

they become due. Mortgagor hereby relieves the lessees and tenants from any liability to Mortgagor by reason of the payment of the Rents to Mortgagee. Nevertheless, Mortgagor shall be entitled to collect the Rents until Mortgagee notifies the lessees and tenants in writing to pay the Rents to Mortgagee. Mortgagee is hereby authorized to give such notification upon the occurrence of an Event of Default and at any time thereafter while such Event of Default is continuing. Receipt and application of the Rents by Mortgagee shall not constitute a waiver of any right of Mortgagee under this Mortgage or applicable law, shall not cure any Event of Default hereunder, and shall not invalidate or affect any act done in connection with such Event of Default, including, without limitation, any foreclosure proceeding.

3.3 All Rents collected by Mortgagor shall be applied in the following manner:

First, to the payment of all taxes and lien assessments levied against the Mortgaged Property, where provision for paying such is not otherwise made;

Second, to the payment of ground rents (if any) payable with respect to the Mortgaged Property;

Third, to the payment of any amounts due and owing under the Obligation, in accordance with the terms of the Intercreditor Agreement;

Fourth, to the payment of current operating costs and expenses (including repairs, maintenance and necessary acquisitions of property and expenditures for capital improvements) arising in connection with the Mortgaged Property;

Fifth, to Mortgagor or its designee.

All Rents collected by Mortgagee may be applied to the items above listed in any manner that Mortgagee deems advisable and without regard to the aforestated priorities. Receipt by Mortgagee of any Rents shall not constitute a waiver of any right that Mortgagee may enjoy under this Mortgage or under applicable law, nor shall the receipt and application thereof cure any Event of Default nor affect any foreclosure proceeding or any sale authorized by this Mortgage or applicable law.

3.4 Mortgagor represents and warrants that the Leases are in full force and effect and have not been modified or amended, the Rents have not been waived, discounted, compromised, setoff or paid more than one month in advance and neither Mortgagor nor the lessees and tenants are in default under the Leases. Mortgagee does not assume and shall not be liable for any obligation of the lessor under any of the Leases