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MORTGAGE AND SECURITY AGREEMENT

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THIS MORTGAGE AND SECURITY AGREEMENT (hereinafter "Mortgage") is given as of the 24 day of December, 1985, by FRANKLIN SCHOOL HOUSING LIMITED PARTNERSHIP, a Massachusetts limited partnership having an address at Suite 300, 79 Milk Street, Boston, Massachusetts 02109 (the "Mortgagor") to the TOWN OF LEXINGTON, a Massachusetts municipal corporation (the "Mortgagee"), having its principal place of business and mailing address at the Town Office Building, 1625 Massachusetts Avenue, Lexington, Massachusetts 02173.

WHEREAS, the Mortgagor has executed its mortgage note (the "Note") of even date herewith, payable to the order of the Mortgagee, in the principal sum of THREE HUNDRED NINETY THOUSAND DOLLARS (\$390,000.00) with interest and any other charges thereon, payable as provided in the Note; and

WHEREAS, the Mortgagor desires to secure the following obligations (the "Obligations") of the Mortgagor to the Mortgagee:

- (a) the payment of the principal sum, interest, charges and other indebtedness evidenced by the Note, including any extensions, renewals, replacements and amendments thereof;
- (b) the payment, performance, discharge and satisfaction of every covenant, agreement, warranty, representation, undertaking and condition contained herein, in the Note, and in all other documents now or hereafter executed by the Mortgagor incident to the financing arrangement contemplated hereby and the securing thereof, (the Note, and such other documents being herein collectively called the "Financing Documents"), and any amendment, extension, modification, replacement or recasting of any one or more of the Financing Documents;
- (c) the performance, discharge and satisfaction of every covenant, agreement, warranty, representation, undertaking and condition contained in (i) a certain Stock Option Agreement of even date herewith executed by the Mortgagor and by Franklin Housing, Inc. with respect to certain shares of stock of Franklin Housing, Inc., and (ii) a certain Property Option Agreement of even date herewith and recorded herewith in the Middlesex County (South) Registry of Deeds, executed by the Mortgagor and relating to the Real Estate (as hereinafter defined).

NOW, THEREFORE, to secure the Obligations and for consideration paid, the Mortgagor hereby grants to the Mortgagee, with MORTGAGE COVENANTS, the Mortgagor's entire right,

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title and interest in and to the land located in Lexington, Middlesex County, Massachusetts, described in Exhibit A attached hereto and incorporated by reference herein, and the buildings and improvements now or hereafter situated thereon. Together with:

(a) All rights, licenses, and easements now or hereafter appurtenant thereto;

(b) Any other estate, title or interest in such land or such buildings and improvements, and in the streets and ways adjacent thereto, to the extent now owned or hereafter acquired by the Mortgagor;

(c) All leases now or hereafter entered into by the Mortgagor with respect to such property, and all the rents, issues, profits, revenues, and other income or benefits received or receivable by the Mortgagor with respect to such property;

(d) All goods, equipment, furnishings, furniture, chattels and articles of personal property, including, without limitation, all building materials and supplies, furnaces, boilers, oil burners, refrigeration, air conditioning and sprinkler systems, awnings, screens, window shades, storm windows and doors, motors, dynamos, plumbing fixtures and supplies, incinerators, carpets, plants and shrubbery, and all other equipment, machinery, appliances, fittings and fixtures, whether personal property, inventory or fixtures, whether now owned or hereafter from time to time acquired by the Mortgagor, together with all attachments and additions thereto, substitutions therefor, and replacements and component parts thereof; whether now or hereafter attached to or used or to be used on the above-described land and improvements; and

(e) All proceeds of the conversion, voluntary or involuntary, of all or any portion of the above-described property into cash, negotiable instruments or other instruments for the payment of money, chattel paper, security agreements, documents or liquidated claims, including, without limitation, all insurance proceeds and all awards arising out of eminent domain proceedings or other proceedings similar thereto.

The above-described land, buildings and improvements, and other rights described in (a), (b) and (c) above, together with any and all additions thereto or replacements thereof, and together with all such property described in (d) and (e) above, insofar as such property is, or can by agreement of the parties be made, a part of the realty, are herein referred to as the "Real Estate". All such property described in (d) and (e) above is hereinafter referred to as

the "Collateral". The Collateral and the Real Estate are herein collectively referred to as the "Property", or such portion thereof as is appropriate to the context in which the term "Property" is used.

