

ARTICLE III

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ADVISER

SECTION 3.1. *Appointment.* The Trustees are responsible for the general investment policy of the Trust and for the general supervision of the business of the Trust conducted by officers, agents, employees, investment advisers or independent contractors of the Trust. Consistent with their ultimate responsibility as stated herein, the Trustees may appoint, employ or contract with an Adviser, and may grant or delegate such authority to the Adviser (pursuant to the terms of Section 2.19 hereof) or to any other Person the services of whom are obtained by the Adviser, as the Trustees may, in their sole discretion, deem to be necessary or desirable, without regard to whether such authority is normally granted or delegated by trustees.

SECTION 3.2. *Terms of Agreement.* The Trustees shall not enter into any agreement with the Adviser pursuant to the provisions of Section 3.1 hereof unless such agreement has an initial term of not more than 24 months and unless its renewal or extension provisions, if any, shall provide for renewals or extensions of not more than one year in length, which renewals or extensions shall require the affirmative vote of a majority of the Trustees who are not Affiliates of the Adviser or the affirmative vote, at a meeting of Shareholders called for the purpose, of the holders of Shares representing a majority of the total number of votes authorized to be cast by Shares of all classes and series then outstanding, entitled to vote, present in person or by proxy, and unless such agreement can be terminated upon no more than 60 days' written notice by the Trustees, by vote of a majority of the Trustees who are not Affiliates of the Adviser.

SECTION 3.3. *Independence of Trustees.* Not more than 49% of the total number of Trustees and not more than 49% of the total number of members of any Investment Committee may be Affiliates of the Adviser; provided, however, that if at any time the percentage of all Trustees or of members of such Investment Committee who are Affiliates of the Adviser becomes more than 49% of the total number of Trustees or members of any such Investment Committee then in office, because of a vacancy occurring in the office of a Trustee as described in Section 10.4 hereof or a change in affiliation of a Trustee who is not such an Affiliate, such requirement shall not be applicable for a period of 60 days, during which time a sufficient number of other individuals shall be appointed as Trustees or as members of such Investment Committee so that there is again not more than 49% of the total number of all Trustees or members of such Investment Committee then in office who are Affiliates of the Adviser. The Trustees shall at all times endeavor to comply with such requirement, but failure so to comply shall not affect the validity or effectiveness of any action of the Trustees or of any Investment Committee.

SECTION 3.4. *Other Activities.* The Adviser may have other business interests and may engage in other activities similar or in addition to those relating to the activities to be performed for the Trust, including the rendering of services and advice to other Persons and the management of other investments (including investments of the Adviser and its Affiliates). The Trustees may request the Adviser to engage in other activities which complement the Trust's investments and to provide services requested by the borrowers or prospective borrowers from the Trust, and the Adviser may receive compensation or commissions therefor from the Trust or other Persons.

The Adviser shall be required to use its best efforts to present a continuing and suitable investment program to the Trust which is consistent with the investment policies and objectives of the Trust, but neither the Adviser nor any Affiliate of the Adviser (subject to any applicable provisions of Section 2.17 hereof) shall be obligated to present any particular investment opportunity to the Trust even if such opportunity is of a character which, if presented to the Trust, could be taken by the Trust, and, subject to the foregoing, shall be protected in taking for its own account (individually or as a trustee) or recommending to others any such particular investment opportunity. The Adviser shall be required to act on a basis which is fair and reasonable to the Trust and the Shareholders in selecting from