



MORTGAGE DEED

TO ALL PEOPLE TO WHOM THESE PRESENTS MAY COME, GREETING:

KNOW YE, that [INSERT NAME OF MORTGAGOR], a corporation organized and existing under the laws of the State of Connecticut with an office and principal place of business at [INSERT MORTGAGOR'S ADDRESS], Connecticut (the "Mortgagor"), for consideration of [INSERT MORTGAGE AMOUNT] AND 00/100THS (\$.00) DOLLARS, received to its full satisfaction from CONNECTICUT HOUSING FINANCE AUTHORITY, a body politic and corporate constituting a public instrumentality and political subdivision of the State of Connecticut and having its office and principal place of business at 999 West Street in the Town of Rocky Hill, County of Hartford and State of Connecticut (the "Mortgagee"), does hereby give, grant, bargain, sell and confirm unto the said Mortgagee, its successors and assigns forever WITH MORTGAGE COVENANTS, and with all POWERS OF SALE now or hereafter provided by statute, the following property, subject to the Permitted Encumbrances (hereafter defined):

THE MORTGAGED PROPERTY

That certain piece or parcel of land, with an address of [DEVELOPMENT ADDRESS] which is more particularly bounded and described on Exhibit A, attached hereto and made a part hereof, ("the Land").

TOGETHER WITH the buildings, foundations, structures and improvements (including all fixtures other than fixtures owned by tenants under the Leases (hereafter defined) and in which Mortgagor has no interest) now or hereafter located on or in the Land (collectively, the "Improvements"); the Land and Improvements are sometimes collectively referred to herein as the "Premises" or "the Development;"

TOGETHER WITH all right, title and interest, if any, of Mortgagor in and to the streets and roads, opened or proposed, abutting the Land, all strips and gores within or adjoining the Land, the air space and right to use the air space above the Land, all rights of ingress and egress to and from the Land, all easements, rights of way, reversions, remainders, hereditaments, and appurtenances now or hereafter affecting the Land or the Improvements, all royalties and rights and privileges appertaining to the use and enjoyment of the Land or the Improvements, including all air, lateral support, alley, drainage, water, oil, gas and mineral rights, all options to purchase or lease, and all other interests, estates or claims, in law or in equity, which Mortgagor now has or hereafter may acquire in or with respect to the Land or the Improvements (collectively, the "Appurtenances");

TOGETHER WITH all equipment, fittings, furniture, furnishings, appliances, apparatus, and machinery in which Mortgagor now or hereafter has a possessory or title interest and now or hereafter installed in the Premises and all building materials, supplies



and equipment now or hereafter delivered to the Premises and intended to be installed therein; all fixtures, other goods and personal property of whatever kind and nature now contained on or in or hereafter placed on or in the Premises and used or to be used in connection with the letting or operation thereof, in which Mortgagor now has or hereafter may acquire a possessory or title interest and all renewals or replacements of any of the foregoing property or articles in substitution thereof (collectively, the "Equipment");

TOGETHER WITH all right, title and interest of Mortgagor in and under all accounts, escrows, documents, instruments, chattel paper and general intangibles, as the foregoing terms are defined in the Uniform Commercial Code, and all contract rights, franchises, books, records, plans, specifications, permits, licenses, approvals, actions and causes of action which now or hereafter relate to, are derived from or are used in connection with the Premises or the use, operation, maintenance, occupancy or enjoyment thereof or the conduct of any business or activities thereon (collectively, the "Intangibles");

TOGETHER WITH all right, title and interest of Mortgagor in and under all leases, lettings, tenancies, concessions and licenses of the Premises or any part thereof, now or hereafter entered into and all amendments, extensions, renewals and guaranties thereof, all security therefor, and all moneys payable thereunder (collectively, the "Leases");

TOGETHER WITH all rents, income and other benefits to which Mortgagor may now or hereafter be entitled from the property described above (the "Property Income"), to be applied against the Indebtedness; provided, however, that permission is hereby given to Mortgagor, so long as no Event of Default has occurred hereunder, to collect and use such rents, income and other benefits as they become due and payable, but not in advance thereof. Mortgagee shall be entitled, at its option upon the occurrence of an Event of Default, as hereinafter defined, to all rents, royalties, issues, profits, revenue, income and other benefits from the property described above, whether or not Mortgagee takes possession of said property. Upon the occurrence of an Event of Default, the permission hereby given to Mortgagor to collect such rents, royalties, issues, profits, revenues, income and other benefits from the Mortgaged Property (as hereinafter defined) shall terminate. Neither the exercise of any rights under this Paragraph by Mortgagor nor the application of any such rents, royalties, issues, profits, revenues, income or other benefits to the Indebtedness, shall cure or waive any Event of Default or notice of any Event of Default hereunder or invalidate any act done pursuant hereto or to any such notice.

The foregoing provisions hereof shall constitute an absolute and present assignment of the rents, income and other benefits from the Mortgaged Property subject however, to the conditional permission given to Mortgagor to collect and use such rents, income and other benefits as hereinabove provided; and the existence or exercise of such right of Mortgagor shall not operate to subordinate this assignment to any subsequent assignment, in whole or in part, by Mortgagor, and any such subsequent assignment by Mortgagor shall be subject to the rights of Mortgagee hereunder.

TOGETHER WITH all proceeds, judgments, claims, compensation, awards of damages and settlements with respect to or hereafter made as a result of or in lieu of any condemnation or taking of the Premises by eminent domain or any casualty, loss of, or damage to any of the Premises, the Equipment, the Intangibles, the Leases, or the Property Income, all refunds with respect to the payment of property taxes and assessments, and all other proceeds of the conversion, voluntary or involuntary, of the Premises, the Equipment, the Intangibles, the Leases or the Property Income, or any part thereof, into cash or liquidated claims (collectively, the "Proceeds").

The Equipment, the Intangibles, the Leases, the Property Income and the Proceeds are hereinafter sometimes collectively referred to as the "Collateral." The Premises and the Collateral are hereinafter sometimes collectively referred to as the "Mortgaged Property" or the "Property."

TO HAVE AND TO HOLD the above granted and bargained Mortgaged Property with the privileges and appurtenances thereof, unto it, the said Mortgagee, its successors and assigns forever, to its and their own proper use and behoof. And also, Mortgagor, does for itself, its successors and assigns, covenant with Mortgagee, its successors and assigns, that at and until the ensembling of these presents, it is well seized of the Mortgaged Property as a good indefeasible estate in FEE SIMPLE; and has good right to bargain and sell the same in manner and form as is above written; and that the same are free and clear of all encumbrances whatsoever, except as set forth in Exhibit B attached hereto (the "Permitted Encumbrances").

AND FURTHERMORE, Mortgagor does by these presents bind itself, its administrators, successors and assigns forever to WARRANT AND DEFEND the above granted and bargained Mortgaged Property to it, Mortgagee, its successors and assigns, against all claims and demands whatsoever, except as set forth in said Exhibit B.

THE CONDITION OF THIS DEED IS SUCH that:

WHEREAS, Mortgagor is indebted to Mortgagee in the sum of [INSERT MORTGAGE AMOUNT] AND 00/100THS (\$.00) DOLLARS (the "Loan") as evidenced by that promissory note (the "Note") of even date herewith executed by Mortgagor and delivered to Mortgagee, with interest at the rate or rates therein provided, both principal and interest being payable as therein provided, and all amounts remaining unpaid thereon being finally due and payable on _____, a copy of which Note is attached hereto as Exhibit C; and

WHEREAS, Mortgagor represents and warrants that it has full power and authority to execute and deliver the Note, this Mortgage and all other documents and instruments required of it by Mortgagee in connection with the making or giving of the Loan; and



WHEREAS, the building or Improvements (including site improvements) on said Mortgaged Property has been completed; and

WHEREAS, Mortgagee has advanced the Loan to Mortgagor as of the date hereof.

NOW THEREFORE, in order to more fully protect the security of this Mortgage, Mortgagor covenants and agrees with Mortgagee as follows:

ARTICLE ONE
Covenants of Mortgagor

1.01 Performance of Note, Mortgage, and Other Documents. Mortgagor shall perform, observe and comply with all provisions hereof, of the Note and of every other agreement or instrument securing the Note, and will promptly pay to Mortgagee the principal of the Note with interest thereon and all other sums required to be paid by Mortgagor under the Note, this Mortgage and every other agreement or instrument securing the Note when payment shall become due (the entire principal amount of the Note, all accrued interest thereon and all obligations and indebtedness herein described being referred to herein as the "Indebtedness").

(a) All Payments and Priorities. All payments set forth in Paragraphs 1.04 and 1.15 and all payments to be made under the Note secured hereby shall be added together and the aggregate amount thereof shall be paid by Mortgagor each month in a single payment, on the date specified in the Note for payments of principal and interest, to be applied by Mortgagee to the following items in the order set forth unless otherwise determined by Mortgagee:

1. Taxes, payments in lieu of taxes, if any, assessments, sewer and water charges and other public impositions;
2. Hazard and liability insurance premiums;
3. Late charges, if any, on the Note;
4. Interest on the Note;
5. Principal on the Note; and
6. Payment to the Group Home Renewal and Replacement Fund (described below).

Any deficiency in the amount of said aggregate monthly payment required to be paid shall constitute an Event of Default hereunder and the whole of said principal



sum and all accrued unpaid interest thereon shall immediately become due and payable at the option of Mortgagee.

1.02 General Representations, Covenants and Warranties. Mortgagee represents and covenants that (i) Mortgagee has fee simple title (or such lesser estate therein as may be specified in Exhibit A attached hereto) to the Premises and good indefeasible title to the balance of the Mortgaged Property, free and clear of liens and encumbrances except Permitted Encumbrances; (ii) Mortgagee has full power and lawful authority to encumber the Mortgaged Property in the manner and form herein set forth; (iii) this Mortgage is and will remain a valid and enforceable first priority lien on and security interest in the Mortgaged Property; (iv) Mortgagee will preserve such title and will forever warrant and defend the same and the validity and priority of the lien hereof to Mortgagee against all claims whatsoever; (v) Mortgagee shall maintain the Premises and the Equipment in good condition, working order and repair, comply with all laws, ordinances, and regulations of any governmental authority claiming jurisdiction over the Premises or the Equipment, and comply with the requirements of any governmental authority claiming jurisdiction over the Premises or the Equipment after an order containing such requirement has been issued by any such authority within the time period specified in said order with respect to compliance. Mortgagee shall permit Mortgagee to enter upon and inspect the Mortgaged Property without prior notice at all reasonable hours, provided such inspection does not unreasonably interfere with the operation of the Premises as a community residential facility as defined in C.G.S. Sec. 17a-220(5) or any resident's occupancy. Mortgagee shall not, without the prior written consent of Mortgagee, (a) change the use of the Premises or cause or permit the use or occupancy of any part of the Premises to be discontinued if such discontinuance would violate any zoning or other law, ordinance or regulation; (b) consent to any zoning reclassification, modification or restriction affecting the Premises; (c) threaten, commit or permit any material waste, structural or material alteration, demolition or removal of the Mortgaged Property or any portion thereof (provided that articles of personal property included within the Collateral may be removed if replaced with similar items of equal or greater value); or (d) convert the Mortgaged Property, or any portion thereof, to a common interest community form of ownership; (vi) Mortgagee is now able to pay its respective debts as they mature, the fair market value of its respective assets exceeds its respective liabilities, and no bankruptcy or insolvency case or proceeding is pending or contemplated by or against it; (vii) all reports, statements and other data furnished by Mortgagee to Mortgagee in connection with the Loan are true, correct and complete in all material respects and do not omit to state any fact or circumstance necessary to make the statements contained therein not misleading; (viii) there are no actions, suits or proceedings pending, or to the knowledge of Mortgagee threatened, against or affecting Mortgagee or the Mortgaged Property; (ix) all costs arising from construction, renovation, or purchase of the Improvements which have been incurred prior to the date of this Mortgage have been paid; (x) the Land has frontage on, and direct access for ingress and egress to, public street(s); (xi) electric, gas, sewer, water facilities and any other necessary utilities are currently available in sufficient capacity to service the Mortgaged Property satisfactorily and any easements necessary to the furnishing of such utility services to Mortgagee have

been obtained and duly recorded; and (xii) Mortgagor is not in default under the terms of any instrument evidencing or securing any indebtedness of Mortgagor and there has occurred no event which would, if uncured or uncorrected, constitute a default under any such instrument with the giving of notice, passage of time or both.

