

09/15/1983

BOOK 1528 PAGE 257

Subject to the inclusions and exclusions specified below, "Expenses" shall have the commonly accepted definition of that term as interpreted according to generally accepted accounting principles as applied on a cash basis to commercial real estate similar to the Property. Expenses shall specifically include, but not be limited to, the following items, to the extent actually paid (including deposits or reserves therefor but not including payments out of deposits or reserves): Mortgagor's costs not in excess of \$1,500 each year for an annual inspection of the Property, insurance premiums, property taxes, payments on improvement bonds and assessments, sales taxes and all other applicable taxes includable as an operating expense under generally accepted accounting principles, utility fees and expenses, license fees, maintenance and repairs, gardening expenses, advertising expenses, management company expenses, salaries and fringe benefits, expenditures for rental and maintenance of personal property, fees for leasing and other commissions, expenditures for normal and customary refurbishing, renovation and capital improvements, tenant improvements and reasonable legal and accounting fees, and costs for title insurance required by the Mortgagee pursuant to paragraph C of this Section 22. Notwithstanding the foregoing, Expenses shall not include (i) principal and interest due under the Note, (ii) depreciation of the Property and/or (iii) during any twelve (12) month period within which the Mortgagee has made any Additional Advances (as defined in paragraph B of this Section 22) or there has accrued any Accrued Interest (as defined in Section 1.2 of the Loan Agreement), Net Capital Expenditures (as defined in Paragraph D of this Section 22 to the extent in excess of \$100,000 during any twelve (12) month period which the Mortgagor has elected to perform at its sole cost and expense pursuant to item (b) of Paragraph D of this Section 22.

"Operating Deficits" shall mean the amount by which Expenses exceed the Revenue.

By December 1st of any calendar year during which the Mortgagee has made any Additional Advances or there has accrued any Accrued Interest, the Mortgagor shall submit to the Mortgagee, a budget (the "Budget") reflecting good faith estimates of Revenue and Expenses for the following year, and such revision during the year as may be necessary to reflect material increases in Expenses, which Budget (and revisions) shall be subject to the Mortgagee's approval of Expenses, which approval shall not be unreasonably withheld. Any dispute as to the reasonableness of the Mortgagee's approval of the Budget or revisions thereto, or as to the materiality or emergency nature of deviations therefrom referred to in the first sentence of paragraph B of this Section, shall be resolved by arbitration before the American Arbitration Association pursuant to its rules then in effect.

B. Additional Advances. Provided the Mortgagor is not in default under this Mortgage, has not made any material expenditures not reflected in the approved Budget except for

1528

1528 RV-2