This Mortgage is subject and subordinate to the following documents (the "MHFA Financing Documents") each of which (except for the Development Fund Agreement) is to be recorded herewith in the Middlesex (South) Registry of Deeds:

- (1) Mortgage Security Agreement and Assignment of Leases and Rents with respect to the Property given by the Developer to Massachusetts Housing Finance Agency ("MHFA");
- (2) UCC Financing Statement executed by the Developer and MHFA with respect to collateral located at the Property;
- (3) Regulatory Agreement with respect to the Property between the Developer and MHFA;
- (4) Construction Loan Agreement with respect to the Property between the Developer and MHFA;
- (5) Land Use Restriction Agreement with respect to the Property between the Developer and MHFA;
- (6) Development Fund Agreement between the Developer and MHFA; and
- (7) State Housing Assistance For Rental Production Mortgage, Security Agreement, and Assignment of Rents with respect to the Property given by the Developer to MHFA.

The Mortgagor covenants, warrants and agrees with the Mortgagee as follows:

1. Payment of Taxes, etc. The Mortgagor shall pay, at least ten (10) days before the same become delinquent (and shall provide, by such time, evidence of such payment, satisfactory to the Mortgagee) all taxes, charges, sewer use fees, water rates and assessments of every name and nature, whether or not assessed against the Mortgagor, if applicable or related to the Property, or any interest therein, or the debt, obligation or any agreement secured hereby, or the disbursement or the application of the proceeds thereof; but nothing in this Section 1 shall extend to any income tax or corporation excise tax of the Mortgagee.

Further, the Mortgagor shall pay when due all fees and charges incurred incident to the loan transaction evidenced by the Note and secured by this Mortgage, the assurance of the security represented by this Mortgage, and the enforcement of the Note, this Mortgage and any other obligation secured by this Mortgage.

2. Condition; Repair. The Mortgagor shall keep the Property in good order, repair and condition, damage from casualty expressly not excepted, and shall not permit or commit waste on the Real Estate, nor remove or materially alter anything which constitutes a part of the Property without the consent of the Mortgagee, which consent shall not be unreasonably withheld provided the Mortgagee's security is not impaired, and shall permit the Mortgagee to enter the Real Estate, at any reasonable time, to determine whether the Mortgagor is in compliance with its obligations under this Mortgage. Each and every part of the Property shall be maintained and used in accordance with all lawful requirements, restrictions or provisions, public or private, relating to the same or the use thereof.

3. Insurance. The Mortgagor shall have and maintain with respect to the Property and its use such insurance as the Mortgagee may from time to time reasonably require and such insurance as may from time to time be required by any applicable Federal, State or local law or regulation. Without limiting the foregoing, the Mortgagor shall provide, maintain, and keep in force (a) fire and extended coverage insurance on the buildings and improvements on the Real Estate in an amount which is not less than 100% of the full insurable value of said buildings and improvements nor less than an amount sufficient to prevent the Mortgagor from becoming a co-insurer within the terms of such policies; (b) public liability insurance with limits which are reasonably acceptable to the Mortgagee; and (c) such insurance with respect to the items of the Collateral which are personal property as the Mortgagee shall reasonably require. Certified copies of all policies of insurance (with evidence of payment of premiums thereon satisfactory to the Mortgagee) so required to be maintained, together with any other insurance with respect to the Property maintained by the Mortgagor, shall be deposited with, and, except for public liability coverage and any other coverage the Mortgagee may determine shall not be payable to it in case of loss, and subject to the requirements contained in the MHFA Financing Documents, shall be payable in case of loss to the Mortgagee as its interests may appear. All policies of insurance so required to be maintained shall provide for thirty (30) days' written notice to the Mortgagee prior to any cancellation, amendment or expiration thereof. All renewals or replacements of such insurance from time to time in force together with evidence of payment of premiums thereon satisfactory to the Mortgagee shall be delivered to the Mortgagee at least 10 days before the expiration date of then current insurance. All insurance required as aforesaid to be maintained with respect to the Property shall be written by such companies, on such terms, in such form and for such periods and amounts as the Mortgagee shall from time to time reasonably approve.

4. Insurance Proceeds. Subject to the rights of the holder of the MHFA Financing Documents, the proceeds of any hazard insurance shall, at the option of Mortgagee, be applied to or toward the indebtedness secured hereby in such order as the Mortgagee may determine (in which event the Mortgagor shall be relieved of the obligation in Section 3 of this Mortgage to the extent of the repair of that part of the Property damaged by the hazard with respect to which insurance is paid); or if the Mortgagee shall require repair of that part of the Property so damaged by such insured hazard, the Mortgagee shall release to the Mortgagor insurance proceeds paid to it upon such conditions as the Mortgagee may prescribe.

