

substitution or exchange of any of said collateral; (c) accelerate or retard for more than four (4) months the maturity of said Note; (d) sell, assign, or transfer any of said collateral (except upon immediate remittance to Buyer of its interest therein); (e) sue upon said Note, collateral or instruments; (f) waive any claim upon Borrower or any guarantor, standby creditor or obligor in connection with said Loan. All expenses incurred by Seller which are not recoverable from Borrower shall be shared ratably by the Seller and the Buyer according to their respective interests in said Loan. In the event that Seller and Buyer are unable to agree as to that course of action to be taken in connection with the aforescribed matters, within ten days of notice, one to the other, then in that event the course of action asserted by Buyer shall prevail.

5. PURCHASE OF PARTICIPATION AND METHOD OF PAYMENT

Upon receipt by Buyer of the documents and instruments set forth in paragraph 4 above and approval of said documents and instruments by Buyer's attorney, and upon compliance of the Seller with the terms of this Participation Agreement, Buyer, upon written demand of the Seller in form satisfactory to Buyer, Buyer will purchase for cash its participation of each disbursement made by Seller upon the Mortgage, in accordance with the Building Loan Agreement, provided, however, that Buyer shall not be required to purchase a participating share of any disbursement unless and until Seller shall have furnished evidence satisfactory to Buyer that the disbursement has been approved by FHA as an insured advance, and provided further that in the event the Borrower has submitted to FHA any change orders which would increase the cost of construction of the Project, Seller shall submit proof satisfactory to Buyer that Seller has collected from Borrower such sums as are required by FHA to fully cover such increased costs, and such funds shall be disbursed prior to Buyer's funds. If, prior to demand for payment from Buyer, no change orders have been submitted by Borrower to FHA, Seller shall so certify to Buyer.

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