

applicable zoning and subdivision ordinances and building codes, all applicable health and environmental laws and regulations and all other applicable laws, rules and regulations. If the Borrower receives notice from any federal, state or other governmental body that it is not in compliance with any such covenant, ordinance, code, law or regulation, the Borrower will provide Lender with a copy of such notice promptly.

#### 1.04 Taxes and Other Charges.

1.04.1 Taxes and Assessments. Subject to the provisions of this paragraph 1.04, the Borrower shall pay promptly when due all taxes, assessments, rates, dues, charges, fees, levies, fines, impositions, liabilities, obligations and encumbrances of every kind whatsoever now or hereafter imposed, levied or assessed upon or against the Property or any part thereof, or upon or against this Mortgage or the Obligations secured hereby, or upon or against the interest of Lender in the Property, as well as all income taxes, assessments and other governmental charges levied and imposed by the United States of America or any state, county, municipality or other taxing authority upon or against the Borrower or in respect of the Property or any part thereof; provided, however, that the Borrower may in good faith, by appropriate proceedings (including without limitation payment of the asserted tax or assessment under protest if such payment must be made in order to contest such tax or assessment), contest the validity, applicability or amount of any asserted tax or assessment and pending such contest the Borrower shall not be deemed in default hereunder if on or before the due date of the asserted tax or assessment the Borrower establishes an escrow acceptable to Lender in an amount estimated by Lender to be adequate to cover the payment of such tax or assessment with interest, costs and penalties and a reasonable additional sum to cover possible interest, costs and penalties; and, if the amount of such escrow is insufficient to pay any amount adjudged by a court of competent jurisdiction to be due, with all interest, costs and penalties thereon, the Borrower shall pay such deficiency no later than the date such judgment becomes final.

1.04.2 Mechanic's and Other Liens. The Borrower shall not permit or suffer any mechanic's, laborer's, materialman's, statutory or other lien (other than any lien for taxes not yet due) to be created upon the Property.

1.04.3 Taxes Affecting Lender's Interest. If any state, federal, municipal or other governmental law, order, rule or regulation, passed subsequent to the date hereof, in any manner changes or modifies existing laws governing the taxation of mortgages or debts secured by mortgages, or the manner of collecting taxes so as adversely to affect Lender's security in the Property, the entire balance of the Obligations secured by this Mortgage and all interest accrued thereon shall without notice become due and payable forthwith at the option of Lender.

1.04.4 Tax Escrow. In order to secure the performance and discharge of the Borrower's obligations under this paragraph 1.04, but not in lieu of such obligations, the Borrower, upon Lender's demand, will pay over to Lender an amount equal to one-twelfth (1/12th) of the next maturing annual ad valorem taxes, assessments and charges (which charges for purposes of this paragraph shall include without limitation water and sewer rents) of the nature described in paragraph 1.04 for each month that has elapsed since the last date to which such taxes, assessments and charges were paid; and the Borrower will, in addition, upon Lender's demand, pay over to Lender together with each installment on the Obligations sufficient funds (as estimated from time to time by Lender in its sole discretion) to permit Lender to pay when due said taxes, assessments and charges. Upon Lender's demand, the Borrower shall also deliver to Lender such additional monies as are required to make up any