jersey, including, but not limited to the Mortgaged Premises, has ever been used

by previous owners and/or operators to refine, produce, store, handle, transfer,

process, transport, generate, manufacture, treat or dispose of "Hazardous Substances",

as such term is defined in N.J.S.A. 58:10-23.11b(k), and the Mortgagor has not in

the past used, nor does intend in the future to use, its said real property, including,

but not limited to the Mortgaged Premises, for the purpose of refining, producing,

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storing, handling, transferring, processing, transporting, generating, manufacturing,

treating or disposing of said "Hazardous Substances".

(2) None of the real property owned, occupied and/or leased by it and

located in the State of New Jersey, including, but not limited to the Mortgaged

Premises, has been or is now being used or, to the best of Mortgagor's knowledge,

has been used as a "Major Facility", as such term is defined in N.J.S.A. 58:10-23.11b(1),

and said real property, including, but not limited to the Mortgaged Premises, will

not be used as a "Major Facility" after completion of any construction, renovation,

restoration and other developmental work which the Mortgagor may undertake thereon.

(3) To the best of the Mortgagor's knowledge, no Lien has been attached

to any revenues or any real or personal property owned, occupied and/or leased by

the Mortgagor, and located in the State of New Jersey, including, but not limited

to, the Mortgaged Premises, as a result of the chief executive of the New Jersey

Spill Compensation Fund expending monies from said fund to pay for "Damages", as

such term is defined in N.J.S.A. 58:10-23.11(g) and/or "Cleanup and Removal Costs",

as such term is defined in N.J.S.A. 58:10-23 11b(d), arising from an intentional

or unintentional action or omission of the Mortgagor or any previous owner and/or

operator of said real property, including, but not limited to the Mortgaged Premises,

resulting in the releasing, spilling, pumping, pouring, emitting, emptying or dumping

of "Hazardous Substances", as such term is defined in N.J.S.A. 58.10-23.11b(k),

into the waters of the State of New Jersey or onto lands from which it might flow

or drain into said waters or into waters outside the jurisdiction of the State of

New Jersey where damage may have resulted to the lands, waters, fish, shellfish,

wildlife, biota, air and other resources owned, managed, held in trust or otherwise

controlled by the State of New Jersey.

(4) To the best of Mortgagor's knowledge, the Mortgagor has not received

a summons, citation, directive, letter or other written communication from the New

Jersey Department of Environmental Protection concerning any intentional or unintentional

action or omission on the Mortgagor's part resulting in the releasing, spilling,

leaking, pumping, pouring, emitting, emptying or dumping of "Hazardous Substances",

as such term is defined in N.J.S.A. 58:10-23.11b(k), into the waters or onto the

lands of the State of New Jersey, or into the waters outside the jurisdiction of

the State of New Jersey resulting in damage to the lands, waters, fish, shellfish,

wildlife, biota, air and other resources owned, managed, held in trust or otherwise

controlled by and within the jurisdiction of the State of New Jersey.

(5) To the best of the Mortgagor's knowledge, none of the real property

owned, occupied and/or leased by the Mortgagor and located in the State of New Jersey,

including, but not limited to the Mortgaged Property, has ever been used by previous

owners and/or operators to generate, manufacture, refine, transport, treat, store,

handle or dispose of "Hazardous Substances", or "Hazardous Wastes", as such terms

are defined in N.J.A.C. 7:1-3.3, and the Mortgagor does not intend to use any of

its real property, including, but not limited to the Mortgaged Property for such

purposes.

(6) In connection with the purchase of the Mortgaged Premises and any

other real property acquired by the Mortgagor on or after January 1, 1984, the Mortgagor

required that the Seller of said real property, including the Mortgaged Property,

comply with the provisions of the

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New Jersey Industrial Site Recovery Act (N.J.S.A. 13:1k-6 et seq.) and the Seller

did comply therewith.

(7) If and to the extent required by applicable law, the Mortgagor has

conducted a complete and thorough on-site inspection of the Mortgaged Property,

including, but not limited to, a geohydrological survey of soil and sub-surface

conditions as well as other tests, to determine the presence of "Hazardous Substances"

or "Hazardous Wastes", as such terms are defined in N.J.A.C. 7:1-3.3, and the Mortgagor

found no evidence of the presence of said "Hazardous Substances" or Hazardous Wastes"

on or in the Mortgaged Property.

B. Covenants.

(1) If the Mortgagor is presently an owner or operator of a "Major Facility"

in the State of New Jersey, as such term is defined in N.J.S.A. 58:10-23.11b(1),

or if the Mortgagor ever becomes such an owner or operator, then the Mortgagor shall

furnish the New Jersey Department of Environmental Protection with all the information

required by N.J.S.A. 58:10-23.11d to the extent applicable.

(2) The Mortgagor shall not cause or permit to exist, as a result of an

intentional or unintentional action or omission on its part, a releasing, spilling,

leaking, pumping, emitting, pouring, emptying or dumping of a "Hazardous Substance",

as such term is defined in N.J.S.A. 58:10-23.11b(k) into waters of the State of

New Jersey or onto the lands from which it might flow or drain into said waters.

or into waters outside the jurisdiction of the State of New Jersey where damage

may result to the lands, waters, fish, shellfish, wildlife, biota, air and other

resources owned, managed, held in trust or otherwise controlled by the State of

New Jersey unless said spill, leak, etc. is pursuant to and in compliance with the

conditions of a permit issued by the appropriate federal or state governmental authorities.

(3) So long as the Mortgagor shall own or operate any real property located

in the State of New Jersey, which is used as a "Major Facility", as such term is

defined in N.J.S.A. 58:10-23.11b(1), the Mortgagor shall duly file or cause to be

duly filed with the Director of the Division of Taxation in the New Jersey Department

of the Treasury, a tax report or return and shall pay or make provision for the

payment of all taxes due therewith, all in accordance with and pursuant to N.J.S.A.

