

privileges as a business or stock corporation under the laws of the state of its incorporation and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental authority or court applicable to the Mortgagor or to the Premises or any part thereof.

1.02 Payment of Note and Escrow Account.

a. The Mortgagor shall promptly and punctually pay all principal and interest, prepayment premiums, and all other sums to become due in respect of the Note, according to the true intent and meaning thereof; and further Mortgagor shall pay to Mortgagee, together with and in addition to the monthly payments of principal and interest payable under the terms of the Note secured hereby, on the date set forth therein for the making of monthly payments, until said Note is fully paid, a sum, as estimated by the Mortgagee, equal to the ground rents under Ground Leases which have not been subordinated to this Mortgage, if any, and the taxes and special assessments next due on the Premises covered by this Mortgage, plus the premiums that will next become due and payable on insurance policies as may be required under paragraph 1.05 hereof, Mortgagor agreeing to deliver promptly to Mortgagee all bills and notices thereof, less all sums already paid therefor, divided by the number of months to elapse before one (1) month prior to the date when such ground rents, premiums, taxes and special assessments will become delinquent, such sums to be held by the Mortgagee to pay said ground rents, premiums, taxes and special assessments. Such payments, hereinafter referred to as "Reserves", are to be held without any allowance of interest or dividend to Mortgagor and need not be kept separate and apart from other funds of Mortgagee. All payments mentioned in this paragraph and all payments to be made under the Note secured hereby shall be added together and the aggregate amount thereof shall be paid by the Mortgagor each month in a single payment to be applied by Mortgagee to the following items in the order set forth: (i) said ground rents, if any, taxes, special assessments, fire and other hazard insurance premiums; (ii) interest on the Note secured hereby; and (iii) amortization of the principal of said Note.

b. The arrangement provided for in this paragraph 1.02 is solely for the added protection of the Mortgagee and entails no responsibility on the Mortgagee's part beyond the allowing of due credit, without interest, for the sums actually received by it. Upon assignment of the Mortgage by the Mortgagee, any funds on hand shall be turned over to the Assignee and any responsibility of the Assignor with respect thereto shall terminate.

c. If the total of the Reserves, described in paragraph 1.02(a) hereof, shall exceed the amount of payments actually applied by Mortgagee as set forth in paragraph 1.02(a), such excess may be credited by Mortgagee on subsequent payments to be made by Mortgagor or, at the option of the Mortgagee, refunded to the Mortgagor or his successors in interest as may appear on the records of the Mortgagee. If, however, the Reserves shall not be sufficient to pay the sums required when the same shall become due and payable, Mortgagor shall immediately deposit with such Mortgagee the full amount of any such deficiency. If there shall be a default under any of the provisions of this Mortgage the Mortgagee may apply, at any time the balance then remaining in the funds accumulated under paragraph 1.02, less such sums as will become due and payable during the pendency of the proceedings, against the amounts due and payable under the Note, hereby or under any instrument constituting additional security for said Note.

1.03 Maintenance and Repair. The Mortgagor shall keep the Premises in good operating order, repair and condition and shall not commit or permit any waste thereof. Mortgagor shall make all repairs, replacements, renewals, additions and improvements and complete and restore promptly and in good workmanlike manner any building or improvements which may be constructed, damaged, or destroyed thereon, and pay when due all costs incurred thereof. Mortgagor shall not remove from the Premises or demolish any of the property conveyed hereby, nor demolish or materially alter such Premises without the prior written consent of the Mortgagee. Mortgagor shall permit Mortgagee or its agents the opportunity to inspect the Premises, including the interior of any structures, at any reasonable times.