

1.02 Covenants of Borrower. Borrower hereby covenants with Lender that:

(a) Except when the following conflict with the normal course of the prudent management of the Property as a first-class apartment project, Borrower will (i) fulfill, perform and observe each and every condition and covenant of Borrower contained in any of the Leases; (ii) at no cost or expense to Lender, enforce the performance and observance of each and every covenant and condition of each of the Leases to be performed or observed by the "Tenant" thereunder; and (iii) appear in and defend any action growing out of, or in any matter connected with, any of the Leases or the obligations or liabilities of Borrower as the "Landlord" thereunder or of the "Tenant" or any guarantor thereunder;

(b) Except when the following conflict with the normal course of the prudent management of the Property as a first-class apartment project, Borrower will not, without the prior written consent of Lender, either (i) modify any of the Leases; (ii) terminate the term or accept the surrender of any of the Leases unless due to default by the "Tenant" thereunder; (iii) waive, or release the "Tenant" from, the performance or observance by the "Tenant" of any obligation or condition of any of the Leases; (iv) permit the prepayment of any rents under any of the Leases for more than one (1) month prior to the accrual thereof; (v) give any consent to any assignment or sublease by the "Tenant" under any of the Leases; or (vi) enter into any additional lease agreement relating to the Property, other than leases of apartment units to individual tenants, without the prior, written consent of Lender.

(c) Borrower shall take no action which shall cause or permit the estate of the "Tenant" under any of the Leases to merge with the reversionary interest of Borrower in the Property or any portion thereof; and

(d) Lender shall not be obligated to perform or discharge any obligation of Borrower under any of the Leases, and Borrower agrees to, and does hereby indemnify and hold Lender harmless against any and all liability, loss or damage which Lender may incur under any of the Leases or under or by reason of this Assignment, and from all claims and demands whatsoever which may be asserted against Lender by reason of an act of Lender under this Assignment.

1.03 Covenants of Lender. By acceptance of delivery of this Assignment, Lender covenants with Borrower that:

(a) So long as there shall exist no Event of Default, as defined in Paragraph 2.01 hereinbelow, on the part of Borrower, Borrower shall have the right to collect, but not more than one (1) month prior to accrual, all rents, issues and profits from the Property (including, but not by way of limitation, all rental payments under any of the Leases) and to retain, use and enjoy the same; and

(b) Upon the payment in full of all indebtednesses secured hereby, as evidenced by the recording or filing of an instrument of satisfaction or full release of the Security Instrument without the recording of another security instrument in favor of Lender affecting the Property, this Assignment shall become and be void and of no further effect.