5. Eminent Domain Proceeds. Subject to the rights of the holder of the MHFA Financing Documents, the awards of damages on account of any condemnation for public use of or injury to the Property shall be paid to the Mortgagee; such awards shall, at the option of the Mortgagee, be applied to or toward the indebtedness secured hereby in such order as the Mortgagee may determine, in which event the Mortgagor shall be relieved of the obligation in Section 3 of this Mortgage to the extent of the repair of that part of the Property which remains and which has been damaged or injured by such public action; or if the Mortgagee shall require restoration of that part of the Property which remains, the Mortgagee shall release to the Mortgagor such awards paid to it upon such conditions as the Mortgagee may prescribe, but not more than such portion of such awards as may be required to repair such damage or injury; and any balance remaining shall be applied by the Mortgagee to or toward the indebtedness secured hereby in such order as Mortgagee may determine, and then any balance remaining shall be paid to the Mortgagor.

6. Subordination. The Mortgagee shall have the right, but shall not be required, to subordinate this Mortgage, and the rights of the Mortgagee hereunder, to any lease or leases from time to time in force with reference to the Real Estate, and, on the execution of any such instrument, this Mortgage shall be subordinate to the lease for which such subordination is applicable with the same force and effect as if such lease had been executed and delivered, and a notice thereof recorded to the extent required to give notice to third persons, prior to the execution, delivery and recording of this Mortgage.

7. Waiver; Redemption. Whether or not for additional interest or other consideration paid or payable to the Mortgagee, no forbearance on the part of the Mortgagee or extension of the time for the payment or performance of the whole or any part of the Obligations, whether oral or in writing, or any other indulgence given by the Mortgagee to the Mortgagor or to any other party claiming any interest in or to

the Property, shall operate to release or in any manner affect the original liability of the Mortgagor, or the priority of this Mortgage or to limit, prejudice or impair any right of the Mortgagee, including, without limitation, the right to realize upon the security, or any part thereof, for the Obligations, notice of any such extension, forbearance or indulgence being hereby waived by the Mortgagor, and all those claiming by, through or under the Mortgagor; and no consent or waiver, express or implied, by the Mortgagee to or of any default by the Mortgagor shall be construed as a consent or waiver to or of any further default in the same or any other term, condition, covenant or provision of this Mortgage or of the Obligations. In case redemption is had by the Mortgagor after foreclosure proceedings have begun, the Mortgagee shall be entitled to collect all costs, charges and expenses incurred up to the time of redemption; and in case of foreclosure sale, the Mortgagee shall be entitled to retain 1% of the purchase money in addition to the costs, charges and expenses allowed under the Statutory Power of Sale.

8. Notice. Wherever notice, demand or a request may properly be given to the Mortgagor under this Mortgage, the same shall always be sufficient to serve as a notice, demand or request hereunder if in writing and posted in the United States mail by registered or certified mail, addressed to the Mortgagor at the address given in this Mortgage as the Mortgagor's address or the business address of the Mortgagor last known to the Mortgagee. Any such notice, demand or request shall be treated as having been given upon such deposit in the United States mails. A notice so addressed shall always be a sufficient notice, notwithstanding a change in the ownership of the equity of redemption of the Real Estate, whether or not consented to by the Mortgagee. Where more than one person constitutes the Mortgagor, one notice sent to the address given in this Mortgage as the Mortgagor's address or the last known business address of any one of them shall constitute sufficient notice to all.

9. Conditions. The following are conditions of this Mortgage:

(a) The foregoing covenants and any additional covenants set forth in this Mortgage shall not be breached.

(b) Except for real estate taxes and assessments until ten (10) days before any delinquency therein (delinquency, with reference to such taxes and assessments being hereby defined, for the purposes of this Mortgage, as meaning the time when, on the non-payment thereof, interest or penalties commence to accrue), the Mortgagor shall not create any encumbrance on the Property even if such encumbrance is inferior to this Mortgage except as expressly permitted herein.