1.03 Compliance with Laws; Notice. Mortgagor covenants and warrants that the Mortgaged Property presently complies with and will continue to comply with all applicable restrictive covenants, applicable non-discrimination, zoning and subdivision ordinances and building codes, health and environmental laws and regulations and other laws, rules and regulations, both State and federal. If Mortgagor receives notice from any federal, state or other governmental body that it is not in compliance with any such covenant, ordinance, code, law or regulation, Mortgagor will provide Mortgagee with a copy of such notice promptly, and will proceed to maintain, construct or reconstruct the Mortgaged Property to comply. Mortgagor shall not discriminate on the basis of race, creed, color, national origin, ancestry, sex, age, marital status, sexual orientation, or physical disability in operating the Premises as a group home.

1.04 Taxes and Other Charges

1.04.1 Taxes and Assessments. Subject to the provisions of this Paragraph 1.04, Mortgagor shall pay promptly when due all taxes, assessments, rates, dues, charges, fees, levies, fines, impositions, liabilities, obligations and encumbrances of every kind whatsoever now or hereafter imposed, levied or assessed upon or against the Land, the Mortgaged Property or any part thereof, or upon or against this Mortgage or the Indebtedness or upon or against the interest of Mortgagee in the Mortgaged Property, as well as all income taxes, assessments and other governmental charges levied and imposed by the United States of America or any state, county, municipality or other taxing authority upon or against Mortgagor or in respect of the Land, the Mortgaged Property or any part thereof.

1.04.2 Tax Escrow. In order to secure the performance and discharge of Mortgagor's obligations under this Paragraph 1.04, but not in lieu of such obligations, Mortgagor will, on demand, pay to Mortgagee in addition to the monthly installments of principal and interest under the terms of the Note and concurrently therewith, monthly until the said Note is paid in full, an amount equal to one-twelfth (1/12th) of the next maturing annual taxes, payment in lieu of taxes, assessments and charges (which charges for purposes of this Paragraph shall include without limitation water and sewer rents) of the nature described in Paragraph 1.04.1 and other sufficient funds as estimated from time to time by Mortgagee in its sole discretion to permit Mortgagee to pay when due said taxes, payments in lieu of taxes, assessments and charges. Upon demand by Mortgagee, Mortgagor shall deliver to Mortgagee such additional monies as are required to make up any deficiencies in the amounts necessary to enable Mortgagee to pay such taxes, payments in lieu of taxes, assessments and similar charges. Such deposits shall not be, nor be deemed to be, trust funds and no interest shall be payable in respect thereof. In the event of a default under any of the terms, covenants and conditions in the

Note, this Mortgage or any other instrument securing the Note to be kept, performed or observed by Mortgagor, Mortgagee may apply to the reduction of the sums secured hereby, in such manner as Mortgagee shall determine, any amount under this Paragraph 1.04.2 remaining to Mortgagor's credit.

1.04.3 Excess Funds Credited. Any excess funds accumulated hereunder remaining after payment of the items herein mentioned shall be credited to the subsequent monthly payments of the same nature required hereunder and any remaining balance of the accumulations under Paragraph 1.04.2 shall be credited to the principal secured hereby.

1.04.4 Insurance

(a) Mortgagor shall at its sole expense obtain, deliver to, assign and maintain for the benefit of Mortgagee, during the life of this Mortgage, insurance policies in such amounts as Mortgagee may require, insuring the Mortgaged Property against fire and all insurable hazards, casualties and contingencies including, without limitation, damage by flood or similar occurrences in the event such insurance is available pursuant to the provisions of the Flood Disaster Protection Act of 1973 or other applicable legislation (such insurance to be in an amount equal to the lesser of 100 percent of the replacement value of the Premises or the maximum amount obtainable under such legislation), loss of rentals or business interruption, boiler and machinery, and liability insurance naming Mortgagor and Mortgagee as additional insured(s), as Mortgagee may require.

Mortgagor shall maintain such insurance in builder's risk, completed value, non-reporting form, with permission to complete and occupy and workers' compensation coverage. Mortgagor shall also carry such other insurance, and in such amounts, as Mortgagee may from time to time reasonably require, against insurable risks which at the time are commonly insured against in the case of premises similarly situated, due regard being given to the availability of insurance and to the type of construction, location, utilities, use and occupancy of the Premises or any replacements or substitutions therefor. Such additional insurance may include flood, earthquake, war risk, nuclear explosion, workers' compensation, demolition and contingent liability from the operation of "nonconforming" improvements on the Premises and shall be obtained within 30 days after demand by Mortgagee. Otherwise, Mortgagor shall not obtain any separate or additional insurance which is contributing in the event of loss, unless it is properly endorsed and otherwise reasonably satisfactory to Mortgagee in all respects.

The form of such policies, the companies issuing them (which shall have at least a Best's rating of A+ or better), and the amount of insurance coverage shall be acceptable to Mortgagee. All such policies and renewals thereof shall be held by Mortgagee and shall contain a noncontributory standard Mortgagee's endorsement making losses payable to Mortgagee as its interests may appear. At least thirty (30) days prior to the expiration date of all such policies, renewals thereof satisfactory to Mortgagee shall be

delivered to Mortgagee. In the event of loss, Mortgagor will give immediate written notice to Mortgagee and Mortgagee is hereby authorized to make proof of loss if not made promptly by Mortgagor. Mortgagee is hereby authorized to adjust or compromise any loss under any insurance policies on the Mortgaged Property after an Event of Default shall have occurred. All such policies shall provide that they shall not be canceled or terminated without at least thirty (30) days prior written notice to Mortgagee. Mortgagee may require a certified copy of any insurance policy(ies) on the Mortgaged Property.

(b) Each insurance company is hereby authorized and directed to make payment for all losses directly to Mortgagee alone and not to Mortgagor and Mortgagee jointly. Mortgagee may deduct from such insurance proceeds any expenses incurred by Mortgagee in the collection or handling of such funds. Mortgagee may apply the net proceeds, at its option, to the reduction of the Indebtedness or for the purpose of restoration of the Improvements. Advancement of the proceeds of insurance by Mortgagee to Mortgagor hereunder shall not affect the lien of this Mortgage for the full amount secured hereby prior to such advance. Although Mortgagee intends to use its best efforts to collect such payments in a timely fashion, Mortgagee shall not be responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure.

(c) In addition to the monthly installments of principal and interest payable under the terms of the Note secured hereby, Mortgagor will pay to Mortgagee, on demand and concurrently therewith, monthly until said Note is paid a sum equal to one-twelfth (1/12th) of the next maturing insurance premiums and charges on or with respect to the Mortgaged Property less all sums previously paid therefor. Said sums are to be held by Mortgagee in escrow but without payment of interest thereon to pay for said insurance premiums. Any excess funds accumulated hereunder remaining after payment of the items herein mentioned shall be credited to the subsequent monthly payments of the same nature required hereunder, and any remaining balance shall be credited to the principal secured hereby. However, Mortgagor may, in lieu of the insurance payment hereunder, so long as it is not in default of its mortgage obligations, furnish the Mortgagee with hazard and fire insurance policies required hereunder, premiums fully paid, having a term of at least one year, at least ninety (90) days before the termination of existing policies and with receipted bills evidencing payment when due. Failure to provide policies and receipted bills when requested will result in reinstatement of the insurance escrow requirement.

1.05 Condemnation. Mortgagee shall be entitled to receive all compensation awards, damages, claims, rights of action and proceeds of, or on account of, any damage or taking through condemnation and is hereby authorized, at its option, to commence, appear in and prosecute in its own or by Mortgagor's name any action or proceeding relating to any condemnation and to settle or compromise any claim in connection herewith.

Mortgagee's right to settle or compromise any such claim shall only apply in the event of a default by Mortgagor. All such compensation awards, damages, claims, rights of action and proceeds, and any other payments or relief, and the right thereto, are included in the Mortgaged Property and Mortgagee may deduct therefrom all its expenses including attorneys' fees, incurred in connection therewith. Mortgagee may apply any monies so received by it, in such manner as Mortgagee shall determine, to the reduction of the Indebtedness and said credit shall be exempt from any restriction contained in any prepayment agreement between Mortgagor and Mortgagee, or for the purpose of restoration of the Improvements; provided, so long as the Declaration and Agreement of Restrictive Covenants of even date herewith is effective, Mortgagee shall apply any monies received by it for the purpose of restoration in accordance with its Procedures and otherwise under the terms and conditions of this Mortgage. Advancement of condemnation proceeds by Mortgagee to Mortgagor hereunder shall not affect the lien of this Mortgage for the full amount secured hereby prior to such advance. Mortgagor agrees to execute such further assignments of any compensation awards, damages, claims, rights of action and proceeds as Mortgagee may require. Notwithstanding any such condemnation, Mortgagor shall continue to pay interest, computed at the rate provided in the Note, on the entire unpaid principal amount thereof. Upon the condemnation of the Mortgaged Property or any part thereof, the entire unpaid balance of the Note shall, at the option of Mortgagee, at once become due and payable. Mortgagor will give Mortgagee immediate notice of the actual or threatened commencement of any such proceedings under eminent domain affecting all or any part of the Mortgaged Property or any easement thereto or appurtenances thereof, including severance and consequential damage and change in grade of streets, and will deliver to Mortgagee copies of any and all papers served in connection with any such proceedings.

1.06 Care of Mortgaged Property

(a) Mortgagor shall preserve and maintain the Mortgaged Property in good condition and repair. Mortgagor shall not permit, commit or suffer any waste, impairment or deterioration of the Mortgaged Property or of any part thereof, and will not take any action which will increase the risk of fire or other hazard to the Mortgaged Property or to any part thereof.

(b) Mortgagee may enter upon and inspect the Mortgaged Property and have free access to all drawings, plans and specifications pertinent to the Mortgaged Property at any reasonable time during the life of this Mortgage.

