

of the proceeds of the Indebtedness, and the respective liens, claims, demands and other encumbrances shall be, and each of them is hereby, preserved and shall pass to and be held by the Lender as additional collateral and further security for the Indebtedness, to the same extent that they would have been preserved and would have been passed to and held by the Lender had they been duly and legally assigned, transferred, set over and delivered unto the Lender by assignment, notwithstanding the fact that any instrument providing public notice of the same may be satisfied and cancelled of record.

1.13 Books, Records, Accounts and Annual Reports. The Borrower shall keep and maintain or shall cause to be kept and maintained, at the Borrower's cost and expense and in accordance with generally accepted accounting principles, proper and accurate books, records and accounts reflecting all items of income and expense in connection with the operation of the Premises and in connection with any services, equipment or furnishings provided in connection with the operation of the Premises. The Lender, by the Lender's agents, accountants and attorneys, shall have the right from time to time to examine such books, records and accounts at the office of the Borrower or such other person or entity maintaining such books, records and accounts, to make copies or extracts thereof as the Lender shall desire and to discuss the Borrower's affairs, finances and accounts with the Borrower and with the officers and principals of the Borrower, at such reasonable times as may be requested by the Lender. The Borrower will furnish to the Lender annually within one hundred twenty (120) days after the end of the Borrower's fiscal year a financial statement for the Premises for such fiscal year prepared, at the option of the Lender, either by a certified public accountant or by a general