

(e) Prime Commercial Paper; and

(f) other marketable Securities which, in the opinion of the Trustees, may be held by the Trust without jeopardizing the Trust's qualification as a real estate investment trust under the REIT Provisions of the Internal Revenue Code.

SECTION 4.3. *Restrictions.* The Trustees shall not:

(a) invest in commodities, foreign currencies, bullion or chattels, except as required in the day-to-day business of the Trust or in connection with its other investments;

(b) invest in real estate contracts for sale (except under circumstances wherein the investment of the Trust is substantially equivalent to a mortgagee's interest) in excess of a value of 1% of the Total Assets of the Trust; provided, however, that nothing in this Section 4.3 shall prevent the holding of contracts of sale as security for loans made by the Trust and the acquisition and ownership of such contracts of sale upon foreclosure of, or realization upon, such security interests, and contracts of sale so held or owned shall be excluded from the computation required by this Section 4.3(b);

(c) engage in any short sale;

(d) issue "redeemable securities" as defined in Section 2(a)(31) of the Investment Company Act of 1940;

(e) invest more than 10% of the Total Assets of the Trust in shares of "real estate investment trusts";

(f) engage in the business of underwriting or agency distribution of Securities issued by others, but this prohibition shall not prevent the Trust from selling participations in Mortgage Loans or interests in Real Property;

(g) invest more than 10% of the Total Assets of the Trust in unimproved Real Property or Mortgages on unimproved Real Property, excluding Real Property being developed or Real Property where development will be completed within a reasonable period;

(h) invest more than 10% of the Total Assets of the Trust in Junior Mortgages, other than Junior Mortgages made under circumstances wherein (i) the combined Junior Mortgage Loan and all First Mortgage Loans prior thereto would constitute a single acceptable First Mortgage Loan to the Trust and (ii) the Junior Mortgage Loan would become a First Mortgage Loan upon satisfaction by the borrower of all First Mortgage Loans prior thereto and existing at the time of such Junior Mortgage Loan;

(i) issue options or warrants to purchase Securities of the Trust unless issued (i) to all holders of one or more classes or series of Shares ratably or as part of a public offering, (ii) as a part of a financial arrangement (including issuance of options or warrants in exchange for property) with Persons other than the Adviser or directors, trustees, officers or employees of the Trust or the Adviser at an exercise price not less than the fair market value of the Securities which are the subject of the option or warrant as at the date agreement is reached as to their issuance or (iii) to Persons other than the Adviser or Persons Affiliated with the Adviser at an exercise price not less than the fair market value of the Securities which are the subject of the option or warrant as at the date of grant thereof;

(j) invest in equity Securities (except equity Securities acquired as additional consideration in connection with Mortgage Loans made by the Trust or leases of Real Property owned by the Trust) issued by any company which to the actual knowledge of the Trustees is then holding investments or engaging in activities prohibited to the Trust, if, after giving effect to such investment, the aggregate amount of such investments would exceed 5% of the Total Assets of the Trust.