(c) If any part of the Mortgaged Property shall be lost, damaged or destroyed by fire or any other cause, and Mortgagee delivers insurance proceeds for such loss to Mortgagor, then Mortgagor will give immediate written notice thereof to Mortgagee and shall promptly restore the Mortgaged Property to the equivalent of its original condition. If a part of the Mortgaged Property shall be lost, physically damaged or destroyed through condemnation, Mortgagor will promptly restore, repair or alter the remaining property in a manner satisfactory to Mortgagee.

(d) No work on the Premises shall be undertaken until plans and specifications therefor, prepared by an architect or engineer satisfactory to Mortgagee, have been submitted to and approved in writing by Mortgagee.

(e) Mortgagor shall pay and discharge all Impositions prior to delinquency and shall furnish to Mortgagee validated receipts or other evidence satisfactory to Mortgagee showing the payment of such Impositions within thirty (30) days after the same would otherwise have become delinquent. Mortgagor's obligation to pay Impositions pursuant to this Mortgage shall include, to the extent permitted by applicable law, taxes resulting from future changes in law which impose upon Mortgagee an obligation to pay any property taxes or payments in lieu of taxes with respect to the Premises or other Impositions. Should Mortgagor default in the payment of any Impositions, Mortgagee may (but shall not be obligated to) pay such Impositions or any portion thereof and Mortgagor shall reimburse Mortgagee on demand for all such advances.

Notwithstanding any contrary provision contained above, Mortgagor shall not be required to pay, discharge or remove any Imposition so long as Mortgagor contests in good faith such Imposition or the validity, applicability or amount thereof by an appropriate legal proceeding which operates to prevent the collection of such amounts and the sale of the Mortgaged Property or any portion thereof; provided, however, that prior to the date on which such Imposition(s) would otherwise have become delinquent Mortgagor shall have (i) given Mortgagee prior notice of such contest and (ii) deposited with Mortgagee, and shall deposit such additional amounts as are necessary to keep on deposit at all times, an amount equal to at least 110 percent of the total of (A) the balance of such Imposition then remaining unpaid and (B) all interest, penalties, costs and charges accrued or accumulated thereon. Any such contest shall be prosecuted with due diligence, and Mortgagor shall promptly pay the amount of such Imposition as finally determined, together with all interest and penalties payable in connection therewith. Mortgagee shall have full power and authority to apply any amount deposited with Mortgagee under this Paragraph to the payment of any unpaid Imposition to eliminate the risk of the sale or forfeiture of the Mortgaged Property or to cure a default for non-payment thereof. Mortgagee shall have no liability, however, for failure to so apply any amount deposited unless Mortgagor requests the application of such amount to the payment of the particular Imposition for which such amount was deposited. Any surplus retained by Mortgagee after payment of the Imposition for which a deposit was made shall be repaid to Mortgagor unless an Event of Default shall have occurred and shall continue uncured under the provisions of this Mortgage, in which case said surplus may be retained by Mortgagee to be applied to the Indebtedness. Notwithstanding any provision of this Paragraph to the contrary, Mortgagor shall pay any Imposition which it might otherwise be entitled to contest if, in the reasonable opinion of Mortgagee, the Mortgaged Property is in jeopardy or in danger of being forfeited or foreclosed. If Mortgagor refuses to pay any such Imposition, Mortgagee may (but shall not be obligated to) make such payment and Mortgagor shall reimburse Mortgagee on demand for all such advances.

"Impositions" means all taxes and payments in lieu of taxes of every kind and nature, sewer rents, special use or district assessments, charges for water, for setting or repairing meters and for all other utilities serving the Premises, and assessments, levies, inspection, and license fees and all other charges imposed upon or assessed against the Mortgaged Property or any portion thereof (including the Property Income), and any stamp or other taxes which might be required to be paid with respect to any of the Loan Documents, any of which might, if unpaid, result in a lien on the Mortgaged Property or any portion thereof, regardless of to whom assessed.

1.07 Transfer and Encumbrance of Mortgaged Property. Neither Mortgagor nor Mortgagor's general partner shall sell, convey (including conveyance or transfer to a limited liability company), transfer, lease (except for leases approved by Mortgagee) or further encumber any interest in or any part of the Mortgaged Property, nor shall a voluntary sale, pledge or other transfer of any beneficial interest in Mortgagor be effected, without the prior written consent of Mortgagee.

1.08 Assignment of Rents. The assignment contained under the section of this Mortgage entitled "The Mortgaged Property," shall be fully operative without any further action on the part of either party and specifically Mortgagee shall be entitled, at its option, upon the occurrence of an Event of Default hereunder, to all rents, income and other benefits from the Mortgaged Property, whether or not Mortgagee takes possession of such property. Mortgagor hereby further grants to Mortgagee the right (i) to enter upon and take possession of the Mortgaged Property for the purpose of collecting the said rents, income and other benefits, (ii) to dispossess by the usual summary proceedings any tenant defaulting in the payment thereof to Mortgagee, (iii) to let the Mortgaged Property or any part thereof, and (iv) to apply said rents, income and other benefits, after payment of all necessary charges and expenses, on account of the Indebtedness. Such assignment and grant shall continue in effect until the Indebtedness is paid, the execution of this Mortgage constituting and evidencing the irrevocable consent of Mortgagor to the entry upon and taking possession of the Mortgaged Property by Mortgagee pursuant to such grant, whether or not foreclosure has been instituted. Neither the exercise of any rights under this Paragraph by Mortgagee nor the application of any such rents, income or other benefits to the Indebtedness and other sums secured hereby, shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant hereto or to any such notice, but shall be cumulative of all other rights and remedies.

1.09 Security Interest in After-Acquired Property. To the extent permitted by and subject to applicable law, the lien of this Mortgage will automatically attach, without further act, to all after-acquired personal property and fixtures located in or on, or attached to, or used or intended to be used in connection with, or with the operation of, the Mortgaged Property or any part thereof; provided, however, that upon request of Mortgagee, Mortgagor shall execute and deliver such instrument or instruments as shall reasonably be requested by Mortgagee to confirm such lien, and Mortgagor hereby

appoints Mortgagee Mortgagor's attorney-in-fact to execute all such instruments, which power is coupled with an interest and is irrevocable.

1.10 Use of Property; Leases Affecting the Property.

(a) Mortgagor understands and agrees that the Development is to be a community residential facility as defined in C.G.S. Sec. 17a-220(5), commonly known as a group home, used for the benefit of Eligible Residents (as defined in the Declaration and Agreement of Restrictive Covenants of even date herewith) upon terms and conditions set forth in said Declaration, the terms and conditions of which are incorporated herein by reference. The Premises shall at all times be used and occupied exclusively as a community residential facility, licensed and supervised by the State Department of Developmental Services or its successor. The Property may not be occupied by more than the number of persons stated in such license. Neither the Premises or any part of them shall be used at any time for any purpose other than as a community residential facility;

(b) Mortgagor represents and warrants that as of the date hereof it is an organization described in Section 501(c)(3) of the Internal Revenue Code ("Code"). Mortgagor understands and agrees that the ownership and operation of the Property, in all regards, will be within the charitable purposes of the Mortgagor for which its 501(c)(3) Determination Letter, as defined below, was granted. All of the proceeds of the Mortgage Loan are to be used directly or indirectly to acquire and/or rehabilitate the Development, and no amount of such proceeds will be used for other than the charitable purposes of the Mortgagor for which the 501(c)(3) Determination Letter was granted. The Mortgagor agrees to maintain the Property for the purposes described therein.

(c) Mortgagor will not lease the Property or portions thereof without prior approval of the Department of Developmental Services or its successor and will submit promptly all applications for resident eligibility and recertification and leases now or hereafter to be executed during the term of this Mortgage to the Department of Developmental Services and Mortgagee for its approval; Mortgagor will modify or alter such leases (including the priority or subordination thereof to this Mortgage) to the satisfaction of the Department of Developmental Services and Mortgagee.

(d) Mortgagor will promptly and fully keep, perform and comply with all of the terms, provisions, covenants, conditions and agreements imposed upon or assumed by Mortgagor as landlord (or similar designation) under any leases from time to time in effect covering all, or any part, of the Property, whether one or more, hereinafter referred to individually and collectively as "Tenants' Leases"; and

(e) Mortgagor will not do, permit anything to be done or omit or refrain from doing anything, the doing or omission of which will give any tenant a right to terminate any of said tenants' Leases.

(f) Upon request by Mortgagee and at least once per year, Mortgagor shall provide to Mortgagee a copy of the current State Department of Developmental Services license for the Premises and shall certify to Mortgagee (i) that the Premises continues to be used as a community residential facility, as defined in C.G.S. Sec. 17a-220(5), supervised by the Department of Developmental Services, (ii) the names of the individuals living at the Premises, (iii) the name and address of each person, agency or entity providing services to residents at the Premises, and a copy of any required license maintained by such person(s), agency or entity, (iv) a list of the (a) shareholders or members and of the officers and directors and their addresses, as to any corporation providing such services, or (b) of the partners and their addresses, as to any partnership providing such services, (v) that the Premises is in full compliance with all State Department of Developmental Services, Department of Social Services and federal requirements (including but not limited to, the 501(c)(3) status of the Mortgagor) relating to the Mortgaged Property and its use as a community residential facility, (vi) that Mortgagor and its subsidiaries and affiliates are in full compliance with all applicable statutes, rules and regulations, and (vii) such other information reasonably requested by Mortgagee.

Mortgagor shall notify Mortgagee immediately of any communication or information from the Department of Developmental Services or Department of Social Services, Internal Revenue Service, or any federal agency concerning the licensing or operation of the Mortgaged Property as a community residential facility.

1.11 Expenses. Mortgagor will pay all fees and costs with regard to the following: (i) if an Event of Default occurs, preparation for enforcement of this Mortgage or any of the other Loan Documents (as hereinafter defined), whether or not suit or other action is actually commenced or undertaken; (ii) enforcement of this Mortgage or any of its other Loan Documents (as hereinafter defined); (iii) court or administrative proceedings of any kind to which Mortgagee may be a party, either as plaintiff or defendant, by reason of the Note, this Mortgage or any other instrument securing the Note; (iv) preparation for and actions taken in connection with Mortgagee's taking possession of the Mortgaged Property; (v) negotiations with Mortgagor or its beneficiary, in connection with the existence or cure of any Event of Default; (vi) the transfer of the Mortgaged Property in lieu of foreclosure; and (vii) extraordinary expenses incurred by Mortgagee in connection with the approval by Mortgagee of actions taken or proposed to be taken by Mortgagor, or other person or entity from which approval is required by the terms of this Mortgage or any other instrument securing the Note. Mortgagor will, upon demand by Mortgagee, reimburse Mortgagee for all such expenses which have been incurred or which shall be incurred by it.

Mortgagee may (a) appear in and defend any action or proceeding, in the name and on behalf of either Mortgagor or Mortgagee, in which Mortgagee is named or which Mortgagee in its reasonable discretion determines may adversely affect the Mortgaged Property, this Mortgage, the lien hereof or any other Loan Document; and (b) institute any action or proceeding which Mortgagee in its sole discretion determines should be

instituted to protect or defend its interest in the Mortgaged Property or its rights under or the lien of this Mortgage or any other Loan Document. Mortgagor agrees to bear and shall pay or reimburse Mortgagee on demand for all advances and expenses (including reasonable attorneys' fees) relating to or incurred by Mortgagee in connection with any such action or proceeding.