58:10-23.11h to the extent applicable.

(4) In the event that there shall be filed a Lien against the Mortgaged

Premises by the New Jersey Department of Environmental Protection, pursuant to and

in accordance with the provisions of N.J.S.A. 58:10-23.11f(f), as a result of the

chief executive of the New Jersey Spill Compensation Fund having expended monies

from said fund to pay for "Damages", as such term is defined in N.J.S.A. 58:10-23.11g.

and/or "Cleanup and Removal Costs", as such term is defined in N.J.S.A. 58:10-23.11b(d),

arising from an intentional or unintentional action or omission of the Mortgagor,

resulting in the releasing, spilling, pumping, pouring, emitting, emptying or dumping

of "Hazardous Substances", as such term is defined in N.J.S.A. 58:10-23.11b(k) into

the waters of the State of New Jersey or onto lands from which it might flow or

drain into said waters, then the Mortgagor shall, within thirty (30) days from the

date that the Mortgagor is given notice that the Lien has been placed against the

Mortgaged Premises or within such shorter period of time in the event that the State

of New Jersey has commenced steps

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to cause the Mortgaged Premises to be sold pursuant to the Lien, either (i) pay

the claim and remove the Lien from the Mortgaged Premises, or (ii) furnish (a) a

bond reasonably satisfactory to the Mortgagee in the amount of the claim out of

which the Lien arises, (b) a cash deposit in the amount of the claim out of which

the Lien arises, or (c) other security reasonably satisfactory to the Mortgagee

in an amount sufficient to discharge the claim out of which the Lien arises (a commitment

of a reputable title insurance company to affirmatively insure over or omit such

claim shall constitute such reasonably satisfactory security).

(5) Should the Mortgagor cause or permit any intentional or unintentional

action or omission resulting in the releasing, spilling, leaking, pumping, pouring,

emitting, emptying or dumping of "Hazardous Substances", as such term is defined

in N.J.S.A. 58:10-23.11b(k), into the waters or onto the lands of the State of New

Jersey, or into the waters outside the jurisdiction of the State of New Jersey resulting

in damage to the lands, waters, fish, shellfish, wildlife, biota, air or other resources

owned, managed or held in trust or otherwise controlled by the State of New Jersey,

without having obtained a permit issued by the appropriate governmental authorities,

the Mortgagor shall promptly clean up such spill, leak, pumping, pouring, emission,

emptying or dumping, if so required by the Department of Environmental Protection

in accordance with the provisions of the New Jersey Spill Compensation and Control

Act and all other applicable law.

C. Exceptions

Notwithstanding Subsections A and B above.

(1) With respect to Lot 12 in Block 47 of the Tax Map of the City of Atlantic

City, two underground oil storage tanks were abandoned in place in accordance with

applicable regulations of the New Jersey Department of Environmental Protection

("NJDEP") and the Mortgagor maintains an above ground oil storage tank on such property.

(2) The prior owner of Lots 1-6, 9, and 10 in Block 47 abandoned in place

3 underground storage tanks (the "Midtown Bala Properties"), completed product recovery

operations and well closure activities with respect to spilled oil product which

respect to one such tank, and received "no further action" letters from the NJDEP

with respect to such company to remove asbestos from its Midtown Bala Properties

improvements prior to the demolition thereof.

(3) The Sands may store small quantities of substances that may be "hazardous"

substances to use in the ordinary course of operating its casino hotel.

31. Each of the provisions of this Mortgage is subject to and shall be

enforced in compliance with the provisions of the Casino Control Act.

32. In this Mortgage, whenever the context so requires, the masculine

gender shall include the feminine and/or neuter and the singular number shall include

the plural and conversely in each case.

THE MORTGAGOR ACKNOWLEDGES THAT THE MORTGAGOR HAS RECEIVED FROM THE MORTGAGEE

WITHOUT CHARGE A TRUE COPY OF THIS

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INSTRUMENT STAMPED "COPY" AND ON WHICH SUCH COPY IS A CERTIFICATION BY THE MORTGAGEE

THAT SUCH INSTRUMENT IS A TRUE COPY OF THIS MORTGAGE.

33. Notwithstanding anything to the contrary herein contained or contained

in the Indenture, the Security Agreement or any document executed in connection

therewith: (i) Mortgagor shall have the right to sell, transfer and convey (the

"Sale") the Mortgaged Property in whole or in part (including, without limitation,

in a transaction involving a parcel of Land together with all Improvements and Fixtures

thereon and all Space Leases pertaining thereto) (the parcel(s) which is the subject

of such Sale is hereinafter referred to as the "Conveyed Property") and in connection

therewith obtain from Mortgagee a release of the Conveyed Property from the Lien

of this Mortgage and the Security Agreement provided that such Sale is made in accordance

with the provisions of Section 1017 of the Indenture as if such Sale was an Asset

Sale, as that term is defined in the Indenture, regardless of whether such Sale

was in fact an Asset Sale. In connection therewith, Mortgagee shall execute, acknowledge

and deliver to Mortgagor such documents as Mortgagor may reasonable require to effectuate

such release; and (ii) Mortgagor shall have the right to lease (the "Lease") the

Mortgaged Property in whole or in part (a parcel of Land together with all Improvements

and Fixtures thereon and all Space Leases pertaining thereto) (the parcel(s) which

is the subject of such Lease is hereinafter referred to as the "Leased Property")

pursuant to a long term ground lease or operating lease and in connection therewith

obtain from Mortgagee a nondisturbance agreement reasonably satisfactory to Mortgagor

to such Lease provided that the rentals provided for in such Lease, in the aggregate,

represents the fair market value of a lease of the Leased Property at that time.

