

premises, the Mortgagee at its option may charge a loan transfer fee and/or require changes in the rate of interest, term of loan, monthly payments of principal and interest and other terms and conditions of this mortgage and/or the note secured hereby.

12. That the Mortgagor will keep Mortgagor's books and records in accordance with generally accepted accounting principles covering the operation of the premises and furnish, all in form and content satisfactory to the Mortgagee, a quarterly operating statement which will be accompanied by an appropriate narrative within 30 days after the end of each quarter and an annual certified statement of income and expenses as well as a three-year pro forma financial statement, which will be updated on an annual basis, to be furnished within three months after the end of each fiscal year.

13. That the rights of the Mortgagee arising under the clauses and covenants contained in this mortgage shall be separate, distinct and cumulative and none of them shall be in exclusion of the others; that the invalidity of one or more of the clauses and covenants contained herein shall not in any way affect the validity or enforceability of the remaining provisions herein contained; and that no act of the Mortgagee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision, anything herein or otherwise to the contrary notwithstanding.

14. That the Mortgagor agrees to set up a reserve fund for maintenance with an annual contribution of \$10,000.00 until a \$40,000.00 fund is accumulated. This fund shall be maintained throughout the life of the subject mortgage loan and any expenditures from the fund shall be replaced with an annual contribution of \$10,000.00 until the said fund is replenished. All improvements paid for from said fund must be improvements to the mortgaged premises.

15. That all cash accumulated after paying operating expenses, required debt service, and funding the capital improvement reserve (as described in Paragraph 14 above) will be applied to the loan secured by the within mortgage as an additional principal reduction, without penalty.

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