1.12 Mortgagee's Performance of Defaults. If Mortgagor defaults in the payment of any tax, assessment, encumbrance or other Imposition, or in its obligation to furnish insurance hereunder, or in the performance or observance of any other covenant, condition or term in this Mortgage, the Note or in any other instrument securing the Note, Mortgagee may, whether electing to declare the whole Indebtedness due and payable or not, perform or observe the same, and all payments made (whether such payments are regular or accelerated payments) and costs and expenses incurred or paid by Mortgagee in connection therewith shall become due and payable immediately. The amounts so incurred or paid by Mortgagee, together with interest thereon at the Default Rate (as hereinafter defined) from the date incurred until paid by Mortgagor, shall be added to the Indebtedness and secured by the lien of this Mortgage to the extent permitted by law. Mortgagee is hereby empowered to take any action Mortgagee deems necessary or desirable to perform or cure any default by Mortgagor in the performance of or compliance with any of Mortgagor's covenants or obligations hereunder or under any of Tenants' Leases and to enter and to authorize others to enter upon the Mortgaged Property or any part thereof for the purpose of performing or observing any such defaulted covenant, condition or term, without thereby becoming liable to Mortgagor or any person in possession holding under Mortgagor.

1.13 Books and Records. Mortgagor shall maintain full and correct books and records, showing in detail the income and expenses of the Mortgaged Property and permit Mortgagee and its representatives to freely examine said books and records, and all supporting vouchers and data, at any time and from time to time upon request by Mortgagee at the Property, or at such other place in the State where such books and records are customarily kept. After an Event of Default, Mortgagor shall also furnish such unaudited financial statements and other information as Mortgagee may require.

1.14 Estoppel Affidavits. Mortgagor or Mortgagee, upon written request from the other, shall furnish a written statement, duly acknowledged, setting forth the unpaid principal of and interest on the Indebtedness, and whether or not any offsets or defenses exist against such principal and interest or other sums. Mortgagor, upon written request of Mortgagee, shall furnish a lease ratification and estoppel agreement as to any lease affecting the Mortgaged Property, in form and substance satisfactory to Mortgagee, which shall be executed by Mortgagor and by each lessee, stating, if such be the case, that the lease is in full force and effect, that it has not been amended or modified, and that there is no default thereunder, that the lessee has accepted and is in possession and occupancy of the leased premises, paying the full rental called for therein on a current basis, that no rental payments have been made more than one month in advance, that there are no offsets, claims or defenses to the payment of the rent or enforcement of the terms of the

lease, that all work required to be performed by the lessor under the lease has been completed, and stating the date of commencement and termination of the original lease term and the terms of any renewals or extensions of the lease term.

1.15 Group Home Renewal and Replacement Fund. During the term of the Note, Mortgagor shall deposit into an aggregate pooled Group Home Renewal and Replacement Fund ("Fund") \$[INSERT MONTHLY FIGURE] monthly. This installment totals 1 percent of the base value of the Mortgaged Property per annum to fund capital repairs and replacements in excess of \$2,500.00 per occurrence necessary to protect the health and safety of the residents of all community residential facilities ("group homes") financed with the proceeds of Connecticut Housing Finance Authority Group Home Mortgage Finance Program Special Obligation Bonds ("Bonds").

Payments to the Fund shall be in addition to the monthly payments of principal and interest called for by the Note.

The base value of the Mortgaged Property shall be determined by the State Department of Social Services or its successor.

After payment in full of all group home mortgage loans financed with the Bonds and all Bonds, all monies in the Fund shall revert to the State General Fund.

1.16 Environmental Compliance.

(a) Mortgagor covenants and represents that Mortgagor has (i) not installed, used, generated, manufactured, produced, stored, released, treated, discharged or disposed of at, upon, under or within the Mortgaged Property, or transported to or from any portion of the Mortgaged Property, any Hazardous Substance or allowed any other person or entity to do so, and (ii) no knowledge of any deposit, storage, disposal, burial, discharge, spillage, uncontrolled loss, seepage or filtration of any Hazardous Substance at, upon, under or within the Mortgaged Property, at any time.

(b) Neither Mortgagor, nor, to the best of Mortgagor's knowledge, any tenant or other occupant of the Mortgaged Property nor any other person or entity, has caused or suffered to occur, and neither Mortgagor nor any tenant or other occupant of the Mortgaged Property nor any other person will hereafter cause or suffer to occur, except in compliance with all applicable Environmental Laws, a discharge, spillage, uncontrolled loss, seepage or filtration (a "spill") of oil or petroleum or chemical liquids or solids, liquid or gaseous products or hazardous waste, as those terms are used in Chapter 446k of the Connecticut General Statutes Revision of 1958, as the same may be amended from time to time, at, upon, under or within the Mortgaged Property or any contiguous real estate which has been included in the property description of the Mortgaged Property, within the preceding three years, or any other property to which Hazardous Substances from the Mortgaged Property have been transported (an "Off-site Facility"). In the event that Mortgagor or any tenant or other occupant of the Mortgaged Property, or any other

person, should cause or suffer to occur a spill as described in the preceding sentence, Mortgagor shall promptly undertake all Remedial Work (as defined below) as required by any governmental agency or necessary to comply with any applicable Environmental Law because of or in connection with such spill.

(c) Mortgagor shall not undertake any activity which would require that the Mortgaged Property or the Improvements have a permit to be a hazardous waste treatment, storage or disposal facility as such terminology is defined and classified under any applicable Environmental Law.

(d) Mortgagor shall not discharge into the atmosphere, any watercourse, body of surface or subsurface water, wetland, sewage treatment works, or soil, any Hazardous Substance which would require a permit under any applicable Environmental Law and for which (i) a permit has been issued but is not in full force and effect, or (ii) no permit has been issued. Mortgagor shall comply in all respects with all terms and conditions which may be set forth in any such permit, license or approval and shall require that all tenants or occupants of any portion of the Mortgaged Property comply in all respects with all terms and conditions which may be set forth in any such permit, license or approval.

(e) Mortgagor shall at all times keep and maintain the Mortgaged Property in full compliance with any applicable Environmental Laws, and neither Mortgagor, nor any tenant or other occupant of the Improvements on the Mortgaged Property, is or will be involved in operations or cause any condition which is in violation of any applicable Environmental Laws, and which could support a valid claim or cause of action or lead to the imposition of liability on Mortgagor or the creation of a lien on the Mortgaged Property, under the Environmental Laws.

(f) Mortgagor shall promptly provide notice to Mortgagee of any of the following events of which Mortgagor receives notice or has knowledge:

(i) any proceeding, investigation or inquiry commenced by any governmental authority with respect to the presence of any Hazardous Substance at, upon, under or within the Mortgaged Property or any Off-site Facility or the migration of any Hazardous Substance originating on the Mortgaged Property to property adjoining the Mortgaged Property or the migration of any Hazardous Substance from any adjoining property in, on, or under the Mortgaged Property;

(ii) all claims made or threatened by any person or entity against Mortgagor, any other party occupying the Mortgaged Property or any portion thereof, or the Mortgaged Property, relating to any loss or injury allegedly resulting from any Hazardous Substance; and

(iii) the discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Mortgaged Property, of which Mortgagor

becomes aware, which might cause the Mortgaged Property or any portion thereof to be in violation of any Environmental Law or subject to any restriction on ownership, occupancy, transferability or use under any Environmental Law (collectively, an "Environmental Violation").

(g) Mortgagee, in its sole discretion, may (but shall not be obligated to) join and participate in, as a party if it so determines, any legal or administrative proceeding or action concerning the Mortgaged Property brought under any Environmental Law. Mortgagor agrees to bear and shall pay or reimburse Mortgagee on demand for all advances and expenses (including reasonable attorneys' and consultants' fees) relating to or incurred by Mortgagee in connection with any such action or proceeding.

(h) Mortgagor shall indemnify and hold Mortgagee and Mortgagee's directors, officers, employees, agents, successors and assigns harmless from and against any and all claims, demands, liabilities, losses, damages, judgments, penalties, fees, reasonable costs and expenses (including attorneys' and consultants' fees) suffered or incurred by Mortgagee, whether as holder of this Mortgage, as mortgagee in possession, or as successor in interest to Mortgagor as owner of the Mortgaged Property by virtue of foreclosure or acceptance of a deed in lieu of foreclosure, directly or indirectly arising out of or attributable to any violation by Mortgagor, or any tenant or occupant of the Mortgaged Property, or any failure of Mortgagor, or any tenant or occupant of the Mortgaged Property, to comply with, any Environmental Laws, and the installation, use, generation, manufacture, production, storage, release, threatened release, discharge, treatment, disposal or presence of a Hazardous Substance affecting the Mortgaged Property or any other site upon which or under which such Hazardous Substance originating on the Mortgaged Property may come to be located, including, but not limited to, (i) any loss of value of the Mortgaged Property, (ii) all foreseeable consequential damages, (iii) the costs of any repair, investigation, monitoring, cleanup, removal, treatment, disposal or detoxification, and (iv) the costs of the preparation and implementation of any closure, remedial or other plan. Except as set forth in the following sentence, the provisions and undertakings herein, and the indemnifications set out in this Section, shall be binding upon Mortgagor and any of its successors and assigns, until the later of (a) fifty years from the date hereof, or (b) the satisfaction and release of this Mortgage. The provisions, undertakings and indemnifications set out herein shall survive the satisfaction and release of this Mortgage and shall be binding upon Mortgagor and its successors and assigns forever, with respect to any Hazardous Substance that, at any time on or before the date of satisfaction and release of this Mortgage, (i) was present in, on or under the Mortgaged Property, Improvements, or any Off-site Facility, or (ii) escaped, seeped, leaked, or was spilled, discharged, emitted or released from the Mortgaged Property, the Improvements, or from any Off-site Facility. To the extent of any conflict between the terms of the indemnification provided herein and any separate indemnification agreement, the terms of such separate indemnity shall govern.

(i) Mortgagor shall obtain and deliver to Mortgagee, within a reasonable time following completion of any actions which may be required or are necessary to comply

with any applicable Environmental Law to investigate, monitor, clean up, remove, contain, prevent and eliminate all releases or threats of release of Hazardous Substances on or about the Mortgaged Property, or on or about any other site upon which or under which such Hazardous Substances may be located, certifications of engineers or other professionals reasonably acceptable to Mortgagee, in form and substance reasonably satisfactory to Mortgagee, certifying that based upon their professional experience and judgment, all such actions have, at a minimum, achieved and will maintain any cleanup levels required by the appropriate governmental agencies (whenever and as such cleanup levels may be revised), and that upon completion of such actions, the Mortgaged Property and all other property affected by such release or threat of release, is, to the knowledge of such professional, then in compliance with applicable Environmental Laws as then in effect and applicable to such actions. Mortgagor shall be responsible for restoring the Mortgaged Property as nearly as possible to the condition it was in immediately prior to Mortgagor's actions.

