

time or both. The Borrower fully warrants and will forever defend the title to THE PROPERTY against the claims of all persons whatsoever claiming or to claim the same or any part thereof.

If this Mortgage is to be acquired by Aetna Business Credit, Inc., from an interim lender, the representations, covenants and warranties contained in this paragraph 1.02 shall be deemed repeated as of the date this Mortgage is acquired by Aetna.

**1.03 Compliance with Laws.** The Borrower covenants and warrants that THE PROPERTY presently complies with and will continue to comply with all applicable restrictive covenants, applicable zoning and subdivision ordinances and building codes, all applicable health and environmental laws and regulations and all other applicable laws, rules and regulations. If the Borrower receives notice from any federal, state or other governmental body that it is not in compliance with any such covenant, ordinance, code, law or regulation the Borrower will provide the Noteholder with a copy of such notice promptly.

**1.04 Taxes and Other Charges.**

**1.04.1 Taxes and Assessments.** Subject to the provisions of this paragraph 1.04, the Borrower shall pay promptly when due all taxes, assessments, rates, dues, charges, fees, levies, fines, impositions, liabilities, obligations and encumbrances of every kind whatsoever now or hereafter imposed, levied or assessed upon or against THE PROPERTY or any part thereof, or upon or against this Mortgage or the indebtedness or other sums secured hereby, or upon or against the interest of the Noteholder in THE PROPERTY, as well as all income taxes, assessments and other governmental charges levied and imposed by the United States of America or any state, county, municipality or other taxing authority upon or against the Borrower or in respect of THE PROPERTY or any part thereof; provided, however, that the Borrower may in good faith, by appropriate proceedings (including without limitation payment of the asserted tax or assessment under protest if such payment must be made in order to contest such tax or assessment), contest the validity, applicability or amount of any asserted tax or assessment and pending such contest the Borrower shall not be deemed in default hereunder if on or before the due date of the asserted tax or assessment the Borrower establishes an escrow acceptable to the Noteholder in an amount estimated by Noteholder to be adequate to cover the payment of such tax or assessment with interest, costs and penalties and a reasonable additional sum to cover possible interest, costs and penalties; and, if the amount of such escrow is insufficient to pay any amount adjudged by a court of competent jurisdiction to be due, with all interest, costs and penalties thereon, Borrower shall pay such deficiency no later than the date such judgment becomes final.

**1.04.2 Construction and Other Liens.** The Borrower shall not permit or suffer any construction, statutory or other lien (other than any lien for taxes not yet due) to be created upon THE PROPERTY.

**1.04.3 Taxes Affecting Noteholder's Interest.** If any state, federal, municipal or other governmental law, order, rule or regulation, passed subsequent to the date hereof, in any manner changes or modifies existing laws governing the taxation of mortgages or debts secured by mortgages, or the manner of collecting taxes so as adversely to affect the Noteholder's security in THE PROPERTY, the entire balance of the indebtedness and other sums secured by this Mortgage and all interest accrued thereon shall without notice become due and payable forthwith at the option of the Noteholder.

**1.04.4 Tax Escrow.** In order to secure the performance and discharge of the Borrower's obligations under this paragraph 1.04, but not in lieu of such obligations, the Borrower will pay over to the Noteholder an amount equal to one-twelfth (1/12th) of the next maturing annual ad valorem taxes, assessments and charges (which charges for purposes of this paragraph shall include without limitation water and sewer rents) of the nature described in paragraph 1.04.1 for each month that has elapsed since the last date to which such taxes, assessments and charges were paid; and the Borrower will, in addition, pay over to the Noteholder together with each installment on the Note sufficient funds (as estimated from time to time by the Noteholder in its sole discretion) to permit the Noteholder to pay when due said taxes, assessments and charges. Upon demand by the Noteholder, the Borrower shall deliver to the Noteholder such additional monies as are required to make up any deficiencies in the amounts necessary to enable the Noteholder to pay such taxes, assessments and similar charges. Such deposits shall not be, nor be deemed to be, trust funds but may be commingled with the general funds of the Noteholder, and no interest shall be payable in respect thereof. In event of a default under any of the terms, covenants and conditions in the Note, this Mortgage or any other instrument securing the Note to be kept, performed or observed by Borrower, Noteholder may apply to the reduction of the sums secured hereby, in such manner as Noteholder shall determine, any amount under this paragraph 1.04.4 of Article One remaining to Borrower's credit.

**1.04.5 No Credit Against the Indebtedness Secured Hereby.** The Borrower shall not claim, demand or be entitled to receive any credit, against the principal or interest payable under the terms of the Note or on any other sums secured by this Mortgage for so much of the taxes, assessments or similar impositions assessed against THE PROPERTY or any part thereof or that are applicable to the indebtedness secured hereby or to the Noteholder's interest in THE PROPERTY. No deduction shall be claimed from the taxable value of THE PROPERTY or any part thereof by reason of the Note, this Mortgage or any other instrument securing the Note.

**1.04.6 Insurance.**

(a) Subject to paragraph 1.04.6(d), the Borrower shall at its sole expense obtain for, deliver to, assign and maintain for the benefit of the Noteholder, during the life of this Mortgage, insurance policies in such amounts as the Noteholder may require, insuring THE PROPERTY against all insurable hazards, casualties and contingencies (including without limitation loss of rentals or business interruption and liability insurance naming Borrower and Noteholder as named insureds), as the Noteholder may require, and shall pay promptly when due any premiums on such insurance policies and on any renewals thereof. The form of such policies and the companies issuing them shall be acceptable to the Noteholder. All such policies and renewals thereof shall be held by the Noteholder and shall contain a non-contributory standard Noteholder's endorsement making losses payable to the Noteholder as its interests may appear. At least fifteen (15) days prior to the expiration date of all such policies, renewals thereof satisfactory to the Noteholder shall be delivered to the Noteholder. Within fifteen (15) days after the anniversary or effective date of each policy, the Borrower shall deliver to the Noteholder receipts evidencing the payment of all premiums on such insurance policies and renewals. In the event of loss, the Borrower will give immediate written notice to the Noteholder and the Noteholder may make proof of loss if not made promptly by the Borrower. In the event of the foreclosure of this Mortgage or any other transfer of title to THE PROPERTY in extinguishment of the indebtedness and other sums secured hereby, all right, title and interest of the Borrower in and to all insurance policies and renewals thereof then in force shall pass to the purchaser or grantee. All such policies shall provide that they shall not be cancelled or terminated without at least thirty (30) days' prior written notice to the Noteholder.

(b) Pursuant to its rights granted hereunder in all proceeds from any insurance policies, the Noteholder is hereby authorized and empowered at its option to adjust or compromise any loss under any insurance policies on THE PROPERTY and to collect and receive the proceeds from any such policy or policies. Each insurance company is hereby

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