(c) The Mortgagor shall not permit any encumbrance to exist against the Property, even if such encumbrance is inferior to this Mortgage. Without limitation, the filing of a notice of Federal or State tax lien with the Mortgagee or at the office at which, by law, such notice is to be filed to be effective against the Real Estate, whether or not such lien applies, in terms, to the Real Estate, shall be a breach of this condition. Any period of grace in this Mortgage provided to the Mortgagor for a default in this Mortgage shall not be applicable to any encumbrance created by the Mortgagor. Notwithstanding the foregoing, the Mortgagee agrees that the Mortgagor may refinance the Mortgage loans evidenced by the MHEFA Financing Documents in order to refinance the development, construction, repair or reconstruction of the Property, or to obtain operating subsidies therefor, for use for low-income and moderate-income tenants.

(d) The Mortgagor shall not voluntarily transfer the legal or equitable interest in the equity of redemption in the Real Estate, or any part thereof except for: (i) transfers of limited partner interests in the Mortgagor, or (ii) acquisition of any such legal or equitable interest by the Mortgagee or any entity owned or controlled by the Mortgagee. Provided, however, that any transfer by operation of law upon the death of any person shall not be a breach of this condition.

(e) The Mortgagor shall not file a petition or any application for relief, extension, moratorium or reorganization under any bankruptcy, insolvency or debtor's relief law, or make an assignment for the benefit of creditors or enter into any trust mortgage arrangement, so-called, or consent to the appointment of a receiver of any of the property of the Mortgagor.

(f) The Mortgagor shall not permit any petition under any bankruptcy, insolvency or debtor's relief law filed against it to remain undischarged for a period of more than 45 days after the filing thereof, nor shall the Mortgagor permit the continuation of any receivership proceedings instituted against it for more than a period of 45 days after the commencement thereof.

10. Breach of Conditions. If there shall be any breach of the conditions of Section 10 (d), (e) or (f), or the covenant in Section 3 of this Mortgage, or if any payment required under the Note, or this Mortgage shall not be made when due, or if there shall be any breach of the condition of Section 10 (c) continuing for more than 30 days after written notice from the Mortgagee to the Mortgagor of objection thereto, or if there shall be any other breach of the conditions or covenants of this Mortgage which shall exist for

more than 10 days after written notice to the Mortgagor (except where a period of grace is specifically otherwise provided or negated, in which case, such specific periods of time or negation shall govern), the Mortgagee shall have the right to declare the entire indebtedness of the Mortgagor under the Note forthwith due and payable. The Mortgagee agrees, however, for the benefit of the holder of the MHFA Financing Documents, that the Mortgagee shall not, while the MHFA Financing Documents remain in force and effect with respect to the Real Estate, exercise any right the Mortgagee may have under the terms of this Mortgage to foreclose upon the Real Estate unless foreclosure proceedings have already been commenced by the holder of the MHFA Financing Documents.

11. Mortgagee Right to Cure Default. If there shall be any breach in any condition or covenant of this Mortgage, the Mortgagee shall have the right, but without any obligation so to do, to cure such default for the account of the Mortgagor and, to the fullest extent permissible according to law, apply any funds credited by or due from the Mortgagee to the Mortgagor against the same (without any obligation first to enforce any other rights of the Mortgagee, including, without limitation, any rights under the Note or this Mortgage, or any guarantee thereof, and without prejudice to any such rights). Without limiting the generality of the foregoing, the Mortgagor hereby authorizes the Mortgagee to pay all taxes, sewer use fees, water rates and assessments, with interest, costs and charges accrued thereon, which may at any time be a lien upon the Property, or any part thereof; to pay the premiums for any insurance required hereunder; or to incur and pay reasonable expenses in protecting its rights hereunder and the security hereby granted; to pay any balance due under any security agreement on any articles, fixtures and equipment included as a part of the Property; and the payment of all amounts so expended or incurred shall be secured hereby as fully and effectually as any other obligation of the Mortgagor secured hereby; and, to the fullest extent permissible according to law, to apply to any of these purposes or to the repayment of any amounts so paid by the Mortgagee any sums paid on the Note or this Mortgage by the Mortgagor as interest or otherwise.

12. Foreclosure Sale. At any foreclosure sale, any combination, or all, of the Property or other security given to secure the Obligations, may be offered for sale for one total price, and the proceeds of such sale accounted for in one account without distinction between the items of security or without assigning to them any proportion of such proceeds, the Mortgagor hereby waiving the application of any doctrine of marshalling and inverse order of alienation; and, in case the Mortgagee, in the exercise of the power of sale herein given, elects to sell in parts or parcels, said sales may be held from time to time, and the power shall not be fully executed until all of the Property or other security not

previously sold shall have been sold. Without limiting the foregoing, at any one or more sales the Mortgagee may in its sole discretion elect which portion or all, and in which order, the Property or other security given to secure the Obligations shall be offered for sale.