\* \* \* \*

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IN WITNESS WHEREOF, the Mortgagor has caused this Mortgage to be signed

in its name.

ACE GAMING, LLC

By: /s/ Patricia Wild

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Name: Patricia Wild

Title: Vice President, General Counsel,

Secretary

Attest:

By: /s/ Douglas S. Niethold

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COUNTY OF NEW YORK )

:SS.: STATE OF NEW YORK )

BE IT REMEMBERED, that on this 22nd day of July 2004, before me, the subscriber,

a Notary Public of the State of New York, personally appeared, Patricia Wild, the

Vice President, General Counsel and Secretary of ACE Gaming, LLC, a New Jersey limited

liability company and the assignor named in the within instrument, who I am satisfied

is the person who executed the within instrument, as the Vice President, General

Counsel and Secretary of said company, and she acknowledged that she signed and

delivered the same as such officer, that the within instrument is the voluntary

act and deed of such company made by virtue of authority of its members, on behalf

of and as the voluntary act and deed of the company, for the uses and purposes therein

expressed, and that he received a true copy of the within instrument on behalf of

the assignor named therein.

Subscribed before me this 22nd day of July 2004.

/s/ Ellen Warren - ----------------------------- Notary Public

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COUNTY OF NEW YORK )

:SS.: STATE OF NEW YORK )

On July 22, 2004 before me, the subscriber, a Notary Public of the State of New

York, personally appeared Douglas S. Niethold who being by me duly sworn according

to law on his oath saith that he is the Vice-President, Finance and Chief Financial

Officer of ACE Gaming, LLC, a New Jersey limited liability company, the above-named

Mortgagor; that Patricia Wild is the Vice President, General Counsel and Secretary

of the said company; that he saw the said Vice President, General Counsel and Secretary

sign the Mortgage as the act and deed of said company, she being thereunto duly

authorized; and that he signed his name to the Mortgage as an attesting witness.

/s/ Ellen Warren

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Notary Public of the State of New York

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SCHEDULE A-1

Casino Land

TRACT #1:

BEGINNING at a point, in the Easterly line of Illinois Avenue, distant 350 feet

Southwardly from the Southerly line of Pacific Avenue; and extending thence

(1) Eastwardly, parallel with Pacific Avenue 151 feet to the Westerly line

of Mt. Vernon Avenue; thence

(2) Southwardly, in and along the said Westerly line of Mt. Vernon Avenue,

50 feet; thence

(3) Westwardly, parallel with Pacific Avenue, 151 feet to the Easterly line

of Illinois Avenue; thence

(4) Northwardly, in and along the said Easterly line of Illinois Avenue, 50

feet to the place of BEGINNING.

BEING KNOWN AS Part of Lot 10 in Block 48, formerly known as part of Lot 191 in

Block 26, as shown on the Tax Map of the City of Atlantic City.

Illinois Avenue now known as Dr. Martin Luther King Boulevard.

TRACT #2:

BEGINNING at a point in the Easterly line of Illinois Avenue 400 feet South of

Pacific Avenue, and extending thence

(1) Eastwardly, parallel with Pacific Avenue, 151 feet to the Westerly line

of Mt. Vernon Avenue; thence

(2) Southwardly, along same 50 feet; thence

(3) Westwardly, parallel with Pacific Avenue, 151 feet to the Easterly line

of Illinois Avenue; thence

(4) Northwardly, along same 50 feet to the BEGINNING.

BEING KNOWN AS Part of Lot 10 in Block 48, formerly known as part of Lot 191 in

Block 26, as shown on the Tax Map of the City of Atlantic City.

Illinois Avenue now known as Dr. Martin Luther King Boulevard.

TRACT #3:

BEGINNING at a point in the Westerly line of Kentucky Avenue (50 feet wide), said

point being distant 200.00 feet South of the Southerly line of Pacific Avenue (60

feet wide); and extending from said beginning point the following courses and distances:

(1) South 27 degrees 28 minutes 00 second East, in and along the Westerly

line of Kentucky Avenue, a distance of 50.00 feet to a point; thence

(2) South 62 degrees 32 minutes 00 seconds West, parallel with Pacific

Avenue, a distance of 180.00 feet to the Easterly line of Mt. Vernon

Avenue (19 feet wide); thence

(3) North 27 degrees 28 minutes 00 seconds West, in and along the Easterly

line of Mt. Vernon Avenue, a distance of 50.00 feet to a point; thence

(4) North 62 degrees 32 minutes 00 seconds East, parallel with Pacific

Avenue, a distance of 180.00 feet to the point and place of BEGINNING.

BEING KNOWN AS Part of Lot 10 in Block 49, formerly known as part of Lot 192 in

Block 26, as shown on the Tax Map of the City of Atlantic City.

TRACT #4:

BEGINNING at a point in the Easterly line of Mt. Vernon Avenue (19 feet wide),

said point being distant 250.00 feet South of the Southerly line of Pacific Avenue

(60 feet wide); and extending from said beginning point the following course and

distances:

(1) North 62 degrees 32 minutes 00 seconds East, parallel with Pacific

Avenue, a distance of 30.00 feet to a point; thence

(2) South 27 degrees 28 minutes 00 seconds East, parallel with Mt. Vernon

Avenue, a distance of 50.00 feet to a point; thence

(3) South 62 degrees 32 minutes 00 seconds West, parallel with Pacific

Avenue, a distance of 30.00 feet to the Easterly line of Mt. Vernon

Avenue; thence

(4) North 27 degrees 28 minutes 00 seconds West, in and along the Westerly

line of Mt. Vernon Avenue, a distance of 50.00 feet to the point and

place of BEGINNING.

BEING KNOWN AS Part of Lot 10 in Block 49, formerly known as Part of Lot 192 in

Block 26, as shown on the Tax Map of the City of Atlantic City.