(j) (i) "Environmental Law" means any federal, state or local law, statute, regulation or ordinance, and any judicial or administrative notice of violation, order or judgment thereunder, and any permit, approval, certification, license, notice or registration pertaining to health, industrial hygiene or the environmental or ecological conditions at, upon, under or within the Mortgaged Property or on or about any other site upon which or under which Hazardous Substances originating from the Mortgaged Property may be located, including, but not limited to, each of the following as to date or hereafter amended: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§9601-9657 ("CERCLA"); the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §6901 et seq. ("RCRA"); the Toxic Substances Control Act, 15 U.S.C. §§2601-2629; the Water Pollution Control Act (also known as the Clean Water Act), 33 U.S.C. §1251 et seq.; the Clean Air Act, 42 U.S.C. §7401 et seq.; and the Hazardous Materials Transportation Act, 49 U.S.C. §1801 et seq.; and Chapter 446k of the Connecticut General Statutes, and

(ii) "Hazardous Substance" means and includes, without limitation, any toxic, hazardous, or radioactive substances or materials, petroleum or chemical liquid or solid, liquid or gaseous products or hazardous waste, all as defined by Section 22a-448 of the Connecticut General Statutes, or other pollutants and substances, whether or not naturally occurring, including, without limitation, asbestos, and methane gas, generated, used, treated, stored or disposed of, or otherwise deposited in or located on or under the Mortgaged Property, including without limitation, the surface and subsurface waters of the Mortgaged Property. "Hazardous Substance" shall also include any materials, the generation, use, treatment, storage or disposal of which would cause (A) the Mortgaged Property at which such materials are located to become a hazardous waste treatment, storage or disposal facility within the meaning, or otherwise bring the Mortgaged Property within the ambit of RCRA, or regulations promulgated thereunder or any similar state law or regulation promulgated thereunder or local ordinance; (B) a release or threatened release of hazardous waste from the Mortgaged Property within the meaning, or otherwise bring the Mortgaged Property within the ambit of, CERCLA, or regulation

promulgated thereunder, as the same may be amended from time to time, or any similar state law or regulation, including, but not limited to, activities constituting “a spill” as defined in Connecticut General Statutes Section 22a-452c, or local ordinance or any other environmental law; or (C) the discharge of pollutants or effluents into any water source or system, or the discharge into the air of any emissions, which would require a permit under the Water Pollution Control Act, 33 U.S.C. Section 1251, et. seq., or the Clean Air Act, 42 U.S.C. Section 7401 et. seq., or any similar state laws, regulations or local ordinances; (D) any substances or conditions in, on or under the Mortgaged Property which may support a claim or cause of action under RCRA, CERCLA or any other federal, state or local environmental statutes, regulations, ordinances or other environmental regulatory requirements (collectively, the "Statutes"), including the presence of any underground storage tanks or underground deposits located on the Mortgaged Property; or (E) any material, waste or substance which is:

(1) included within the definitions of "hazardous waste", "hazardous substances," "hazardous materials," "toxic substances" or "solid waste" in or pursuant to any Environmental Law, or subject to regulation under any Environmental Law;

(2) listed in the United States Department of Transportation Optional Hazardous Materials Table, 49 C.F.R. §172.101, as to date or hereafter amended, or in the United States Environmental Protection Agency List of Hazardous Substances and Reportable Quantities, 40 C.F.R. Part 302, as to date or hereafter amended;

(3) explosive, radioactive, asbestos, a polychlorinated biphenyl, oil or a petroleum product; or

(4) chemical liquid or solid, liquid or gaseous product as such terms are used in Chapter 446k of the Connecticut General Statutes.

If any "Statute" referenced in this paragraph is amended to broaden the meaning of any term defined thereby, such broadened meaning shall apply subsequent to the effective date of such amendment.

(k) (i) If any investigation, site monitoring, containment, cleanup, removal, restoration or other remedial work of any kind or nature (collectively, the "Remedial Work") is required or necessary to comply with any applicable Environmental Law because of or in connection with the presence, suspected presence, release or suspected release of a Hazardous Substance into the air, soil, ground water, surface water, or soil vapor at, upon, under or within the Mortgaged Property or any portion thereof, or any other site at, upon, under or within which a Hazardous Substance originating on the Mortgaged Property may be located, Mortgagor shall promptly commence and diligently prosecute to completion all such Remedial Work. In all events, such Remedial Work shall be commenced within 45 days after any demand therefor by

Mortgagee or such shorter period as may be required under any applicable Environmental Law, provided such Remedial Work is not prohibited by applicable law.

(ii) All Remedial Work shall be performed by contractors, and under the supervision of a consulting engineer, each accepted in advance by Mortgagee, which acceptance shall not be unreasonably withheld or delayed. All costs and expenses of such Remedial Work and the reasonable costs and expenses of Mortgagee's monitoring or review of such Remedial Work (including consultants' fees and reasonable attorneys' fees) shall be paid by Mortgagor. If Mortgagor does not timely commence and diligently prosecute to completion the Remedial Work, Mortgagee may (but shall not be obligated to) cause such Remedial Work to be performed. With respect to Remedial Work performed by Mortgagee in accordance with the previous sentence, Mortgagor agrees to bear and shall pay or reimburse Mortgagee on demand for all costs and expenses (including consultants' fees and reasonable attorneys' fees) relating to or incurred by Mortgagee in connection with monitoring, reviewing or performing any Remedial Work.

(iii) Except with Mortgagee's prior written consent, which consent shall not be unreasonably withheld or delayed, unless required by applicable law, rule or regulation, Mortgagor shall not commence any Remedial Work or enter into any settlement agreement, consent, decree or other compromise relating to any Hazardous Substances or Environmental Laws.

(l) (i) Mortgagee shall have the right at all reasonable times to enter upon and observe all or any portion of the Mortgaged Property, said permission to include the right to make excerpts, transcripts or copies as reasonably required by Mortgagee, provided that such observations shall not unreasonably interfere with the operations of the Mortgagor. Mortgagee may select a consulting engineer to conduct and prepare reports of such observations. The observation rights granted to Mortgagee in this Section shall be in addition to, and not in limitation of, any other observation rights granted to Mortgagee in this Mortgage, and shall expressly include the right to conduct soil borings and other customary environmental tests, assessments and audits. In the event Mortgagee exercises any of the rights provided to it under this Section, Mortgagee shall be responsible for restoring the Mortgaged Property as nearly as possible to the condition it was in immediately prior to Mortgagee's actions.

(ii) If Mortgagee has reason to believe that there has been a release, or there is a threat of release, of any Hazardous Substance in, on, under or onto the Mortgaged Property, promptly upon the written request of Mortgagee (which shall include the basis for Mortgagee's request), Mortgagor shall provide Mortgagee with an environmental site assessment or environmental audit report prepared by an environmental engineering firm acceptable to Mortgagee, to assess with a reasonable degree of certainty the presence or absence of any Hazardous Substance on the Mortgaged Property and the potential costs in connection with abatement, cleanup or removal of any Hazardous Substance found at, upon, under, or within the Mortgaged Property or any adjacent property.

(iii) To the extent that any observation, report or assessment required or conducted by Mortgagee pursuant to Sections 1.16 (l)(i) and (ii) hereof should conclude that there has been a release of Hazardous Substance(s) in, on, under or onto the Mortgaged Property and which has not otherwise been the subject of any Remedial Work by Mortgagor, Mortgagor shall bear and shall pay or reimburse Mortgagee on demand for all expenses (including consultants' fees and reasonable attorneys' fees) relating to or incurred by Mortgagee in connection with such observations, reports and assessments required or conducted by Mortgagee.

1.17 Mortgage Taxes. Mortgagor shall pay any and all taxes, charges, filing, registration and recording fees, excises and levies imposed upon Mortgagee by reason of its ownership of, or measured by amounts payable under, the Note, this Mortgage or any other Loan Document (other than income, franchise, doing business and other similar taxes), and shall pay all stamp taxes and other taxes (other than income, franchise, doing business and other similar taxes) required to be paid on the Note or the other Loan Documents. If Mortgagor fails to make such payment within five days after notice thereof from Mortgagee, Mortgagee may (but shall not be obligated to) pay the amount due, and Mortgagor shall reimburse Mortgagee on demand for all such advances.

1.18 Maintenance of Existence. So long as it owns the Mortgaged Property, Mortgagor shall do all things necessary to preserve and keep in full force and effect its existence and status as a 501(c)(3) corporation and its franchises, licenses, authorizations, registrations, permits and approvals under the laws of the state of its formation and the State, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental authority or court applicable to Mortgagor or to the Mortgaged Property or any portion thereof.

Prior to any amendment of Mortgagor's organizational documents, Mortgagor shall furnish to Mortgagee copies of all proposed amendments thereto, together with such other information related thereto as Mortgagee reasonably requests in order to determine if Mortgagee's consent to the amendment is required and to enable Mortgagee to make an informed decision if such consent is required. Within a reasonable time period after receipt of all such materials, Mortgagee shall make a determination as to whether its prior consent is necessary and shall act accordingly.

1.19 Payment of Liens. Mortgagor shall pay when due or before imposition of any late fee, penalty or charge all payments and charges due under or in connection with any liens and encumbrances on any security interests in the Mortgaged Property or any portion thereof, all rents and charges under any ground leases and other leases forming a part of the Mortgaged Property, and all claims and demands of mechanics, materialmen, laborers and others which, if unpaid, might result in or permit the creation of a lien on the Mortgaged Property or any portion thereof, and shall cause the prompt (but in no event later than 20 days after imposition), full and unconditional discharge (or bonding of same, provided Mortgagor shall have commenced and be continuing in good faith with a

reasonable protest) of all liens imposed on or against the Mortgaged Property or any portion thereof. Mortgagor shall do or cause to be done, at the sole cost of Mortgagor, everything necessary to fully preserve the initial priority of the lien of this Mortgage. If Mortgagor fails to make any such payment or if a lien attaches to the Mortgaged Property or any portion thereof, Mortgagee may (but shall not be obligated to) make such payment or discharge such lien and Mortgagor shall reimburse Mortgagee on demand for all such advances.

1.20 Cost of Defending and Upholding the Lien. Mortgagee may (a) appear in and defend any action or proceeding, in the name and on behalf of either Mortgagor or Mortgagee, in which Mortgagee is named or which Mortgagee in its reasonable discretion determines may adversely affect the Mortgaged Property, this Mortgage, the lien hereof or any other Loan Document; and (b) institute any action or proceeding which Mortgagee in its sole discretion determines should be instituted to protect or defend its interest in the Mortgaged Property or its rights under or the lien of this Mortgage or any other Loan Document. Mortgagor agrees to bear and pay or reimburse Mortgagee on demand for all advances and expense (including reasonable attorneys' fees) relating to or incurred by Mortgagee in connection with any such action or proceeding.

