

interest in and to all bank accounts, cash on hand and accounts receivable (the "Accounts Receivable") and the proceeds thereof which the Trust may now or hereafter have arising from the operation of the Premises, and all proceeds from such Accounts Receivable, including the right to collect such Accounts Receivable directly; provided, however, that, so long as there is no Event of Default under the Loan Agreement, the Trust shall be entitled to deal with such bank accounts, cash on hand and Accounts Receivable in any manner as the Trust shall, in its sole discretion, deem necessary or appropriate. Upon notice from Mortgagee, each person, firm or corporation obligated to pay such Accounts Receivable is hereby authorized and directed by the Trust to make payment directly to Mortgagee; provided that a copy of each such notice shall be sent to the Trust, and further provided that, as long as there is no Event of Default under the Loan Agreement, it is agreed and understood that Mortgagee will not send or transmit any such notice. After an Event of Default, Mortgagee shall have the right, in its own name or in the name of the Trust to demand, collect, receive, receipt for, sue for, compound and give acquittance for, any and all amounts due or to become due on the Accounts Receivable and in its discretion to file any claim or take any other action or proceeding which Mortgagee may deem necessary or appropriate to protect and preserve and realize upon the security of Mortgagee in the Accounts Receivable and the proceeds thereof.

### III

#### WARRANTIES AND COVENANTS

Section 3.01. The Trust warrants and covenants that:

(a) The Trust has and will maintain title in itself to the Project Personal Property, free of all security interests, liens and encumbrances, other than the security interest hereunder and those listed in Exhibit D hereto, and has good right to subject the Project Personal Property to the security interest hereunder;

(b) The Franchise Agreement and the Leases will be maintained by the Trust in full force and effect, free of all security interests, liens and encumbrances, other than the security interest hereunder and those listed in Exhibit D hereto, and the Trust has good right to subject them to the security interest hereunder;

(c) No default exists under the Franchise Agreement or under the Lease;

(d) The Trust is doing business under the name of Hotel Investors Trust and no other name and it will notify Mortgagee promptly after it adopts any new trade name or fictitious business name;