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TRACT #5:

BEGINNING in the Westerly line of Kentucky Avenue, 250 feet Southwardly from Pacific

Avenue; and extending thence

(1) Westwardly, parallel with Pacific Avenue, 150 feet; thence

(2) Southwardly, parallel with Kentucky Avenue, 50 feet; thence

(3) Eastwardly. parallel with Pacific Avenue, 150 feet to the Westerly line

of Kentucky Avenue; thence

(4) Northwardly, in and along same 50 feet to the point and place of

BEGINNING.

BEING KNOWN AS Part of Lot 10 in Block 49, formerly known as Part of Lot 192 in

Block 26, as shown on the Tax Map of the City of Atlantic City.

TRACT #6:

BEGINNING at a point in the Westerly line of Kentucky Avenue 300 feet Southwardly

from the Southerly line of Pacific Avenue; and extending thence

(1) Westwardly, parallel with Pacific Avenue, 180 feet; thence

(2) Southwardly, parallel with Kentucky Avenue, 50 feet; thence

(3) Eastwardly, parallel with Pacific Avenue, 180 feet to the Westerly line

of Kentucky Avenue; thence

(4) Northwardly, along same, 50 feet to the place of BEGINNING.

BEING KNOWN AS Part of Lot 10 in Block 49, formerly known as Part of Lot 192 in

Block 26, as shown on the Tax Map of the City of Atlantic City.

TRACT #7:

BEGINNING at a point in the Westerly line of Kentucky Avenue (50 feet wide) said

point being distant 350.00 feet South of the Southerly line of Pacific Avenue (60

feet wide); and extending from said beginning point in the following course and

distances:

(1) South 27 degrees 28 minutes 00 seconds East, in and along the Westerly

line of Kentucky Avenue, a distance of 91.40 feet; thence

(2) South 62 degrees 32 minutes 00 seconds West, parallel with Pacific

Avenue, a distance of 4.00 feet; thence

(3) South 27 degrees 28 minutes 00 seconds East, parallel with Kentucky

Avenue, a distance of 1.00 feet; thence

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(4) South 62 degrees 32 minutes 00 seconds West, parallel with Pacific

Avenue, a distance of 26.00 feet; thence

(5) South 27 degrees 28 minutes 00 seconds East, parallel with Kentucky

Avenue, a distance of 0.75 feet; thence

(6) South 62 degrees 32 minutes 00 seconds West, parallel with Pacific

Avenue, a distance of 16.60 feet; thence

(7) South 27 degrees 28 minutes 00 seconds East, parallel with Kentucky

Avenue, a distance of 10.00 feet; thence

(8) South 62 degrees 32 minutes 00 seconds West, parallel with Pacific

Avenue, a distance of 133.40 feet to the Easterly line of Mt. Vernon

Avenue (19 feet wide); thence

(9) North 27 degrees 28 minutes 00 seconds West, in and along the Easterly

line of Mt. Vernon Avenue, a distance of 103.15 feet; thence

(10) North 62 degrees 32 minutes 00 seconds East, parallel with Pacific

Avenue, a distance of 180.00 feet to the point and place of BEGINNING.

BEING KNOWN AS Part of Lot 10 in Block 49, formerly known as Part of Lot 192 in

Block 26, as shown on the Tax Map of the City of Atlantic City.

ALSO BEING KNOWN AS proposed Lot 119.01 in Block 26 as shown on minor subdivision

plan prepared by Dennis E. Duffy Associates, dated September 26, 1985 and filed

in the Atlantic County Clerk's Office on February 6, 1986 as Map #2358.

TRACT #8:

BEGINNING at a point in the Easterly line of Indiana Avenue (60 feet wide), said

beginning point being South 27 degrees 28 minutes 00 seconds East, 200.10 feet from

where the Easterly line of Indiana Avenue is intersected by the Southerly line of

Pacific Avenue (60 feet wide); and extending thence

(1) South 27 degrees 28 minutes 00 seconds East, in and along the Easterly

line of Indiana Avenue, 305.54 feet to a point; thence

(2) North 62 degrees 30 minutes 00 seconds East, parallel with Pacific

Avenue 350.75 feet to a point in the Westerly line of Illinois Avenue

(50 feet wide); thence

(3) In said Westerly line, North 27 degrees 28 minutes 00 seconds West,

305.64 feet to a point, said point being South 27 degrees 28 minutes 00

seconds East, 200.00 feet from the point of intersection of the

Westerly line of Illinois Avenue, now known as Dr. Martin Luther King

Boulevard with the Southerly line of Pacific Avenue; thence

(4) South 62 degrees 30 minutes 00 seconds West, parallel with Pacific

Avenue and along the line of the lands formerly of the Bala Motel,

150.75 feet to a point; thence

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(5) North 27 degrees 28 minutes 00 seconds West, parallel with Illinois and

Indiana Avenue and along the line of the lands, now or late of the Bala

Motel, 114.00 feet to a point; thence

(6) South 62 degrees 30 minutes 00 seconds West, parallel with Pacific

Avenue, 50.00 feet to a point; thence

(7) South 27 degrees 28 minutes 00 seconds East, parallel with Illinois

Avenue and Indiana Avenue, along the lands now or late of Midtown Motor

Inn, 64.00 feet to a point; thence

(8) North 62 degrees 30 minutes 00 seconds East, still in said line and

parallel with Pacific Avenue 5.00 feet to a point; thence

(9) South 27 degrees 28 minutes 00 seconds East, still in said line and

parallel with Illinois and Indiana Avenue 50.10 to a point; thence

(10) South 62 degrees 30 minutes 00 seconds West, still in said line and

parallel with Pacific Avenue, 155.00 feet to the point and place of

BEGINNING.

SUBJECT to the easement for public right-of-way contained in deed Book 3684, page

254.