If the provisions of the Uniform Commercial Code are applicable to any part of the Property which is sold in combination with or as a part of the Real Estate, or any part thereof, at one or more foreclosure sales, any notice required under such provisions shall be fully satisfied by the notice given in execution of the Statutory Power of Sale (referred to below) with respect to the Real Estate or any part thereof.

13. Leases. Except for leases of residential units in the Property to the occupants thereof, the Mortgagor shall not lease all or any portion of the Real Estate without first obtaining the written consent of the Mortgagee. The Mortgagor will perform every obligation of the lessor, in all leases now or hereafter in effect with respect to any part or all of the Real Estate.

14. Assignment of Leases, etc. Subject to the rights of the holder of the MHFA Financing Documents, the Mortgagor will assign to the Mortgagee as additional security for the Obligations, the Mortgagor's interest as lessor in any or all such leases, now or hereafter outstanding, and the Mortgagor's interests in all agreements, contracts, licenses and permits, now or hereafter outstanding, affecting the Property, such assignments to be made by instruments in form satisfactory to the Mortgagee and, without limitation, authorizing the Mortgagee in the event of foreclosure to sell and assign said interests to the purchaser at foreclosure, but no such assignment shall be construed as a consent by the Mortgagee to any lease, agreement, contract, license or permit so assigned, or to impose upon the Mortgagee any obligations with respect thereto. The Mortgagor hereby irrevocably appoints the Mortgagee its true and lawful attorney-in-fact, with full power of substitution, to execute, acknowledge and deliver any such assignment on behalf of the Mortgagor which the Mortgagor fails or refuses to do.

15. Security Interest in the Collateral.

(a) Without limiting the scope and effect of other provisions of this Mortgage, to the extent that any of the Collateral is of a nature that a security interest therein may be perfected under the Massachusetts Uniform Commercial Code, this instrument shall, as of the date of execution hereof, constitute a security agreement and a financing statement granting to the Mortgagee a secu-

urity interest therein. Accordingly, the Mortgagor covenants and agrees that, upon request of the Mortgagee at any time and from time to time, the Mortgagor shall:

(i) execute and deliver to the Mortgagee, in form appropriate for filing and recording, a more comprehensive security agreement, and such amendments to this Mortgage and such additional financing statements as the Mortgagee may require from time to time in order to assure the perfection of its security interest in all such Collateral;

(ii) provide to the Mortgagee such other assurances as may from time to time be required by the Mortgagee to establish the Mortgagee's security interest in such Collateral; and

(iii) execute, deliver and cause to be recorded and filed from time to time, without notice or demand and at the Mortgagor's sole cost and expense, continuances and such other instruments as are necessary to maintain the Mortgagee's security interest in such Collateral.

(b) With respect to the Collateral, the Mortgagor covenants, warrants and agrees with the Mortgagee as follows:

(i) Except with respect to the MHFA Financing Documents and the security interest granted hereby, the Mortgagor's right, title and interest in and to the Collateral is, and shall continue to be, free from any other pledge, lien, encumbrance, security interest or other claim in favor of others and the Mortgagor will defend the security interest of the Mortgagee in the Collateral against all claims or demands of all persons at any time claiming any interest in the Collateral.

(ii) Except with respect to the MHFA Financing Documents and the security interest granted hereby, no financing statement covering any Collateral or any proceeds thereof is on file in any public office.

(iii) The Mortgagor is the lawful owner of the Collateral and has good right to pledge, sell, consign, assign, transfer and create a security interest in the same.

(iv) Except for the MHFA Financing Documents, the Mortgagor shall not grant any other security interest in the Collateral, whether prior or subordinate to the lien of the security interest granted to the

Mortgagee hereby, without the prior written consent of the Mortgagee which consent shall not be unreasonably withheld provided Mortgagee's security hereunder is not impaired.

(v) The Collateral shall not be held for sale or leased to others, or otherwise encumbered, transferred or disposed of by the Mortgagor without the prior written consent of the Mortgagee which consent shall not be unreasonably withheld provided Mortgagee's security hereunder is not impaired.

