

consent of the Noteholder, amend, modify, extend, terminate or cancel, accept the surrender of, subordinate, accelerate the payment of rent as to, or change the terms of any renewal option of any such lease now existing or hereafter created, or permit or suffer an assignment or sublease. The Borrower shall not accept payment of rent more than one (1) month in advance without the prior written consent of the Noteholder.

With respect to the assignment contained in paragraph (F) hereof, the Borrower shall, from time to time upon request of the Noteholder, specifically assign to the Noteholder as additional security hereunder, by an instrument in writing in such form as may be approved by the Noteholder, all right, title and interest of the Borrower in and to any and all leases now or hereafter on or affecting THE PROPERTY, together with all security therefor and all monies payable thereunder, subject to the conditional permission hereinabove given to the Borrower to collect the rentals under any such lease. The Borrower shall also execute and deliver to the Noteholder any notification, Financing Statement or other document reasonably required by the Noteholder to perfect the foregoing assignment as to any such lease. The provisions of this paragraph 1.12 shall be subject to the provisions of said paragraph (F).

Any other provision of this Mortgage to the contrary notwithstanding, if any part of THE PROPERTY consists of individual apartment units the Borrower shall, upon the expiration of a lease with respect to such unit in accordance with its terms, have the right to lease any such unit on a form of lease which has been approved by the Noteholder, without obtaining the prior written consent of the Noteholder, provided the rent payable with respect to the new lease is equal to or greater than the rent payable without respect to the expired lease, and further provided the other terms of the lease are at least as favorable to the Borrower as the terms of the expired lease.

1.13 Expenses. The Borrower will pay when due and payable all appraisal fees, recording fees, taxes, brokerage fees and commissions, abstract fees, title policy fees, escrow fees, attorneys' fees, court costs, fees of inspecting architect(s) and engineer(s) and all other costs and expenses of every character which have been incurred or which may hereafter be incurred by the Noteholder or any takeout lender in connection with: (i) the issuance of its commitment; (ii) the preparation and execution of loan documents; (iii) the funding of its loan; (iv) in the event an Event of Default occurs, preparation for enforcement of its loan documents, whether or not suit or other action is actually commenced or undertaken; (v) enforcement of its loan documents; (vi) court or administrative proceedings of any kind to which Noteholder may be a party, either as plaintiff or defendant, by reason of the Note, the Mortgage or any other instrument securing the Note; (vii) preparation for and actions taken in connection with Noteholder's taking possession of THE PROPERTY; (viii) negotiations with Borrower, its beneficiary, Guarantor or any of their respective agents in connection with the existence or cure of any Event of Default; (ix) any proposed refinancing by Noteholder or any other person or entity of the debt secured hereby; (x) the transfer of THE PROPERTY in lieu of foreclosure; and (xi) the approval by Noteholder of actions taken or proposed to be taken by Borrower, its beneficiary, Guarantor or other person or entity which approval is required by the terms of this Mortgage or any other instrument securing the Note. The Borrower will, upon demand by the Noteholder, reimburse the Noteholder or any takeout lender for all such expenses which have been incurred or which shall be incurred by it; and will indemnify and hold harmless the Noteholder from and against, and reimburse it for, all claims, demands, liabilities, losses, damages, judgments, penalties, costs, and expenses (including, without limitation, attorney's fees) which may be imposed upon, asserted against, or incurred or paid by them by reason of, on account of or in connection with any bodily injury or death or property damage occurring in or upon or in the vicinity of THE PROPERTY through any cause whatsoever or asserted against them on account of any act performed or omitted to be performed hereunder or on account of any transaction arising out of or in any way connected with THE PROPERTY, or with this Mortgage or any of the indebtedness evidenced by the Note.

1.14 Noteholder's Performance of Defaults. If the Borrower defaults in the payment of any tax, assessment, encumbrance or other imposition, in its obligation to furnish insurance hereunder, or in the performance or observance of any other covenant, condition or term in this Mortgage, the Note or in any other instrument securing the Note, the Noteholder may, to preserve its interest in THE PROPERTY, perform or observe the same, and all payments made (whether such payments are regular or accelerated payments) and costs and expenses incurred or paid by the Noteholder in connection therewith shall become due and payable immediately. The amounts so incurred or paid by the Noteholder, together with interest thereon at the Default Rate from the date incurred until paid by the Borrower, shall be added to the indebtedness and secured by the lien of this Mortgage. The Noteholder is hereby empowered to enter and to authorize others to enter upon THE PROPERTY or any part thereof for the purpose of performing or observing any such defaulted covenant, condition or term, without thereby becoming liable to the Borrower or any person in possession holding under the Borrower.

1.15 Books and Records. The Borrower shall keep and maintain at all times complete, true and accurate books of account and records reflecting the results of the operation of THE PROPERTY. Borrower shall furnish to Noteholder: (a) within 90 days after the end of Borrower's fiscal year and within 30 days after the end of each fiscal quarter, a statement of income and expenses with respect to THE PROPERTY, in form required by Noteholder, (b) within 90 days after the end of Borrower's fiscal year, statements of financial condition of Borrower and Guarantor, in form as required by Noteholder, (c) within 30 days after the end of such fiscal year, a rent schedule of THE PROPERTY, as of the end of such fiscal certified by the Borrower, showing the name of each tenant and the space occupied, the lease expiration date, the rent and additional rent due and payable, the last date to which rent was paid and whether or not such tenant was then in default under any of the terms of his lease.

The Borrower shall also furnish such interim unaudited financial statements and other information as the Noteholder may require. Noteholder and its designated agents shall have the right to inspect Borrower's books and records with respect to THE PROPERTY at all reasonable times.

Should Borrower fail to comply with the requirements set forth in (a), (b) and (c) above, it shall constitute an Event of Default and Noteholder may (i) pursue those remedies set forth in Article Three hereof, and (ii) direct an independent certified public accountant to audit Borrower's books and records, and the cost of such audit shall be paid by Borrower.

1.16 Estoppel Affidavits. The Borrower, within ten (10) days after written request from the Noteholder, shall furnish a written statement, duly acknowledged, setting forth the unpaid principal of and interest on the Note, and any other unpaid sums secured hereby, and whether or not any offsets or defenses exist against such principal and interest or other sums.

1.17 Use of Property. The Borrower covenants that THE PROPERTY will be used for the purposes set forth in Schedule "C".

1.18 Prior Liens. In the event that THE PROPERTY or any part thereof is now subject to an approved prior deed of trust, mortgage, lien or other permitted encumbrance described in Schedule "B" which has priority over the lien of this Mortgage ("Approved Prior Encumbrance"), the Borrower shall: (i) pay the principal, interest and all other sums secured thereby no later than five (5) days prior to their due date, and will comply with all of the other terms, covenants and conditions thereof; (ii) as requested hereafter by the Noteholder, produce to the Noteholder from time to time no less than three (3) days prior to the due