BEING KNOWN AS Lot 12 in Block 47, formerly known as Lot 60 in Block 30, as shown

on the Tax Map of the City of Atlantic City.

Illinois Avenue now known as Dr. Martin Luther King Boulevard.

TRACT #9:

PARCEL A:

BEGINNING at a point in the Easterly line of Mt. Vernon Avenue (19 feet wide),

said point being distant 358.00 feet South of the Southerly line of Pacific Avenue

(60 feet wide); and extending from said beginning point, the following courses and

distances:

(1) South 27 degrees 28 minutes 00 seconds East, in and along the Easterly

line of Mt. Vernon Avenue, a distance of 15.15 feet: thence

(2) South 62 degrees 32 minutes 00 seconds West, parallel with Pacific

Avenue and crossing Mt. Vernon Avenue, a distance of 19.00 feet to the

Westerly line of Mt. Vernon Avenue; thence

(3) North 27 degrees 28 minutes 00 seconds West, in and along the Westerly

line of Mt. Vernon Avenue, a distance of 15.15 feet; thence

(4) North 62 degrees 32 minutes 00 seconds East, parallel with Pacific

Avenue and crossing Mt. Vernon Avenue, a distance of 19.00 feet to the

Easterly line of Mt. Vernon Avenue and the point and place of

BEGINNING.

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BEING an area above the horizontal plane of Mt. Vernon Avenue between elevation

50.00 and elevation 70.00, said elevations in reference to U.S.C. and G.S. Datum

(elevation 0.00 = mean sea level).

BEING KNOW AS Lot 19 in Block 49, as shown on the Tax Map of the City of Atlantic

City.

PARCEL B

BEGINNING at a point in the Easterly line of Mt. Vernon Avenue (19 feet wide),

said point being distant 432.00 feet South of the Southerly line of Pacific Avenue

(60 feet wide); and extending from said beginning point the following courses and

distances:

(1) South 27 degrees 28 minutes 00 seconds East, in and along the Westerly

line of Mt. Vernon Avenue, a distance of 18.00 feet; thence

(2) South 62 degrees 32 minutes 00 seconds West, parallel with Pacific

Avenue and crossing Mt. Vernon Avenue, a distance of 19.00 feet to the

Westerly line of Mt. Vernon Avenue; thence

(3) North 27 degrees 28 minutes 00 seconds West, in and along the Westerly

line of Mt. Vernon Avenue, a distance of 18.00 feet; thence

(4) North 62 degrees 32 minutes 00 seconds East, parallel with Pacific

Avenue and crossing Mt. Vernon Avenue, a distance of 19.00 feet to the

Easterly line of Mt. Vernon Avenue and the point and place of

BEGINNING.

BEING an area above the horizontal plane of Mt. Vernon Avenue between elevation

30.00 feet and elevation 50.00, said elevations in reference to U.S.C. and G.S.

Datum (Elevation 0.00 = mean sea level).

BEING KNOW AS Lot 20 in Block 49, as shown on the Tax Map of the City of Atlantic

City.

PARCEL C:

BEGINNING at a point in the Easterly line of Illinois Avenue, now known as Dr.

Martin Luther King Boulevard (50 feet wide), said point being distant 365.50 feet

South of the Southerly line of Pacific Avenue (60 feet wide); and extending from

said beginning point, the following courses and distances:

(1) South 27 degrees 28 minutes 00 seconds East, in and along the Easterly

line of Illinois Avenue, a distance of 15.50 feet; thence

(2) South 62 degrees 32 minutes 00 seconds West, parallel with Pacific

Avenue and crossing Illinois Avenue, a distance of 50.00 feet to the

Westerly line of Illinois Avenue; thence

(3) North 27 degrees 28 minutes 00 seconds West, in and along the Westerly

line of Illinois Avenue, a distance of 15.50 feet; thence

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(4) North 62 degrees 32 minutes 00 seconds East, parallel with Pacific

Avenue and crossing Illinois Avenue, a distance of 50.00 feet to the

Easterly Line of Illinois Avenue and the point and place of BEGINNING.

BEING an area above the horizontal plane of Illinois Avenue between elevation 50.00

and elevation 70.00, said elevations in reference to U.S.C. and G.S. Datum (Elevation

0.00 = mean sea level).

BEING KNOWN AS Lot 19 in Block 47, as shown on the Tax Map of the City of Atlantic

City.

Illinois Avenue now known as Dr. Martin Luther King Boulevard.

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SCHEDULE A-2

Office Land

BEGINNING at a point in the Westerly line of Kentucky Avenue (50 feet wide), distant

441.40 feet South of the Southerly line of Pacific Avenue (60 feet wide), as measured

in and along the aforesaid Westerly line of Kentucky Avenue, said beginning point

being in the division line between Lots 119.01 and 119.02 in Block 26 as shown on

plan of minor subdivision prepared by Dennis E. Duffy Associates, Project No. 3361,

dated September 26, 1985 and filed February 11, 1986, filed Map #2358, and extending

from said beginning point; thence

(1) South 27 degrees 28 minutes 00 seconds East, in and along the aforesaid

Westerly line of Kentucky Avenue, a distance of 108.60 feet to a point

in the Northerly line of Lot 13 in said Block 49; thence

(2) South 62 degrees 32 minutes 00 seconds West, in and along the same and

parallel with Pacific Avenue, a distance of 150.00 feet to a corner

common to Lots 11, 12 and 13 in said Block 49; thence

(3) North 27 degrees 28 minutes 00 seconds West, in and along the Easterly

line of Lot 12 and parallel with Kentucky Avenue, a distance of 50.00

feet to the Northeasterly corner of said Lot 12; thence

(4) South 62 degrees 32 minutes 00 seconds West, in and along the Northerly

line of said Lot 12 and parallel with Pacific Avenue, a distance of

30.00 feet to a point in the Easterly line of Mount Vernon Avenue (19

feet wide); thence

(5) North 27 degrees 28 minutes 00 seconds West, in and along same, a

distance of 46.85 feet to a point in the aforesaid division line

between Lots 11 and 10; thence

(6) North 62 degrees 32 minutes 00 seconds East, in and along same and

parallel with Pacific Avenue, a distance of 133.40 feet to a point;

