

sale of the premises shall be subrogated, for further security, to any prior lien on the premises that is paid out of money advanced on the security of this mortgage.

10. That it will submit, by mail, to American National, on or before the first day of April of each year, a report prepared and certified by an independent Certified Public Accountant of the income received and the expenses incurred or paid during the preceeding year in the operation of the Jayhawker Towers Apartments at 1603 West 15th Street, Lawrence, Kansas.

ARTICLE B. Default Provisions

1. The following are events of default:

(a) The failure to pay, when due, any installment of principal and interest owing under the Note.

(b) The failure to observe or perform any of Jayhawker's covenants hereinabove recited, or any of the terms or provisions of the Note.

(c) The adjudication by a court of competent jurisdiction that Jayhawker is a bankrupt or is insolvent, or the appointment by such a court of a receiver of the premises or of Jayhawker. Provided, however, that if such receiver is discharged or dismissed within 60 days of his appointment, the appointment shall not be considered an event of default.

(d) The dissolution of Jayhawker, or the filing by it of a voluntary petition in bankruptcy, or the making of an assignment for the benefit of its creditors, or its consent to the appointment of a receiver of the premises, or the approval by a court of a reorganization of Jayhawker under bankruptcy laws.

(e) The failure of Jayhawker and Kaw Investments, Incorporated to pay when due any installment of principal and interest owing under the note of Jayhawker and Kaw Investments, Incorporated, dated September 30, 1969, in the principal amount of \$1,150,000 payable to the order of American National.

(f) The sale or transfer by a stockholder of any shares of the capital stock of Jayhawker that were held by him or her on June 1st, 1967, unless American National consents in writing in advance.

2. Upon the occurrence of any event of default, as listed above, American National may, during the continuance of any such event of default,

(a) at its option and without notice declare all principal and interest owing under the Note, or any note given for future advances, or owing under any of the covenants of this mortgage, to be due and payable immediately, anything in the Note or such other notes or in this mortgage to the contrary notwithstanding;

(b) institute action for the foreclosure of this mortgage;

(c) take such other steps as it may deem are necessary to protect and enforce its rights by action for specific performance of any covenant herein or for any other appropriate legal or equitable remedy;