1.21 Indemnification. Mortgagor shall indemnify and hold Mortgagee and Mortgagee's directors, officers, employees and agents harmless from and against and reimburse them for all claims, demands, liabilities, losses, damages, judgments, penalties, costs and expenses (including reasonable attorneys' fees and amounts paid in settlement) which may be imposed upon, asserted against, or incurred or paid by any of them by reason of, on account of or in connection with any act or occurrence relating to the Mortgaged Property or any bodily injury, death, other personal injury or property damage occurring in, upon or in the vicinity of the Premises through any cause whatsoever, except that caused by the gross negligence or willful misconduct of Mortgagor, its directors, officers, employees or agents.

1.22 Representation and Warranty. Mortgagor represents and warrants that as of the date hereof (i) it is an organization described in Section 501(c)(3) of the Code; (ii) it has received a letter of determination ("501(c)(3) Determination Letter") from the Internal Revenue Service to that effect; (iii) such 501(c)(3) Determination Letter has not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in or forming the basis of such 501(c)(3) Determination Letter; (v) the facts and circumstances which form the basis of such 501(c)(3) Determination Letter continue substantially to exist as represented to the Internal Revenue Service and no other material facts or circumstances have arisen which could affect the validity of such letter or other notification; (vi) it is not a "private foundation" as defined in Section 509(a) of the Code; (vii) it is exempt for Federal income taxes under Section 501(c)(3) of the Code, and (viii) it is in compliance with the provision of said Code and any applicable regulations thereunder necessary to maintain such status.

ARTICLE TWO Cumulative Rights

2.01 Lien Waivers. Mortgagor shall not permit or suffer any mechanic's, laborer's, materialman's, statutory or other lien (other than any lien for taxes not yet due) to be created upon the Mortgaged Property and shall furnish to Mortgagee as and when Mortgagee requests, waivers of liens and claims on the Mortgaged Property executed by all mechanics and materialmen and others who may have any rights to file liens against the Mortgaged Property; if such a lien is recorded, Mortgagor shall promptly cause such lien to be removed.

2.02 Trust Fund. Mortgagor will receive the advances secured hereby as a trust fund to be applied by Mortgagor solely for the purpose of paying the cost of developing the Mortgaged Property as a community residential facility.

2.03 Construction. Mortgagor shall perform faithfully all of its obligations under the Loan Documents, and shall not enter into any construction contracts or any amendments thereof without first obtaining the written approval of Mortgagee. Upon request of Mortgagee, Mortgagor shall assign to Mortgagee, in such form as Mortgagee may require and with the consent of the contractor thereunder, any or all construction contracts relating to the Improvements; provided, however, such assignment shall not be deemed to impose upon Mortgagee any of the obligations or duties of Mortgagor thereunder, and Mortgagor shall comply with and observe its obligations thereunder.

ARTICLE THREE Defaults

3.01 Event of Default. The term Event of Default wherever used in this Mortgage shall mean any one or more of the following events:

(a) Failure by Mortgagor to pay when due any of the following, which failure to pay continues for thirty (30) days: (i) any periodic installment of interest or principal which shall become due and payable under the Note; or (ii) the outstanding principal balance on the Note, together with interest accrued thereon, at maturity or upon prepayment of the Note; or (iii) any monthly escrow amount for taxes, assessments, insurance or the Group Home Renewal and Replacement Fund when due hereunder; or (iv) any other sums to be paid by Mortgagor hereunder, under the Note or under any other instrument securing the Note, when due hereunder or thereunder;

(b) Failure by Mortgagor to duly keep, perform and observe any other covenant, condition or agreement in the Declaration and Agreement of Restrictive Covenants, the Note, this Mortgage, the Commitment Letter from Mortgagee executed in connection herewith ("Commitment Letter"), or any other instrument securing the Note or executed in connection therewith which continues for thirty (30) days after Mortgagee has given Mortgagor written notice thereof.

A default under this Mortgage or the Note secured hereby shall constitute a default under any other mortgage and note or notes from Mortgagor to Mortgagee in effect at the time of any such default.

(c) If any material inaccuracy shall exist in any of the financial statements, certificates or in any other information furnished by or to be furnished by Mortgagor to Mortgagee or the State Departments of Social Services and/or Mental Retardation pursuant to the provisions of this Mortgage or furnished or to be furnished to Mortgagee to induce Mortgagee to make the Loan evidenced by the Note;

(d) Material breach of any warranty or material untruth of any representation of Mortgagor contained in the Note or this Mortgage;

(e) Mortgagor shall be dissolved, or shall assign, convey, or further encumber the Mortgaged Property or any part thereof without the written consent of Mortgagee, or if title to the Mortgaged Property shall vest voluntarily or involuntarily in anyone other than the maker of the Note secured hereby; or if the maker of the Note is a limited partnership, the general partner of which is not the general partner thereof on the date hereof except as permitted by the Loan Documents; or if the maker of the Note is a corporation, the shareholders thereof are other than those on the date hereof;

(f) Mortgagor shall file or have filed against it a petition in bankruptcy or for reorganization or arrangement under the bankruptcy act or any statute in connection with insolvency or reorganization or for the appointment of a receiver and which petition is not withdrawn or dismissed within sixty (60) days; or Mortgagor shall make an assignment for the benefit of creditors;

(g) Mortgagor is adjudicated bankrupt or insolvent or a petition for reorganization of Mortgagor is granted;

(h) A receiver, liquidator or trustee of Mortgagor or of any of the properties of Mortgagor, shall be appointed and the same not be dismissed or terminated within sixty (60) days thereafter;

(i) Mortgagor shall make an assignment for the benefit of its creditors or shall admit in writing the inability to pay its debts generally as they become due;

(j) Mortgagor shall institute or cause to be instituted any proceeding for the termination or dissolution of Mortgagor;

(k) Any constituent general partner of Mortgagor files or consents to the filing of, commences or consents to the commencement of, any bankruptcy proceeding with respect to any such general partner, unless such general partner is legally divested of all management responsibility, powers and decision making capacity as a general

partner of Mortgagor within thirty (30) days after the commencement of such bankruptcy proceeding and, if such general partner was the sole general partner of Mortgagor, a successor general partner approved by Mortgagee is appointed within such thirty (30) day period;

(l) Any bankruptcy proceeding shall have been filed against any constituent general partner of Mortgagor and the same is not withdrawn, dismissed, canceled or terminated within ninety (90) days of such filing, unless such general partner is legally divested of all management responsibility, powers and decision making capacity as a general partner of Mortgagor within such ninety (90) day period and, if such general partner was the sole general partner of Mortgagor, a successor general partner approved by Mortgagee is appointed within such ninety (90) day period;

(m) Any constituent general partner of Mortgagor is adjudicated bankrupt or insolvent or a petition for reorganization of any such general partner is granted, unless such general partner is divested of all management responsibility, powers and decision making capacity as a general partner of Mortgagor within 30 days after such adjudication or the granting of such petition and, if such general partner was the sole general partner of Mortgagor, a successor general partner approved by Mortgagee is appointed within such thirty (30) day period;

(n) A receiver, liquidator or trustee of any constituent general partner of Mortgagor or of any of the properties of any such general partner, shall be appointed and the same not be dismissed or terminated within sixty (60) days thereafter, unless such general partner is divested of all management responsibility, powers and decision making capacity as a general partner of Mortgagor within such sixty (60) day period and, if such general partner was the sole general partner of Mortgagor, a successor general partner approved by Mortgagee is appointed within such 60 day period;

(o) Any constituent general partner of Mortgagor shall make an assignment for the benefit of its creditors or shall admit in writing the inability to pay its debts generally as they become due, unless such general partner is divested of all management responsibility, powers and decision making capacity as a general partner of Mortgagor within thirty (30) days after such admission or assignment and, if such general partner was the sole general partner of Mortgagor, a successor general partner approved by Mortgagee is appointed within such thirty (30) day period;

(p) Any constituent general partner of Mortgagor shall institute or cause to be instituted any proceeding for the termination or dissolution of Mortgagor or any such general partner, unless such general partner is divested of all management responsibility, powers and decision making capacity as a general partner of Mortgagor within thirty (30) days after the institution of such proceeding (but in no event later than the date on which such termination or dissolution would occur) and, if such general partner was the sole general partner of Mortgagor, a successor general partner approved by Mortgagee is

appointed within such thirty (30) day period (but in no event later than the date on which such termination or dissolution would occur);

(q) A default or event of default shall occur under any mortgage or security agreement encumbering all or any portion of the Mortgaged Property which is equal, subordinate or superior to the lien of this Mortgage and shall continue beyond any applicable cure period set forth therein, or if the mortgagee or secured party under any such equal, subordinate or superior mortgage or security agreement shall commence a foreclosure or other collection or enforcement action in connection therewith; provided that nothing herein shall be deemed to be a waiver of the provision prohibiting further encumbrances or of any other provision(s) of this Mortgage;

(r) The material alteration, demolition or removal of any of the Improvements without the prior written consent of Mortgagee;

(s) Failure by Mortgagor to make payment on any obligation for borrowed money due to any party other than Mortgagee, beyond any grace period provided with respect thereto, or upon demand, or the failure to perform any other term, condition, or covenant contained in any agreement under which any such obligation is created, the effect of which default is to cause such obligation to become due and payable prior to its date of maturity;

(t) Passage or enforcement of any federal, state, or local law, or the rendering of a final decision of any court in any way impairing Mortgagee's ability to charge and collect the interest stated under the Note;

(u) Damage to any of the Premises or the Equipment in any manner which is not covered by insurance in accordance with this Mortgage (other than damage the cost of which to rebuild or restore does not exceed the deductible permitted hereunder), unless Mortgagor has deposited funds with Mortgagee in an amount sufficient, in Mortgagee's reasonable estimate, to rebuild or restore said Premises or Equipment;

(v) Failure to comply with the requirements set forth in the Declaration and Agreement of Restrictive Covenants beyond any applicable cure period provided therein;

(w) Failure to comply with the non-discrimination covenants set forth in any Loan Document beyond any applicable cure period provided therein;

(x) Mortgagor vacating or abandoning the Mortgaged Property;

(y) Use of the Premises for any purpose other than as a community residential facility as defined in C.G.S. Sec. 17a-220(5), licensed and supervised by the State Department of Developmental Services;

(z) Revocation, suspension, termination or non-renewal of the Department of Developmental Services license for the Property, or occupancy by more than the number of persons permitted by such license; or

(aa) Failure to comply with any requirement of the State or federal government, including but not limited to, requirements of the State Department of Developmental Services or the Department of Social Services, relating to the Property.

3.02 Upon the occurrence of any event of Default, Mortgagee may, but shall not be obligated to, perform the same and at its option, charge the cost thereof against and deduct the same from the principal amount to be advanced under the terms of this Mortgage.

ARTICLE FOUR Remedies

4.01 Acceleration of Maturity. If an Event of Default shall have occurred, Mortgagee may declare without demand or notice the outstanding Indebtedness to be due and payable immediately, and upon such declaration such Indebtedness shall immediately become and be due and payable without demand or notice and with all costs, expenses and attorneys' fees, and without relief from valuation or appraisal laws, and thereupon, or at any time during the existence of any such default, Mortgagee may proceed to foreclose this Mortgage, anything herein or in said Note contained to the contrary notwithstanding, and any failure to exercise said option shall not constitute a waiver of the right to exercise the same at any other time.