thence

(7) North 27 degrees 28 minutes 00 seconds West, continuing in and along

the said division line and parallel with Kentucky Avenue, a distance of

10.00 feet to a point; thence

(8) North 62 degrees 32 minutes 00 seconds East, still in and along the

said division line and parallel with Pacific Avenue, a distance of

16.60 feet to a point; thence

(9) North 27 degrees 28 minutes 00 seconds West, still in and along the

said division line and parallel with Kentucky Avenue, a distance of

0.75 feet to a point; thence

(10) North 62 degrees 32 minutes 00 seconds East, still in and along the

said division line and parallel with Pacific Avenue, a distance of

26.00 feet to a point; thence

(11) North 27 degrees 28 minutes 00 seconds West, still in and along the

said division line and parallel with Kentucky Avenue, a distance of

1.00 feet to a point; thence

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(12) North 62 degrees 32 minutes 00 seconds East, still in and along the

said division line and parallel with Pacific Avenue, a distance of 4.00

feet to a point in the aforesaid Westerly line of Kentucky Avenue and

the point and place of BEGINNING.

BEING Lot 119.02 in Block 26 as shown on plan of minor subdivision prepared by

Dennis E. Duffy Associates, dated September 26, 1985, Project No. 3361, filed in

the Atlantic County Clerk's Office on February 11, 1986, filed Map #2358.

ALSO BEING KNOWN AS Lot 11 in Block 49, formerly known as Lot 119.02 in Block 26,

as shown on the Tax Map of the City of Atlantic City.

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SCHEDULE A-3

Expansion Land

Tract # 1

ALL THAT CERTAIN LOT, tract or parcel of land and premises situate, lying and being

in the City of Atlantic City, County of Atlantic and State of New Jersey, bounded

and described as follows:

BEGINNING at a point in the Easterly line of Illinois Avenue (50' wide), distant

200.00' South of the Southerly line of Pacific Avenue (60'wide), when measured in

and along the said Easterly line of Illinois Avenue, and extending from said beginning

point; thence

(1) North 62 degrees 32 minutes 00 seconds East, parallel with Pacific

Avenue, a distance of 151.00' to a point in the Westerly line of Mount

Vernon Avenue (19' wide); thence

(2) South 27 degrees 28 minutes 00 seconds East, in and along the same, a

distance of 45.00' to a point; thence

(3) South 62 degrees 32 minutes 00 seconds West, parallel with Pacific

Avenue, a distance of 151.00' to a point in the Easterly line of

Illinois Avenue; thence

(4) North 27 degrees 28 minutes 00 seconds West, in and along same, a

distance of 45.00' to the point and place of BEGINNING.

BEING KNOWN AS Lot 8 in Block 48, formerly known as Lot 117 in Block 26, as shown

on the Tax Map of the City of Atlantic City.

Illinois Avenue now known as Dr. Martin Luther King Boulevard.

And subject to Ordinance No. 1994-95 of the City of Atlantic City.

Tract # 2

All that certain Land and Premises, Tract or Parcel, situate in the City of Atlantic

City, County of Atlantic County and State of New Jersey, bounded and described as

follows: Beginning in the Northwesterly Line of Pacific Avenue (60 Ft. Wide) at

a point that is 150.75 Feet Northeastwardly of the Northeasterly Line of Indiana

Avenue (50 Ft. Wide) and extending thence by N.J.P.C.S. MERIDIAN:

(1) North 27 degrees 40 minutes 05 seconds West, at right angles to Pacific

avenue, 150.00 Feet; thence

(2) North 62 degrees 19 minutes 55 seconds East, parallel with Pacific

Avenue, 50.00 Feet; thence

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(3) South 27 degrees 40 minutes 05 seconds East, at right angles to Pacific

Avenue, 150.00 Feet to the first mentioned Northwesterly Line of

Pacific Avenue; thence

(4) South 62 degrees 19 minutes 55 seconds West, along said Northwesterly

Line of Pacific Avenue, 50.00 Feet to the POINT AND PLACE OF BEGINNING.

Being known as Lot 29, Block 156, formerly Lot 27, Block 33, on the Tax Map of

the City of Atlantic City.

Tract # 3

ALL THAT CERTAIN LOT, tract or parcel of land and premises situate, lying and being

in the CITY OF ATLANTIC CITY, County of ATLANTIC and State of New Jersey, bounded

and described as follows:

BEGINNING in the Southeasterly line of Pacific Avenue (60 feet wide) at a point

that is 50.75 feet Southwestwardly of the Southwesterly line of Dr. Martin Luther

King Jr. Boulevard (50 feet wide) and extending thence by N.J.P.C.S. MERIDIAN:

(1) South 27 Degrees 40 minutes 05 seconds East, parallel with Dr. Martin

Luther King Jr. Boulevard, 100.00 feet; thence

(2) South 62 degrees 19 minutes 55 seconds West, parallel with Pacific

Avenue, 50.00 feet; thence

(3) North 27 degrees 40 minutes 05 seconds West, parallel with Dr. Martin

Luther King Jr. Boulevard, 100.00 feet to the first mentioned

Southeasterly line of Pacific Avenue; thence

(4) North 62 degrees 19 minutes 55 seconds East, along said Southeasterly

line of Pacific Avenue, 50.00 feet to the POINT AND PLACE OF BEGINNING.

BEING Lot 7 in Block 47, formerly known as Lot 14 in Block 30, as shown on the

Tax Map of the City of Atlantic City.

