

cost of such management shall be borne by Mortgagor and shall be treated as an advance under Section 1.13.

1.13 Advances. If Mortgagor shall fail to perform any of the covenants herein contained or contained in any instrument constituting additional security for the Note, the Mortgagee may, but without obligation to do so, make advances to perform same in its behalf, and all sums so advanced shall be a lien upon the Premises and shall be secured by this Mortgage. The Mortgagor shall repay on demand all sums so advanced in its behalf with interest at the rate of 5% per annum in excess of the rate of the Note at the time of advance. Nothing herein contained shall prevent any such failure to perform on the part of Mortgagor from constituting an event of default as defined below.

1.14 Financial Statements. The Mortgagor shall deliver to Mortgagee, within ninety (90) days after the end of each of Mortgagor's fiscal years, a balance sheet and statement of profit and loss with respect to the operation of Premises, such statements to include occupancy statistics showing percentage of maximum potential occupancy and average room rate of the Premises setting forth with the second such fiscal year in comparative form the figures for the previous fiscal year, together with satisfactory financial statements of Mortgagor, all in reasonable detail and certified as complete and correct, by Mortgagor, or, at Mortgagee's option, which shall not be exercised unreasonably, by a Certified Public Accountant. Union shall be advised of the Mortgagor's fiscal year and date at least two (2) weeks prior to the Purchase Date, as such term is defined in the Note.

1.15 Time. The Mortgagor agrees that time is of the essence hereof in connection with all obligations of the Mortgagor herein or in said Note or any other instruments constituting additional security for said Note.

1.16 Estoppel Certificates. The Mortgagor within ten (10) days after written request shall furnish a duly acknowledged written statement setting forth the amount of the debt secured by this Mortgage, and stating either that no setoffs or defenses exist against the Mortgage debt, or, if such setoffs or defenses are alleged to exist, the nature thereof.

1.17 Records. The Mortgagor agrees to keep adequate books and records of account in accordance with generally accepted accounting principles and shall permit the Mortgagee, and its agents, accountants and attorneys, to visit and inspect the Premises and examine its books and records of account, and to discuss its affairs, finances and accounts with the Mortgagor, at such reasonable times as Mortgagee may request.

1.18 Assignment of Rents and Leases. Mortgagor agrees to execute and deliver to Mortgagee such additional assignments of leases and rents or other documents necessary to perfect this or any other assignments applicable to the Premises as the Mortgagee may from time to time request while this Mortgage and the debt secured hereby are outstanding.

1.19 Interest Rate Adjustment. Mortgagor acknowledges that the Note contains provisions which allow for interest rate adjustments. Mortgagor agrees to pay any legal or other expenses incurred Mortgagee as a result of interest rate adjustments, including but not limited to expenses for title insurance endorsements or legal opinions.

ARTICLE TWO

Default

2.01 Events of Default: The following shall be deemed to be Events of Default hereunder:

a. Failure to make any payment when due in accordance with the terms of the Note secured hereby or this Mortgage.

b. Failure to perform any of the other terms, covenants and conditions in the Note secured hereby, this Mortgage, the Construction Loan