(vi) The Collateral shall be located or stored on the Real Estate and shall not be removed therefrom without the prior written consent of the Mortgagee which consent shall not be unreasonably withheld provided Mortgagee's security hereunder is not impaired.

(vii) In the event of any inconsistency in the description of the Collateral between the language used in this Mortgage and the language used in any other financing statement evidencing the existence of the security interest granted to the Mortgagee hereby, the language providing the broadest coverage shall prevail.

(c) Until in default hereunder, the Mortgagor may have possession of the Collateral and may use it in such lawful manner as is not inconsistent with this Mortgage and as shall not invalidate any policy of insurance thereon.

(d) In addition to all other events of default provided in this Mortgage, the Mortgagor shall be in default hereunder upon

(i) Failure of the Mortgagor to observe or perform any of the terms, agreements or conditions contained in this Mortgage or breach by the Mortgagor of any warranty or representation contained herein made with respect to the Collateral; and

(ii) The theft, sale, loss, damage or destruction of any material item of the Collateral so as to impair the Mortgagee's security hereunder, unless such item was insured or the item is otherwise promptly replaced or restored by the Mortgagor.

(e) Upon the occurrence of any event of default as provided in this Mortgage, with respect to the Collateral the Mortgagee shall have all of the rights of a secured party under the Massachusetts Uniform Commercial

Code and may, in addition to any other remedy provided in this Mortgage or by law, exercise any or all of the following rights and remedies:

(i) The Mortgagee may take possession of the Collateral, and for that purpose the Mortgagee may, so far as the Mortgagor can give authority, enter upon any premises on which the Collateral or any part thereof may be situated and remove the same.

(ii) The Mortgagee may require the Mortgagor to assemble the Collateral and make the Collateral available to the Mortgagee at a place to be designated by the Mortgagee which is reasonably convenient to both parties.

(iii) Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Mortgagee shall give the Mortgagor at least five (5) days' prior written notice (except where the Financing Documents provide a shorter grace period, in which case such shorter period shall govern) of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The Mortgagee may buy at any public sale and, if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed price quotations, the Mortgagee may buy at a private sale.

(iv) The Mortgagor shall pay to the Mortgagee, upon demand therefor, any and all expenses (including reasonable attorney's fees and legal expenses) incurred or paid by the Mortgagee in retaking, holding, preparing for sale or the like or otherwise in protecting and enforcing any of the Mortgagee's rights hereunder.

(v) The Mortgagee may declare all of the Obligations to be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, no delay in accelerating the maturity of any obligation or indebtedness as aforesaid or in taking any other action with respect to any event of default shall affect the rights of the Mortgagee later to take such action with respect thereto and no waiver as to a prior occasion shall affect rights as to any other event of default.

16. Indemnification. The Mortgagor will indemnify and hold harmless the Mortgagee from and against any and all claims, demands, losses, judgments and liabilities (including liabilities for penalties) of whatever kind or nature, and will reimburse the Mortgagee for all costs and expenses, including attorneys' fees, growing out of or resulting from the proper exercise by the Mortgagee of any right or remedy granted to it under this Mortgage. In no event shall the Mortgagee be liable for any manner or thing in connection with this Mortgage other than to account for monies actually received by and in accordance with the terms hereof.

17. Hazardous Materials. Mortgagor will indemnify and hold harmless the Mortgagee from and against any and all claims, demands, losses, judgments and liabilities (including liabilities for penalties) of whatever kind or nature arising out of the existence of hazardous materials placed or deposited on the Real Estate after the date hereof.

18. MHFA Financing Documents. The Mortgagor further covenants: faithfully to perform all of the terms and provisions of the MHFA Financing Documents; within five (5) days after receipt or delivery, as the case may be, to give notice to the holder hereof of any notices received by Mortgagor from the holder of the MHFA Financing Documents relative to any default or delinquency under the MHFA Financing Documents and of any and all notices given by the Mortgagor to the holder of the MHFA Financing Documents relating to any such default or delinquency; upon the request of the holder hereof, to inform the holder hereof of the status of the MHFA Financing Documents; not to amend, terminate, renew, extend or refinance the MHFA Financing Documents without the prior written consent of the holder hereof which consent shall not unreasonably be withheld provided that the Mortgagee's security is not impaired; to keep the MHFA Financing Documents in good standing, free of any default, condition, or event which, with the giving of notice or lapse of time, or both, would constitute a default thereunder; in the event the Mortgagor shall fail to pay any installment of indebtedness due under the MHFA Financing Documents on or before the date the same shall become due and payable, the holder hereof shall have the right (but shall not be obligated) to make any such payment directly to the holder of the MHFA Financing Documents and any and all sums so advanced shall be and become a part of the obligations secured hereby; that upon any default under the MHFA Financing Documents the holder hereof may (but shall not be obligated to) pay any sum which may be in default under the MHFA Financing Documents or advance any sum for the purpose of curing any default under the MHFA Financing Documents and any sum or sums so advanced shall be and become a part of the Obligations secured hereby; that the curing by the holder hereof of any default under the MHFA