Tract # 4

ALL THAT CERTAIN LOT, tract or parcel of land and premises situate, lying and being

in the CITY of ATLANTIC CITY County of ATLANTIC and State of New Jersey, bounded

and described as follows:

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TRACT A

BEGINNING at a point in the Southeasterly line of Pacific Avenue (60 feet wide),

said point being distant 100.75 feet Southwestwardly from the intersection of the

said line of Pacific Avenue with the Southwesterly line of Illinois Avenue (50 feet

wide), said point being corner to lands of the former White Tower; thence

(1) Southwestwardly along said Pacific Avenue a distance of 100 feet to

corner of lands formerly of the Mid Town Motor Inn, said point being

distant 150 feet Northeastwardly from the Northeasterly line of Indiana

Avenue; thence

(2) Southeastwardly parallel with Indiana Avenue (60 feet wide) a distance

of 86 feet to a point; thence

(3) Northeastwardly parallel with Pacific Avenue a distance of 50 feet to

a

point; thence

(4) Southeastwardly parallel with Illinois Avenue a distance of 114 feet to

a point; thence

(5) Northeastwardly parallel with Pacific Avenue a distance of 150.75 feet

to the Southwesterly line of Illinois Avenue; thence

(6) Northwestwardly along the Southwesterly line of Illinois Avenue a

distance of 100 feet to a point; thence

(7) Southwestwardly parallel with Pacific Avenue a distance of 100.75 feet

to a point; thence

(8) Northwestwardly parallel with Illinois Avenue a distance of 100 feet to

the Southwesterly line of Pacific Avenue to the point and place of

BEGINNING.

The above description is in accordance with a survey drawn by Arthur W. Ponzio

Co. and Associates dated November 7, 1984 and revised November 23, 1984, January

7, 1985, July 11, 1985, July 12, 1985 and August 5, 1985.

BEING KNOWN AS Lots 4, 5, 6, 9 and 10 in Block 47, formerly known as Lots 2, 3,

16, 42 and 19 in Block 30, on the Tax Map of the City of Atlantic City.

Illinois Avenue now known as Dr. Martin Luther King Boulevard.

TRACT B

BEGINNING at the intersection of the Southeasterly line of Pacific Avenue (60 feet

wide) with the Northeasterly line of Indiana Avenue (60 feet wide); thence

(1) Northeastwardly along the Southeasterly line of Pacific Avenue a

distance of 150 to a point corner to lands formerly of the Bala Motel;

thence

(2) Southeastwardly along said lands and extensions thereof and parallel

with Indiana Avenue a distance of 150 feet to a point; thence

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(3) Southwestwardly parallel with Pacific Avenue a distance of 150 feet to

the Northeasterly line of Indiana Avenue; thence

(4) Northwestwardly along the Northeasterly line of Indiana Avenue a

distance of 150 feet to the point and place of BEGINNING.

The above description is in accordance with a survey drawn by Arthur W. Ponzio

Co. and Associates dated November 7, 1984 and revised July 11, 1985, August 5, 1985

and August 6, 1985.

BEING Lots 1, 2 and 3 in Block 47, formerly known as Lots 5, 6 and 7 in Block 30,

as shown on the Tax Map of the City of Atlantic City.

TRACT C

BEGINNING at a point on the Northerly sideline of Pacific Avenue, said point being

100.75 feet Northeast from the intersection of the Northerly sideline of Pacific

Avenue and the Easterly sideline of Indiana Avenue (said point also being 250.00

feet West of Illinois Avenue) and running thence;

(1) North 27 degrees 28 minutes 00 seconds West 150.00 feet to a point;

thence

(2) South 62 degrees 32 minutes 00 seconds West 0.75 feet to a point;

thence

(3) North 27 degrees 28 minutes 00 seconds West parallel with Indiana

Avenue, 25 feet to a point; thence

(4) North 62 degrees 32 minutes 00 seconds East 50.00 feet to a point;

thence

(5) South 27 degrees 28 minutes 00 seconds East 25.00 feet to a point;

thence

(6) North 62 degrees 32 minutes 00 seconds East 0.75 feet to a point;

thence

(7) South 27 degrees 28 minutes 00 seconds East 150.00 feet to the point;

thence

(8) South 62 degrees 32 minutes 00 seconds West 50.00 feet to a point and

the place of BEGINNING.

The above description is in accordance with a survey drawn by Arthur W. Ponzio

Co. and Associates dated November 7, 1984 and revised July 11, 1985, July 12, 1985

and August 5, 1985.

BEING KNOWN AS Lot 31 in Block 156, formerly known as Lot 73 in Block 33, as shown

on the Tax Map of the City of Atlantic City.

Illinois Avenue now known as Dr. Martin Luther King Boulevard.

TRACT # 5

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ALL THAT CERTAIN LOT, tract or parcel of land and premises situate, lying and being

in the City of Atlantic City, County of Atlantic and State of New Jersey, bounded

and described as follows:

BEGINNING in the Northeasterly line of Indiana Avenue (60 feet wide) at a point

150 feet Southeastwardly of the Southeasterly line of Pacific Avenue (60 feet wide);

and extending thence

(1) North 62 degrees 32 minutes East, parallel with Pacific Avenue, 155

feet; thence

(2) South 27 degrees 28 minutes East, parallel with Indiana Avenue, 50.10

feet; thence

(3) South 62 degrees 32 minutes West, parallel with Pacific Avenue 155 feet

to the first mentioned Northeasterly line of Indiana Avenue; thence

(4) North 27 degrees 28 minutes West, along same, 50.10 feet to the point

and place of BEGINNING.

BEING KNOWN AS Lot 11 in Block 47 as shown on the current tax map of the City of

Atlantic City.

