

pay the premiums therefor and the Mortgagor shall, on demand, reimburse the Mortgagee for all sums advanced and expenses incurred in connection therewith. The Mortgagor shall deliver all original policies to the Mortgagee except when said original policies have been delivered to a prior mortgagee, in which case the Mortgagor shall deliver copies thereof to the Mortgagee together with the endorsements thereto required hereunder. The proceeds of insurance paid on account of any loss or damage to the Premises or any part thereof shall be paid over to the Mortgagee to be applied, at the option of the Mortgagee, (a) to the payment of the Indebtedness (whether or not then due and payable), and/or (b) to the reimbursement of the Mortgagee for the costs, if any, incurred by the Mortgagee in connection with the collection of insurance proceeds and/or (c) to the reimbursement of the Mortgagor for expenses actually incurred by it in the restoration of the Premises, which reimbursement shall be made in such manner and at such time as the Mortgagee shall determine. Notwithstanding anything to the contrary contained herein or in Section 254 of the Real Property Law of the State of New York or any other provision of applicable law, the proceeds of insurance policies coming into the possession of the Mortgagee shall not be deemed trust funds and the Mortgagee shall be entitled to dispose of such proceeds as hereinabove provided. In the event the proceeds are used to reduce the Indebtedness, same shall be applied to the then unpaid installments of principal due under the Note in the inverse order of their maturity, such that the regular payments thereunder shall not be reduced or altered in any manner.

3. The Mortgagor shall pay when due all taxes, water rates, sewer rents and assessments and other charges against the Premises or any part thereof and, unless the Mortgagor is making monthly deposits with the Mortgagee or the holder of a prior mortgage in accordance with Paragraph "21" hereof, the Mortgagor shall exhibit to the Mortgagee, within five days after same shall have become due, validated receipts showing the payment of such taxes, assessments, water rates, sewer rents and other charges which may be or become a prior lien on the Premises. Should the Mortgagor default in the payment of any of the foregoing taxes, assessments, water rates, sewer rents or other charges, the Mortgagee may, but shall not be obligated to, pay the same or any part thereof and the Mortgagor shall, on demand, reimburse the Mortgagee for all amounts so paid, together with interest thereon at the rate provided for in Paragraph "14" hereof.

4. Without the prior written consent of the Mortgagee, the Mortgagor shall not: (a) execute or permit to exist any lease of all or a substantial portion of the Premises except for occupancy by the lessee thereunder; (b) enter into any agreement whereby the holder of any prior mortgage waives, extends or modifies any of the terms of any prior mortgage; (c) cancel any lease affecting the Premises except upon the default of the tenant thereunder; (d) modify any lease affecting the Premises resulting in terms less favorable than those existing as of the date hereof; or (e) discount any rents or collect the same for a period of more than one month in advance.

5. The Mortgagor, within five days upon request in person or within ten days upon request by mail, will furnish a written statement, duly acknowledged, setting forth the amount due on this Mortgage, the terms of payment and maturity date of the Note, the date to which interest has been paid, whether any offsets or defenses exist against the Indebtedness and, if any are alleged to exist, the nature thereof shall be set forth in detail.

6. Any notice, demand or request relating to any matter set forth herein shall be in writing and shall be deemed effective when mailed, postage prepaid, by registered or certified mail, return receipt requested.

7. The Mortgagor warrants that it owns title to the Premises and warrants that it has full power and lawful authority to encumber the Premises in the manner and form herein set forth.

8. The Board of Directors of the general partner of Mortgagor and the limited partners of Mortgagor have duly authorized the execution and delivery of this Mortgage and the Note.

9. The Mortgagor shall maintain the Premises in good repair, shall comply with the requirements of any governmental authority claiming jurisdiction not later than ten days before the expiration of the allowable legal period set forth in any order containing such requirement after the order has been issued by any such authority and shall permit the Mortgagee to enter upon the Premises and inspect the Premises at all reasonable hours and without prior notice. The Mortgagor shall not, without the prior written consent of the Mortgagee, threaten, commit, permit or suffer to occur any waste, alteration, demolition or removal of the Premises or any part thereof, provided, however, that fixtures and articles of personal property may be removed if the Mortgagor concurrently therewith replaces same with similar items of equal or greater value, free of any lien, charge of claim of superior title.

10. In the event of the passage after the date of this Mortgage of any law of any governmental authority having jurisdiction deducting from the value of land for the purpose of taxation any lien thereon or changing in any way the laws for the taxation of mortgages or debts secured by mortgages for federal, state or local purposes, or the manner of the collection of any such taxes, so as to affect this Mortgage, the Mortgagor shall pay to the Mortgagee, on demand, all taxes, costs and charges incurred by the Mortgagee as a result thereof.

11. If any action or proceeding is commenced (except an action to foreclose this Mortgage or to collect the Indebtedness), to which action or proceeding the Mortgagee is made a party or in which it becomes necessary to defend or uphold the lien of this Mortgage, the Mortgagor will, on demand, reimburse the Mortgagee for all expenses incurred by the Mortgagee in any such action or proceeding, including, without limitation, reasonable counsel fees. In any action or proceeding to foreclose this Mortgage or to recover or collect the Indebtedness, the provisions of law relating to the recovering of costs, disbursements and allowances shall prevail unaffected by this covenant.

12. The Mortgagor will receive the advances secured hereby, and will hold the right to receive such advances, as a trust fund to be applied first for the purpose of paying the cost of the improvements and the Mortgagor shall apply all advances first for the purpose of paying the cost of the improvements before using any part of such advances for any other purpose.

13. In the event of any default in the performance of any of the terms, covenants or agreements herein contained, it is agreed that the then owner of the Premises, if it is the occupant of the Premises or any part thereof, shall immediately surrender possession of the Premises so occupied to the Mortgagee, and if such occupant is permitted to remain in possession, the possession shall be as tenant of the Mortgagee and such occupant shall, on demand, pay monthly in advance to the Mortgagee a reasonable rental for the space so occupied and in default thereof, such occupant may be dispossessed by the usual summary proceedings. The covenants herein contained may be enforced by any receiver of the Premises or any part thereof.