Financing Documents as aforesaid shall not constitute the curing of the default hereunder which occurred by virtue of the default under the MHFA Financing Documents.

19. Paragraph Headings. The paragraph headings throughout this instrument are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Mortgage.

20. Miscellaneous.

(a) Any provision contained in this Mortgage, the Note, or elsewhere notwithstanding, the Mortgagee shall not be entitled to receive or collect, nor shall the Mortgagor be obligated to pay, interest on any of the monies secured hereby in excess of the maximum rate of interest permitted by the laws of the state applicable thereto, and if any such provision shall ever be construed or held to permit the collection or to require the payment of any amount of interest in excess of that permitted by the laws of the state applicable thereto, the provisions of this paragraph shall control and shall override any contrary or inconsistent provision in this Mortgage, the Note, or elsewhere. The intention of the parties is to conform strictly to the usury laws now in force and every instrument relating to payment of any of the monies secured hereby shall be held subject to reduction to the amount allowed under said usury laws as now or hereafter construed by the courts having jurisdiction.

(b) All of the rights and remedies set forth herein provided in favor of the Mortgagee are cumulative and not exclusive of one another and may be exercised in any order, and the exercise of one shall not be construed to be a waiver of any of the others. Such remedies are also cumulative and not exclusive of any and all other remedies available to the Mortgagee. The resort to any remedy provided for hereunder or under any other instrument given in connection with the financing secured hereby or provided for by law shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

(c) If the Mortgagee shall have proceeded to invoke any right, remedy or recourse permitted under this Mortgage or any other obligation of the Mortgagor, and shall thereafter elect to discontinue or abandon the same for any reason, the Mortgagee shall have the unqualified right to do so and in such event the Mortgagor and the Mortgagee shall be restored to their former positions with respect to the Obligations. In such case this

Mortgage, all other obligations, and all rights, remedies and recourse of the Mortgagee shall continue as if the same had not been invoked.

(d) No waiver at any time of any of the provisions or conditions of this Mortgage or of any other obligation of the Mortgagor shall be construed as a waiver of any other of the conditions or provisions of this Mortgage or of any of such obligations, nor shall such waiver in any instance be construed as a waiver of the same provision or condition in other or subsequent instances. A consent or approval given by the Mortgagee in one instance shall not render such consent or approval unnecessary in future instances.

(e) This Mortgage may not be waived, changed or discharged orally, but only by an agreement in writing and signed by the party against whom enforcement of any waiver, change or discharge is sought and any oral waiver, change or discharge of any provision of this Mortgage by a representative of any party shall be without authority and of no force and effect.

(f) If any term or provision of this Mortgage or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Mortgage or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Mortgage shall be valid and shall be enforced to the fullest extent permitted by law.

(g) It is agreed that this Mortgage shall be construed and enforced according to Massachusetts Law.

(h) Notices. Except as otherwise expressly provided herein, whenever notices, demands, requests or other communications shall or may be given under this Agreement either to the Mortgagee or to the Mortgagor, the same shall be deemed adequately given if in writing and hand delivered or deposited in the U.S. mail, sent by registered or certified mail, postage prepaid, return receipt requested: If intended for the Mortgagee, addressed to it at the mailing address set forth on the first page hereof; and, if intended for Mortgagor, addressed to the Mortgagor at the mailing address set forth on the first page hereof, or to such other address or addresses as may from time to time hereafter be designated by either party to the other by like notice.

The word "Mortgagor", as used herein, shall mean the person or persons named at the beginning of this instrument as the Mortgagor, any subsequent owner or owners of the

equity of redemption of the Real Estate, and any guarantor, jointly and/or severally, of the obligations of the Mortgagor hereunder.

The word "Mortgagee", as used herein, shall mean the Mortgagee named at the beginning of this instrument, its successors and assigns, and any subsequent holder or holders of this Mortgage.