Upon an Event of Default, Mortgagee shall be entitled, without notice to Mortgagor, to the immediate appointment of a receiver of the Mortgaged Property without regard to the value of the Mortgaged Property or the solvency of any person or persons liable for the payment of the mortgage indebtedness and regardless of whether Mortgagee has an adequate remedy at law; and upon any such default, whether or not a receiver has been appointed, Mortgagee may proceed to collect the rents and benefits of said Mortgaged Property and apply the same against any sums secured by this Mortgage. Until there is a default under this Mortgage, Mortgagor shall have the right to possession of the Mortgaged Property.

4.02 Rights Upon Foreclosure.

(a) In the event of foreclosure of this Mortgage in any court of law or equity, whether or not any order or decrees shall have been entered therein, and to the extent permitted by law, a reasonable sum shall be allowed for attorneys' fees of the plaintiff in such proceeding, for stenographers' fees and for all monies expended for documentary evidence and the cost of a complete abstract of title and title report for the purpose of such foreclosure, such sums to be secured by the lien hereof; and, to the

extent permitted by law, there shall be included in any judgment or decree foreclosing this Mortgage and to be paid out of said rents or the proceeds of any sale made in pursuance of any such judgment or decree: (i) all costs and expenses of such suit, or suits, advertising, sale and conveyance, including without limitation, attorneys', brokers, court reporters' and stenographers' fees, outlays for documentary evidence and the cost of said abstract, examination of title and title report; (ii) all monies advanced by Mortgagee, if any, for any purpose authorized in this Mortgage, with interest as herein provided; (iii) all the accrued interest remaining unpaid on the Indebtedness; and (iv) all the said principal remaining unpaid. The excess of the proceeds, if any, shall be paid to Mortgagor on reasonable request, or as the court may direct.

(b) In case of any foreclosure sale of the Mortgaged Property, at the sole option of Mortgagee, the same may be sold in one or more parcels.

(c) In case failure of Mortgagee to exercise the option for acceleration of maturity and/or foreclosure following acceptance by Mortgagee of partial payments hereunder shall not constitute a waiver of any such default, but such option shall remain continuously in force. Acceleration of maturity, once claimed hereunder by Mortgagee, may, at the option of Mortgagee, be rescinded by written acknowledgment to that effect by Mortgagee, but the tender and acceptance of partial payments alone shall not in any way affect or rescind such acceleration of maturity.

(d) In any action to foreclose this Mortgage, Mortgagor herein specifically waives its right to any notice of hearing or hearings to which it would otherwise be entitled under Connecticut law.

4.03 Mortgagee's Right To Enter and Take Possession, Operate and Apply Income.

(a) If an Event of Default shall have occurred, Mortgagor, upon demand of Mortgagee, shall forthwith surrender to Mortgagee the actual possession and to the extent permitted by law, Mortgagee itself, or by such officers or agents as it may appoint, may enter and take possession of all the Mortgaged Property and may exclude Mortgagor and its agents and employees wholly therefrom and may have joint access with Mortgagor to the books, papers and accounts of Mortgagor; and Mortgagor will pay monthly in advance to Mortgagee, on Mortgagee's entry into possession, or to any receiver appointed to collect the rents, income and other benefits of the Mortgaged Property, the fair and reasonable rental value for the use and occupation of such part of the Mortgaged Property as may be in possession of Mortgagor, and upon default in any such payment will vacate and surrender possession of such part of the Mortgaged Property to Mortgagee or to such receiver and, in default thereof, Mortgagor may be evicted by summary proceedings or otherwise.

(b) Upon every such entering upon or taking of possession, Mortgagee may hold, store, use, operate, manage and control the Mortgaged Property, and from time to time:

- (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and Improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personal and other Mortgaged Property;
- (ii) insure or keep the Mortgaged Property insured;
- (iii) manage and operate the Mortgaged Property and exercise all the rights and powers of Mortgagor in its name or otherwise with respect to the same;
- (iv) enter into agreements with others to exercise the powers herein granted Mortgagee,

all as Mortgagee from time to time may determine; and Mortgagee may collect and receive all the rents, income and other benefits thereof, including those past due as well as those accruing thereafter; and shall apply the monies so received by Mortgagee in such priority as Mortgagee may determine to (1) the payment of late charges, interest, principal and other payments due and payable on the Note, or pursuant to this Mortgage; (2) the deposits for taxes and assessments and insurance premiums due; (3) the cost of insurance, taxes, assessments and other proper charges upon the Mortgaged Property or any part thereof; and (4) the compensation, expenses and disbursements of the agents, attorneys and other representatives of Mortgagee.

4.04 Receiver. If an Event of Default shall have occurred, Mortgagee, to the extent permitted by law and without regard to the value or occupancy of the security, shall be entitled as a matter of right if it so elects to appointment of a receiver to enter upon and take possession of the Mortgaged Property and to collect all rents, revenues, issues, income, products and profits thereof and apply the same as the court may direct. The receiver shall have all rights and powers permitted under the laws of the State and such other powers as the court making such appointment shall confer. The expenses, including receiver's fees, attorneys' fees, costs and agent's compensation, incurred pursuant to the powers herein contained shall be secured by this Mortgage. The right to enter and take possession of and to manage and operate the Mortgaged Property, and to collect the rents, issues and profits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof. Mortgagee shall be liable to account only for such rents, issues and profits actually received by Mortgagee pursuant to this Paragraph. Notwithstanding the appointment of any receiver or other custodian, Mortgagee shall be entitled as pledgee to the possession and control of any cash,

deposits or instruments at the time held by, or payable or deliverable under the terms of this Mortgage to, Mortgagor.

4.05 Marshalling. Mortgagee shall not be compelled to release, or be prevented from foreclosing or enforcing, this Mortgage as to all or any part of the Mortgaged Property, unless the entire Indebtedness shall be paid; and shall not be required to accept any part or parts of the Mortgaged Property, as distinguished from the entire whole thereof, as payment of the Indebtedness to the extent of the value of any apportionment of the Indebtedness to or among any separate parts of the Mortgaged Property.

4.06 Suits To Protect the Property. After an Event of Default shall have occurred, Mortgagee shall have the power and authority to institute and maintain any suits and proceedings as Mortgagee may deem advisable (i) to prevent any impairment of the Mortgaged Property; (ii) to preserve and protect its interest in the Mortgaged Property; and (iii) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order might impair the security hereunder or be prejudicial to Mortgagee's interest.

4.07 Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial case or proceedings affecting Mortgagor, its creditors or its property, Mortgagee to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have its claim(s) allowed in such case or proceedings for the entire Indebtedness, at the date of the institution of such case or proceedings, and for any additional amounts which may become due and payable by Mortgagor after such date.

4.08 Delay or Omission No Waiver. No delay or omission of Mortgagee or of any holder of the Note to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to waive any such Event of Default or to constitute acquiescence therein. Every right, power and remedy given to Mortgagee may be exercised from time to time and as often as may be deemed expedient by Mortgagee.

4.09 No Waiver of One Default To Affect Another. No waiver of any Event of Default hereunder shall extend to or affect any subsequent or any other Event of Default then existing, or impair any rights, powers or remedies consequent thereon. If Mortgagee (i) grants forbearance or an extension of time for the payment of any of the Indebtedness; (ii) takes other or additional security for the payment thereof; (iii) waives or does not exercise any right granted in the Note, this Mortgage or any other instrument securing the Note; (iv) releases any part of the Mortgaged Property from the lien of this Mortgage or any other instrument securing the Note; (v) consents to the filing of any map, plat or replat of the Land; (vi) consents to the granting of any easement on the Land; or (vii) makes or

consents to any agreement changing the terms of this Mortgage or subordinating the lien or any charge hereof, no such act or omission shall release, discharge, modify, change or affect the original liability under this Mortgage or otherwise of Mortgagor, or any subsequent purchaser of the Mortgaged Property or any part thereof or any maker, co-signer, endorser, surety or guarantor. No such act or omission shall preclude Mortgagee from exercising any right, power or privilege herein granted or intended to be granted in case of any Event of Default then existing or of any subsequent Event of Default nor, except as otherwise expressly provided in an instrument or instruments executed by Mortgagee, shall the lien of this Mortgage be altered thereby.

4.10 Other Remedies of Mortgagee. Upon the occurrence of an Event of Default hereunder, in addition to any other remedies available to Mortgagee by the terms of this Mortgage or by law, Mortgagee may at its sole discretion: (i) discontinue at any time any work commenced on the Improvements on the Mortgaged Property; (ii) engage builders, contractors, engineers, architects and others for the purpose of furnishing labor, material and equipment in connection with the Improvements, which personnel may, but need not, be the same as those engaged by Mortgagor; (iii) pay, compromise or settle all bills or claims incurred in connection with the Mortgaged Property; and (iv) take or refrain from taking such action as Mortgagee may from time to time determine. All such action shall be at Mortgagor's sole cost and expense, such sums being secured by this Mortgage to the extent permitted by law.

4.11 Remedies Cumulative. No right, power or remedy conferred upon or reserved to Mortgagee by the Note, this Mortgage or any other instrument securing the Note is exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or under the Note or any other instrument securing the Note, or now or hereafter existing at law, in equity or by statute.

4.12 Interest After Event of Default; Default Rate. If an Event of Default shall have occurred, all sums outstanding and unpaid under the Note and this Mortgage shall, at Mortgagee's option, bear interest at the Default Rate set forth in the Note.

4.13 General Provisions Regarding Remedies.

(a) Effect of Judgment. No recovery of any judgment by Mortgagee and no levy of an execution under any judgment upon the Mortgaged Property or upon any other property of Mortgagor shall affect in any manner or to any extent the lien of this Mortgage upon the Mortgaged Property or any portion thereof, or any rights, powers or remedies of Mortgagee hereunder. Such lien, rights, powers and remedies of Mortgagee shall continue unimpaired as before.

(b) Right to Purchase. At any sale of the Mortgaged Property or any portion thereof pursuant to the provisions of this Mortgage, Mortgagee shall have the right to purchase the Mortgaged Property being sold, and in such case shall have the right to

credit against the amount of the bid made therefor (to the extent necessary) all or any portion of the Indebtedness then due.

(c) Right to Terminate Proceedings. Mortgagee may terminate or rescind any proceeding or other action brought in connection with its exercise of the remedies at any time before the conclusion thereof, as determined in Mortgagee's sole discretion and without prejudice to Mortgagee.

(d) No Waiver or Release. Mortgagee may resort to any remedies and the security given by the Loan Documents, in whole or in part, and in such portions and in such order as determined in Mortgagee's sole discretion. No such action shall in any way be considered a waiver of any rights, benefits or remedies evidenced or provided by the Loan Documents. The failure of Mortgagee to exercise any right, remedy or option provided in the Loan Documents shall not be deemed a waiver of such right, remedy or option or of any covenant or obligation secured by the Loan Documents. No acceptance by Mortgagee of any payment after the occurrence of an Event of Default relating to non-payment and no payment by Mortgagee of any advance or obligation for which Mortgagor is liable hereunder shall be deemed to waive or cure such Event of Default or Mortgagor's liability to pay such obligation unless such payment is accepted by Mortgagee both after the occurrence of the Event of Default and prior to acceleration of the Indebtedness by Mortgagee. No sale of all or any portion of the Mortgaged Property, no forbearance on the part of Mortgagee, and no extension of time for the payment of the whole or any portion of the Indebtedness or any other indulgence given by Mortgagee to Mortgagor or any other person or entity, shall operate to release or in any manner affect Mortgagee's interest in the Mortgaged Property or the liability of Mortgagor to pay the Indebtedness, except to the extent that such liability shall be reduced by proceeds of the sale of all or any portion of the Mortgaged Property received by Mortgagee. No waiver by Mortgagee shall be effective unless it is in writing and then only to the extent specifically stated.