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SCHEDULE A-4

Easement

EASEMENT I

DESCRIPTION FOR EASEMENT FOR THE PEOPLEMOVER SYSTEM TOGETHER WITH SUPPORTING COLUMNS

ON INDIANA AVENUE.

BEGINNING at a point in the Westerly line of Indiana Avenue (60 feet wide), said

point being distant 342.00 feet South of the Southerly line of Pacific Avenue (60

feet wide), and extending from said beginning point; thence

(1) North 62 degrees 32 minutes 00 seconds East, parallel with Pacific

Avenue a distance of 10.00 feet; thence

(2) South 27 degrees 28 minutes 00 seconds East, parallel with Indiana

Avenue a distance of 94.00 feet; thence

(3) North 62 degrees 32 minutes 00 seconds East, parallel with Pacific

Avenue a distance of 50.00 feet to the Easterly line of Indiana Avenue;

thence

(4) South 27 degrees 28 minutes 00 seconds East, in and along the Easterly

line of Indiana Avenue, a distance of 30.00 feet: thence

(5) South 62 degrees 32 minutes 00 seconds West, parallel with Pacific

Avenue a distance of 50.00 feet; thence

(6) South 27 degrees 28 minutes 00 seconds East, parallel with Indiana

Avenue a distance of 498.90 feet; thence

(7) South 62 degrees 32 minutes 00 seconds West, parallel with Pacific

Avenue a distance of 10.00 feet to the Westerly line of Indiana Avenue;

thence

(8) North 27 degrees 28 minutes 00 seconds West, in and along the Westerly

line of Indiana Avenue, a distance of 622.90 feet to the point and

place of BEGINNING.

The above described Easement is located over and along the right of way of Indiana

Avenue. It is understood that the above description is for an elevated peoplemover

system, together with supporting columns on Indiana Avenue and for an elevated pedestrian

passageway or bridge connecting the peoplemover system to the Claridge and to the

Sands respectively. It is further understood that the bottom of said easement shall

be located at elevation 20, mean sea level datum and the top of said easement shall

be at elevation 45.0.

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EASEMENT II

DESCRIPTION OF A PEOPLEMOVER SYSTEM ENTRANCE AND MUSEUM AT THE BOARDWALK END OF

INDIANA AVENUE.

ALL THAT CERTAIN LOT, tract, or parcel of land and premises situate, lying, and

being in the city of Atlantic City, County of Atlantic, and State of New Jersey,

bounded and described as follows:

BEGINNING at a point distant 946.90 feet South of the Southerly line of Pacific

Avenue (60 feet wide) and 26.00 feet West of the Westerly line of Indiana Avenue

(60 feet wide), when measured at tight angles to said avenues respectively, and

extending from said beginning point; thence

(1) North 62 degrees 32 minutes 00 seconds East, parallel with Pacific

Avenue a distance of 62.00 feet; thence

(2) South 27 degrees 28 minutes 00 seconds East, parallel with Indiana

Avenue a distance of 59.37 feet to the Inland or Interior Line of

Public Park; thence

(3) South 77 degrees 07 minutes 07 seconds West, in and along the Inland or

Interior Line of Public Park, a distance of 64.06 feet; thence

(4) North 27 degrees 28 minutes 00 seconds West, parallel with Indiana

Avenue a distance of 43.23 feet to the point and place of BEGINNING.

The above described easement is located partly in the right of way of Indiana Avenue

and partly on Lot 5, Block 46 as shown on the Tax Map of the City of Atlantic City.

It is understood that the above description is for the Museum and Peoplemover System

entrance area at the Boardwalk end of Indiana Avenue.

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SCHEDULE A-5

Leasehold Estate - Madison House Lease

ALL THAT following lands located in the City of Atlantic City, County

of Atlantic and State of New Jersey, bounded and described as follows:

BEGINNING at a point in the Easterly line of Illinois Avenue 245 feet

South 27 degrees 28 minutes East from the Southerly line of Pacific Avenue; and

extending thence

(1) North 62 degrees 32 minutes East, parallel with Pacific Avenue 151

feet to the Westerly line of Mount Vernon Avenue; thence

(2) South 27 degrees 28 minutes East, in and along the Westerly line of

Mount Vernon Avenue 105 feet; thence

(3) South 62 degrees 32 minutes West, parallel with Pacific Avenue 151

feet to the Easterly line of Illinois Avenue; thence

(4) North 27 degrees 28 minutes West, in and along the Easterly line of

Illinois Avenue 105 feet to the point and place of beginning.

BEING Lot 9, Block 48 on the Official Tax Map of Atlantic City.

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Schedule B

Permitted Encumbrances

1. Permitted Liens as defined in the Indenture.

2. All those certain encumbrances listed on Schedule B - Section II of

that certain ALTA Loan Policy No. 1021671060, issued by the Title Company of Jersey,

as agent for Stewart Title Guaranty Company, dated June 22, 2004.

3. The terms of a lease, license or management agreement(s) with an energy

management company(s), supplier(s), or intermediary(s) related thereto now or hereafter

entered into concerning or with respect to the supply and/or management of utility

services and/or the operation of existing or newly supplied equipment at the property,

including, but not limited to heating, ventilation, and air-conditioning and energy

production related equipment.

4. That certain unrecorded Lease Agreement for Lot 29 in Block 156 between

Mortgagor as Landlord, and T&M Parking, Inc., as Tenant, dated March 20, 1996, having

a month-to-month term.

5. That certain License Agreement by and between Mortgagor and Eva Daush,

d/b/a Sansations Hair Salon, dated April 28, 1999, and amended March 15, 2000, for

a term to expire September 15, 2000, and to be renewed upon substantially the same

terms.

6. That certain License Agreement by and between Mortgagor and 21st Century

Hot Dogs, LLC, dated May 16, 2003, for a term of three (3) years.

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