

ARTICLE III - Warranties and Covenants of Mortgagor

A. Representations and Warranties.

3.1 Warranties. As an inducement to the extension of credit upon the security of this instrument, Mortgagor hereby represents and warrants:

(a) Title, Etc. Mortgagor is the owner of 100% full fee simple interest in the Mortgaged Property, subject only to the exceptions to title set forth in Exhibit "B" hereto, and has the right to sell, assign and mortgage the same.

(b) Free and Clear. The Mortgaged Property is free and clear of all liens and encumbrances except for taxes not yet due and other liens, if any, described in Exhibit "B".

(c) Payment of Taxes. All taxes and assessments levied or assessed against the Property have been paid, except for taxes and assessments payment of which is not yet due.

(d) Organization of Mortgagor. Mortgagor is a duly organized, validly existing entity under the laws of the State of its organization, and has the power and authority to carry on its business, to execute and deliver this instrument and to perform its obligations hereunder.

(e) Intentionally Omitted.

(f) Due Authorization. The execution, delivery and performance hereof and the incurring of the Secured Indebtedness by the Mortgagor has been duly authorized by both Mortgagor and, if applicable, by each general partner or venturer constituting Mortgagor, and all necessary action under the Articles of Organization of all such entities and otherwise to authorize same have been accomplished.

(g) Legality, Etc. The execution of and performance under this instrument and the incurring of the Secured Indebtedness by the Mortgagor does not violate any Legal Requirement, nor does it violate or constitute a breach of or event of default under any other instrument or agreement binding upon the Mortgagor or any general partner or venturer of Mortgagor.

(h) No Pending or Threatened Suits, Etc. There are no actions, suits, proceedings or investigations pending, or to the knowledge of the Mortgagor, threatened, against or affecting the Mortgagor, or the Premises, or involving the validity or enforceability of this instrument or the Secured Indebtedness, or the priority of the liens created hereby.

(i) No Construction Commenced. No land clearing, site preparation or construction has commenced on the Property, nor has any material been delivered to the Property, nor has the Borrower made any verbal or written contract or arrangement of any kind, the occurrence, performance or recordation of which would give rise to a lien on the Mortgaged Property of equal or greater priority than the liens and security interests hereby created.

(j) General Warranty of Title. Mortgagor shall warrant and forever defend the title to the Mortgaged Property to the Mortgagee, his successors and assigns, against any adverse claim whatsoever.

3.2 Survival of Warranties. Each of the above warranties shall survive the execution and delivery hereof, and shall be deemed made for the benefit of any successor or assign of the named Mortgagee, as well as the original Mortgagee.

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