The word "Note", as used herein, shall include the mortgage note described at the beginning of this instrument as the Note, and all extensions, renewals, replacements and amendments thereof.

All of the rights of the Mortgagee hereunder shall inure to the benefit of its successors and assigns, and all the covenants and agreements of the Mortgagor herein contained shall be binding upon the Mortgagor and the permitted successors and assigns of the Mortgagor; and, where more than one person constitutes the Mortgagor the liability of such persons under this Mortgage for the obligations set forth herein shall be joint and several. Neither the general partner nor any limited partner of the Mortgagor shall be personally liable for the obligations of the Mortgagor hereunder, and in the event of default by the Mortgagor hereunder, the Mortgagee agrees to look solely to the assets of the Mortgagor.

This Mortgage is upon the STATUTORY CONDITION and upon the further condition that all covenants and agreements on the part of the Mortgagor herein undertaken shall be kept and fully and seasonably performed and that no breach of any other of the conditions specified herein shall be permitted, for any breach of which conditions, the Mortgagee shall have the STATUTORY POWER OF SALE.

Executed as a sealed instrument as of the date first above written.

MORTGAGOR:

FRANKLIN SCHOOL HOUSING LIMITED PARTNERSHIP

By: Franklin Housing, Inc., general partner

By: [Signature]
Its EXECUTIVE DIRECTOR

COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss.

December 24, 1985

Then personally appeared the above-named Patrick Chancy and acknowledged the foregoing instrument to be the free act and deed of Franklin Housing, Inc., as general partner of Franklin School Housing Limited Partnership, before me

Jeffery W. Sacks
Notary Public 12-24-80 - Jeffrey W. SACKS
My commission expires:

EXHIBIT A

That certain parcel of land (the "Land") with the building and other improvements thereon (the Land, the building and other improvements being sometimes collectively referred to herein as the "Property") situated on the easterly side of Stedman Road in Lexington, Middlesex County, Massachusetts. The Land is shown as Parcel B on a plan (the "Plan") entitled "Plan of Land in Lexington, Mass. (Middlesex County)" dated March 21, 1985, prepared by BSC - Bedford, A Division of Boston Survey Consultants, to be recorded in the Middlesex South District Registry of Deeds. The Land is more particularly bounded and described according to the Plan as follows:

Beginning at a point on the easterly line of Stedman Road at the southwest corner of the described premises, said point being a common corner at Parcel A as shown on the Plan; thence

N01°-59'-30"W a distance of One Hundred Ten and Ninety-Eight Hundredths feet (110.98) to a point of curvature; thence

Northerly and curving to the right along the arc of a curve having a radius of One Thousand One Hundred Four and Fifty-Three Hundredths feet (1,104.53), a length of One Hundred Seventeen and Seventy-Six Hundredths feet (117.76) to a point of tangency; thence

N04°-07'-00"E a distance of Seventy-Three and Sixty-Three Hundredths feet (73.63) to a point of curvature; thence

Northerly and curving to the left along the arch of a curve having a radius of Five Hundred Seventy-Two and Forty Hundredths feet (572.40), a length of Sixty-Three and Nineteen Hundredths feet (63.19) to a point at Parcel A; the previous four (4) courses bounding on said street; thence

S82°-22'-15"E a distance of One Hundred Twenty-Three and Thirteen Hundredths feet (123.13) to a point; thence

S70°-38'43"E a distance of One Hundred Ninety-Four and Sixty-Four Hundredths feet (194.64) to a point; thence

S35°-23'-29"E a distance of One Hundred Two and Forty-Seven Hundredths feet (102.47) to a point marked "C.B./D.H. SET" on the Plan; thence

S01°-36'-31"W a distance of Two Hundred Fifteen and No Hundredths feet (215.00) to a point marked "C.B./D.H. SET" on the Plan; thence

S47°-00'-11"W a distance of One Hundred Nineteen and Twenty-Eight Hundredths feet (119.28) to a point; thence

N87°-36'-09"W a distance of One Hundred Forty-Four and Ninety-Nine Hundredths feet (144.99) to a point; thence

N44°-06'-07"W a distance of One Hundred Twenty-Seven and Twenty-Five Hundredths feet (127.25) to a point; thence

S87°-22'-18"W a distance of Forty-Three and Four Hundredths feet (43.04) to the point of beginning; the previous eight (8) courses bounding on said Parcel A.

The above described parcel contains an area of 3.203 acres, more or less, according to the Plan.

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12/17/85 ljc