

or Shareholders of the Trust or of such Trustees. Should the Trustees determine that the use of such name is not practicable, legal or convenient, they may use such other designation or they may adopt such other name for the Trust as they deem proper and the Trust may hold property and conduct its activities under such designation or name.

If Kentucky Mortgage Company, Incorporated (hereinafter called "Kentucky Mortgage") or any parent or successor thereof or any corporation, partnership or other entity at least 20% of whose equity is owned beneficially, directly or indirectly, by Kentucky Mortgage shall cease, for any reason, to render to the Trust the services of Adviser (as defined in Section 1.4 hereof) pursuant to the contract referred to in Section 3.1 hereof and any renewal, extension or assignment of such contract, or if any notice is given which with the lapse of time may result in such cessation, then the Trustees shall forthwith, upon the written request of Kentucky Mortgage or its successor, and without any vote or consent of the Shareholders being required, promptly amend this Declaration of Trust to change the name of the Trust to one which does not include any reference to "Kentucky Mortgage" or "KMC" or any abbreviation or approximation thereof.

**1.2 Location.** The Trust shall maintain an office in Lexington, Kentucky and may maintain such other offices or places of business within or without the Commonwealth of Kentucky as the Trustees may from time to time determine.

**1.3 Nature of Trust.** The Trust shall be an unincorporated association in the form of a business trust pursuant to the Kentucky REIT Act. The Trust is not intended to be, shall not be deemed to be and shall not be treated as, a general partnership, limited partnership, joint venture, corporation or joint stock company (but nothing herein shall preclude the Trust from being taxable as an association under the REIT Provisions of the Internal Revenue Code). The Shareholders shall be beneficiaries and their relationship to the Trustees shall be solely in that capacity in accordance with the rights conferred upon them pursuant to the Kentucky REIT Act and hereunder. The Trust is intended to have the status of a "real estate investment trust" as that term is defined in the REIT Provisions of the Internal Revenue Code and this Declaration of Trust and all actions of the Trustee hereunder shall be construed in accordance with such intent.

**1.4 Definitions.** As used in this Declaration of Trust, the following terms and the singular or plural thereof, when appropriate, shall have the following meanings unless the context hereof otherwise requires:

"Adviser" shall mean any Person appointed, employed or contracted with by the Trustees under the provisions of Section 3.1 hereof.

"Affiliate" shall mean in respect of any Person (the "First Person"), any other Person (a) who directly or indirectly controls, is controlled by or is under common control with the First Person, or (b) who is a director, officer, employee, partner or trustee of the First Person, or of which the First Person is a director, officer, employee, partner or trustee, or (c) who directly or indirectly beneficially owns, controls or holds with power to vote one percent (1%) or more of the outstanding voting securities of the First Person, or of which the First Person directly or indirectly beneficially owns, controls or holds with power to vote one percent (1%) or more of the outstanding voting securities.

"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, by any bank, insurance company or other Person which makes appraisals in connection with its lending, investment, syndication, brokerage or servicing activities (whether or not an Affiliate of the Adviser), or by a disinterested Person having no economic interest in the Real Property pro-