

*"Appraisal"* shall mean a determination of the fair market value, as of the date of the Appraisal, of Real Property in its existing state or in a state to be created, (a) by the Adviser, (b) by any insurance company, bank or other Person which makes appraisals in connection with its investment or servicing activities, or (c) by a disinterested Person having no economic interest in the Real Property, provided that the Person making such determination is, in the sole judgment of the Trustees, properly qualified to make such a determination and provided further that except with respect to the acquisition of Real Property described in the Trust's first Registration Statement filed under the Securities Act of 1933 at the effective date thereof, an Appraisal for the purposes of the purchase of Real Property by the Trust from the Adviser or any Person specified in clause (b) above or any Affiliate of the foregoing, shall be made by other than the Person or an Affiliate of the Person from whom such purchase is to be made. The acquisition of, or the acquisition of an interest in, a short-term contract or commitment to purchase Real Property shall not be deemed to be a purchase of Real Property for the purposes of the foregoing proviso. The simultaneous acquisition by the Trust and the Adviser or any insurance company or bank or other Person which makes appraisals in connection with its investment or servicing activities or any Affiliate of the foregoing of participations in a loan or other investment shall not be deemed to constitute a purchase of property by the Trust from the Adviser or such insurance company or bank or other Person or an Affiliate of the foregoing, as the case may be, for the purposes hereof, provided that the terms, other than the size of the participation, are not less favorable to the Trust than to the Adviser or such insurance company or bank or other Person, as the case may be.

*"Common Shares"* shall mean Shares of the class referred to in Section 6.2 hereof.

*"Construction Loans"* shall mean Mortgage Loans made to finance the construction of buildings and other improvements on land and may include the financing of all or part of the cost of the acquisition of such land (including leaseholds therein).

*"Declaration of Trust"* shall mean this Declaration of Trust as amended, restated or modified from time to time. References in this Declaration of Trust to "Declaration", "hereof", "herein" and "hereunder" shall be deemed to refer to this Declaration of Trust and shall not be limited to the particular text, article or section in which such words appear.

*"Development Loans"* shall mean Mortgage Loans made to finance the development of land into a site or sites suitable for the construction of improvements thereon or suitable for other residential, recreational, commercial, industrial or public uses and may include the financing of all or part of the cost of the acquisition of such land (including leaseholds therein).

*"FHA"* shall mean the Federal Housing Administration and any successor thereto.

*"First Mortgage"* shall mean a Mortgage which takes priority or precedence over all other charges or encumbrances upon the Real Property, other than a leasehold interest therein, and which must be satisfied before such other charges are entitled to participate in the proceeds of any sale or other disposition of such Real Property. However, such priority shall not be deemed to be abrogated by liens for taxes, assessments which are not due and delinquent, leases, mechanics' and materialmen's liens for work performed and materials furnished and other claims normally deemed in the same locality in which the Real Property is located not to abrogate the priority of a first mortgage.

*"First Mortgage Loans"* shall mean Mortgage Loans secured or collateralized by First Mortgages.

*"Government Related Obligations"* shall mean obligations guaranteed or insured by Government National Mortgage Association or any other federal, state or local governmental agency or instrumentality or obligations based on or backed by a specific mortgage or pool of mortgages or other investments insured or guaranteed by FHA, the Veterans Administration or any other federal, state or local governmental agency or instrumentality.

*"Junior Mortgage"* shall mean a Mortgage which (1) has the same priority or precedence over all charges or encumbrances upon Real Property as that required for a First Mortgage except that it