

7. That they will keep the premises in good repair and not commit waste thereof; and will pay when due all charges for the furnishing of labor, equipment, material, or supplies used or consumed for the improvement or repair of the premises.

8. That American National may pay any taxes, insurance premiums, repair bills, or other items which Kaw or Jayhawker, contrary to the provisions hereof, fail to pay, and may also make any payment necessary to remove or extinguish any prior or outstanding title or encumbrance on the premises. All amounts so paid by American National, with interest thereon at the rate of 10% per annum from the date of payment, shall be repaid on demand and shall be secured by this mortgage.

9. That American National and any purchaser at a foreclosure 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 cause all of Jayhawker's net income after servicing the debt secured by this mortgage and Jayhawker's \$4,000,000 debt secured by mortgage of September 30, 1969 and before depreciation earned by reason of the operation of the Jayhawker Towers Apartments at 1603 West 15th Street, Lawrence, Kansas, to be applied as prepayments on the indebtedness secured by this mortgage.

11. 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 preceding year in the operation of the Jayhawker Towers Apartments at 1603 West 15th Street, Lawrence, Kansas.

12. That any abstracts of title to the premises may be retained by American National until the debt secured hereby is paid; and if such debt is satisfied by a foreclosure sale of the premises, the abstracts shall be delivered to the purchaser at the sale. Any abstracting expenses paid by American National incident to foreclosure of this mortgage, with interest thereon from the date of payment at the rate of 10% per annum, shall be repaid to American National on demand and shall be secured by this mortgage.

-3-

#### 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 Kaw or 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 Kaw or Jayhawker is a bankrupt or is insolvent, or the appointment by such a court of a receiver of the premises or of Kaw or Jayhawker. Provided, however, that if such receiver is discharged or dismissed within 90 days of his appointment, the appointment shall not be considered an event of default.

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

(e) The failure of Kaw or Jayhawker to pay when due any installment of principal and interest owing under the note of Jayhawker, dated September 30, 1969, in the principal amount of \$4,000,000 payable to the order of American National.