

EXHIBIT "B"

BOOK 1487 PAGE 32

The Mortgagor, its successors and assigns, further covenants and agrees with Mortgagee, so long as said Note shall remain unpaid in whole or in part, as follows:

FIRST: To pay into a non-interest bearing account ("account") maintained by the holder of the Note hereby secured ("holder"), with each payment to the holder under the terms of said Note, an amount which shall, when multiplied by the number of loan payments due under the Note each year, be sufficient, in the estimation of the holder (as determined each year) to pay, before same becomes due, all taxes, assessments and other governmental liens or other encumbrances and charges against the subject property and all premiums for fire, extended coverage, vandalism, malicious mischief, liability, and boiler insurance required by this Mortgage to be furnished by Mortgagor. Mortgagor covenants and agrees to procure and deliver to the holder statements for any such charges in advance of the date on which such charges shall be due. Payments from the account for the said purposes will, at the discretion of the holder, be made as same become due or payable even though subsequent owners of the subject property may benefit by such payments. If the balance in the account shall from time to time exceed the amounts needed, then the excess shall be held without interest for future payments from the account for the purposes herein specified. If at any time the account does not contain sufficient funds to pay any of the said charges as same become due, then the Mortgagor shall, upon written demand from the holder, immediately pay into the account the amount necessary to pay such charges in full. The account (i) shall be held free of any liens or claims on the part of creditors of the Mortgagor and (ii) shall not be, or deemed to be, a trust fund, but the balance thereof may be commingled with the general funds of the holder. In no event shall the holder be deemed to be the agent of the Mortgagor, nor under any obligation to pay the Mortgagor for use of any funds in the account. In the event of any default under the terms of this Mortgage, the Note hereby secured, or any other instrument(s) securing said Note, any part or all of the balance in the same account may, at the option of the holder, be applied to any part of the indebtedness (including interest) evidenced by the said Note. The holder may, in refunding any part of the account as a result of the said Note being paid in full or for any other reason, pay the amount being refunded to whoever is represented to be the owner of the subject property or any portion thereof at the time such refund is made. The enforceability of the covenants herein contained relating to taxes, assessments, fire, extended coverage, vandalism, malicious mischief, liability, and boiler insurance premiums shall not be affected by this paragraph except to the extent that the obligations hereunder have been actually met by compliance with this paragraph.

SECOND: To furnish to Jefferson Standard Life Insurance Company, its successors and assigns, within Ninety (90) days of the end of each fiscal year, during the term of this loan, an annual audited balance sheet and operating statement and a Form 10K for Kinder-Care Learning Centers, Inc., as well as an operating statement for the subject location which has been certified by an officer of the Corporation.

RECORDED NOV 6 1979 at 11:57 A.M.

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