

prohibition shall not prevent the Trust from buying or selling Mortgage Loans, including participations therein, or interests in Real Property;

(h) hold property primarily for sale to customers in the ordinary course of the trade or business of the Trust, but this prohibition shall not be construed to deprive the Trust of the power to sell any property which it owns at any time;

(i) invest more than 10% of the Total Assets of the Trust in the ownership of, or participations in the ownership of, or in First Mortgage Loans on unimproved non-income-producing Real Property, excluding property being developed or property which will be developed within a period deemed reasonable by the Trustees;

(j) invest more than 10% of the Total Assets of the Trust in Junior Mortgage Loans, excluding Wrap-Around Loans, and any loan to the extent made or acquired against a commitment, conditional or otherwise, from a recognized institutional lender for financing in an amount at least equal to the Trust's loan;

(k) issue options or warrants to purchase Securities of the Trust to the Adviser or any Affiliate of the Adviser, or to any other Persons at exercise prices less than the fair market value of such Securities on the date of grant; or

(l) invest in equity Securities (except Securities acquired in connection with the acquisition of or foreclosure on mortgage loans made by the Trust) of any company which to the knowledge of the Trustees is then holding investments or engaging in activities prohibited to the Trust, if, after giving effect to such investments, the aggregate value, as determined by a majority of the Trustees, of such investments would exceed 5% of the Total Assets of the Trust.

ARTICLE V

LIMITATIONS OF LIABILITY

5.1 Liability to Third Persons. No Shareholder shall be subject to any personal liability whatsoever, in tort, contract or otherwise, to any other Person in connection with Trust Property or the affairs of the Trust; and no Trustee, officer, employee or agent of the Trust shall be subject to any personal liability whatsoever, in tort, contract or otherwise, to any other Person in connection with Trust Property or the affairs of the Trust, save only that arising from his fraud, bad faith, willful misconduct, gross negligence or reckless disregard of his duties; and all such other Persons shall look solely to the Trust Property for satisfaction of claims of any nature arising in connection with the affairs of the Trust. If any Shareholder, Trustee, officer, employee or agent, as such, of the Trust is made a party to any suit or proceedings to enforce any such liability, he shall not on account thereof be held to any personal liability.

5.2 Liability to Trust or to Shareholders. No Trustee, officer, employee or agent of the Trust shall be liable to the Trust or to any Shareholder, Trustee, officer, employee or agent of the Trust for any action or failure to act (including without limitation the failure to compel in any way any former or acting Trustee to redress any breach of trust) except for his own fraud, bad faith, willful misconduct, gross negligence or reckless disregard of his duties.