(e) No Impairment; No Release. The interests and rights of Mortgagee under the Loan Documents shall not be impaired by any indulgence, including (i) any renewal, extension or modification which Mortgagee may grant with respect to any of the Indebtedness; (ii) any surrender, compromise, release, renewal, extension, exchange or substitution which Mortgagee may grant with respect to the Mortgaged Property or any portion thereof; or (iii) any release or indulgence granted to any maker, endorser, guarantor or surety of any of the Indebtedness. If the Mortgaged Property is sold and Mortgagee enters into any agreement with the then owner of the Mortgaged Property extending the time of payment of the Indebtedness, or otherwise modifying the terms hereof or of any other Loan Document, Mortgagor shall continue to be liable to pay the Indebtedness according to the tenor of any such agreement unless expressly released and discharged in writing by Mortgagee.

(f) Waivers and Agreements Regarding Remedies. To the full extent Mortgagor may legally do so, Mortgagor:

(i) agrees that Mortgagor will not at any time insist upon, plead, claim or take the benefit or advantage of any laws now or hereafter in force providing for any appraisal or appraisement, valuation, stay, extension or redemption, and waives and releases all rights of redemption, valuation, appraisal or appraisement, stay of execution, extension and notice of election to accelerate or declare due the whole of the Indebtedness;

(ii) waives all rights to a marshalling of the assets of Mortgagor, Mortgagor's partners, if any, and others with interests in Mortgagor, including the Mortgaged Property, or to a sale in inverse order of alienation in the event of foreclosure of the interests hereby created, and agrees not to assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Mortgagee under the Loan Documents to a sale of the Mortgaged Property for the collection of the Indebtedness without any prior or different resort for collection, or the right of Mortgagee to the payment of the Indebtedness out of the proceeds of sale of the Mortgaged Property in preference to every other claimant whatsoever;

(iii) waives any right to bring or utilize any defense, counterclaim or setoff, other than one in good faith, which denies the existence or sufficiency of the facts upon which the foreclosure action is grounded or which is based on Mortgagee's wrongful actions. If any defense, counterclaim or setoff (other than one permitted by the preceding sentence) is raised by Mortgagor in such foreclosure action, such defense, counterclaim or setoff shall be dismissed;

(iv) waives any right to have any trial, action or proceeding tried by a jury; and

(v) agrees that notice given to Mortgagor, as provided in this Mortgage, at least thirty (30) days prior to any public sale of any of the Collateral, or prior to the date after which any private sale thereof will be made, shall constitute reasonable notice of any such sale for the purposes of the Uniform Commercial Code.

(g) Mortgagee's Discretion. Except as otherwise expressly provided herein, Mortgagee may exercise its rights, options and remedies and may make all decisions, judgments and determinations under this Mortgage and the other Loan Documents in its sole unfettered discretion.

(h) Recitals of Facts. In the event of a sale or other disposition of the Mortgaged Property and the execution of a deed or other conveyance pursuant thereto, the recitals therein of facts (such as default, the giving of notice of default and notice of sale, demand that such sale should be made, postponement of sale, terms of sale, purchase, payment of purchase money and other facts affecting the regularity or validity of such sale or disposition) shall be conclusive proof of the truth of such facts. Any such

deed or conveyance shall be conclusive against all persons as to such facts recited therein.

(i) Mortgagee's Right to Waive, Consent or Release. Mortgagee may at any time, in writing, (i) waive compliance by Mortgagor with any covenant herein made by Mortgagor to the extent and in the manner specified in such writing; (ii) consent to Mortgagor's doing any act which Mortgagor is prohibited hereunder from doing, or consent to Mortgagor's failing to do any act which Mortgagor is required hereunder to do, to the extent and in the manner specified in such writing; or (iii) release any portion of the Mortgaged Property, or any interest therein, from this Mortgage and the lien of the other Loan Documents. No such act shall in any way impair the rights of Mortgagee hereunder except to the extent specified by Mortgagee in such writing.

(j) Possession of the Mortgaged Property. Upon the occurrence of any Event of Default hereunder and demand by Mortgagee at its option, Mortgagor shall immediately surrender or cause the surrender of possession of the Mortgaged Property to Mortgagee. If Mortgagor or any other occupant is permitted to remain in possession, such possession shall be as tenant of Mortgagee and any such occupant (i) shall on demand pay to Mortgagee monthly, in advance, reasonable use and occupancy charges for the space so occupied, and (ii) in default thereof, may be dispossessed by the usual summary proceedings. Upon demand, Mortgagor shall assemble the Collateral and make it available at the Mortgaged Property to allow Mortgagee to take possession and/or dispose of the Collateral. The covenants herein contained may be enforced by a receiver of the Mortgaged Property or any portion thereof. Nothing in this Paragraph 4.13(j) shall be deemed a waiver of the provisions of this Mortgage prohibiting the sale or other disposition of the Mortgaged Property without Mortgagee's consent.

(k) Limitations on Liability. Subject to the provision hereinafter set forth, in any action or proceedings brought on the Mortgage, the Note, or any of the other Mortgage Loan Documents (as defined below) in which a money judgment is sought, the Mortgagee will look solely to the Property and Mortgagor's interest in the Property and in all present and future leases and income from the Property, provided that this shall not impair the Mortgagee's right to seek and obtain a money or deficiency judgment against Mortgagor or any partner or shareholder of Mortgagor, in an action based upon:

- (i) fraud or material misrepresentation in connection with any loan document, affidavit, certification, warranty or representation given by Mortgagor or any partner or shareholder, or officer of any partner or shareholder, of Mortgagor in connection with the Loan;
- (ii) recovery of any condemnation, insurance, or similar funds or payments attributable to the Property;
- (iii) recovery of any tenant security deposits, advance or prepaid rent or other similar sums paid to, or held by, Mortgagor or any other party in connection with the operation of the Development;

- (iv) recovery of any compensation paid, provided, or owed to an affiliate, officer, employee, or manager of Mortgagor;
- (v) any breach or violation of representations, warranties, covenants and indemnities provided in connection with the Mortgage Loan;
- (vi) material waste of any portion of the Property;
- (vii) collection of rents in advance in violation of any covenant in the Mortgage or other Loan Documents;
- (viii) failure to make payments when due on the Mortgage Loan or payments of insurance premiums, property taxes, payments in lieu of taxes, or payments of other operating or maintenance expense related to the Property when total revenues from the Property are sufficient to pay such amounts, or the failure to pay a portion of such amounts, up to the full extent of revenues from the Property; or
- (ix) intentional failure to maintain resident occupancy levels and income from the Property.

The foregoing shall not impair the liability of any guarantor with respect to any guaranty or indemnity, nor of Mortgagor, any guarantor or any other indemnitor arising under any indemnification relating to any environmental matter, nor shall the foregoing be deemed a waiver by Mortgagee or an impairment of any statutory right of indemnity against Mortgagor or any guarantor nor shall the foregoing affect in any way the rights of Mortgagee to enforce its rights in and to the Mortgaged Property under this Mortgage and the other Loan Documents by foreclosure, exercise of any power of sale, possession or pursuant to any assignment of rents including the Assignment.

(l) Continuing Power of Sale. The POWER OF SALE conferred upon Mortgagee in this Mortgage, if such Power of Sale is permitted by law, shall not be exhausted by any one or more sales as to any portion of the Mortgaged Property remaining unsold, but shall continue unimpaired until all of the Mortgaged Property is sold or all of the Indebtedness is paid.

ARTICLE FIVE The Development

5.01. The Development. Mortgagor shall operate the Development as a community residential facility as defined in C.G.S. Sec. 17a-220(5), strictly in accordance with all applicable requirements of any governmental authority having jurisdiction with respect thereto and in compliance with the requirements of the State Departments of Social Services and of Mental Retardation, or their successor(s) or designees.

ARTICLE SIX Miscellaneous Provisions

6.01 Lien and Right Of Setoff. Mortgagor hereby gives the holder a lien and right of setoff for all of Mortgagor's liabilities hereunder upon and against all deposits,

credits, and property of Mortgagor and Mortgagor's, endorsers or guarantors other than the Premises and any other collateral of Mortgagor now or hereafter in possession or control of Mortgagee or in transit to it. Mortgagee may, at any time after a default has occurred and continued beyond any applicable notice and cure period, apply the same or any part thereof to any liability of Mortgagor even though unmatured.

6.02 Additional Loan Documents. Mortgagor and Mortgagee have entered into a Collateral Assignment of Leases and Rentals, Security Agreement, Collateral Assignment of Income, and Declaration and Agreement of Restrictive Covenants, Collectively, ("Loan Documents") of even date herewith, the terms of which are hereby incorporated herein.

6.03 Heirs, Successors and Assigns Included in Parties. Whenever one of the parties hereto is named or referred to herein, the heirs, successors and assigns of such party shall be included and all covenants and agreements contained in this Mortgage, by or on behalf of Mortgagor or Mortgagee shall bind and inure to the benefit of their respective heirs, successors and assigns, whether so expressed or not.

6.04 Addresses for Notices, etc.

(a) Unless otherwise provided for herein, all notices and communications required or permitted hereunder shall be sent to the addresses on page 1 hereof, in writing and shall be deemed to have been duly given (a) when sent, if sent by registered or certified mail (return receipt requested, postage prepaid), (b) when delivered, if delivered personally, (c) when transmitted, if sent by facsimile and a confirmation of transmission is produced by the sending machine, or (d) when sent, if sent by overnight mail or overnight courier, in each case with a copy (which shall not constitute notice) to the Authority's General Counsel at the above address.

Any notice of any kind sent hereunder to any party shall simultaneously be sent to each and every other party hereto. Any notice required hereunder may be waived in writing by the party entitled to receive such notice. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication within any corporation or firm to the persons designated to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication.

(b) Either party may change the address to which any such notice, report, demand or other instrument is to be delivered or mailed, by furnishing written notice of such change to the other party, but no such notice of change shall be effective unless and until received by such other party.

(c) Mortgagor shall notify Mortgagee promptly of the occurrence of any of the following: (i) receipt of notice from any governmental authority relating to the Mortgagor or the Mortgaged Property; (ii) any material change in the occupancy of the

Mortgaged Property; (iii) receipt of any notice from the holder of any other lien or security interest in the Mortgaged Property; (iv) commencement of any judicial or administrative proceedings by, against or otherwise affecting Mortgagor, the Mortgaged Property, or any other entity controlling or controlled by or under common control with Mortgagor, or any other action by any creditor thereof as a result of any default under the terms of any loan; or (v) commencement of any judicial or administrative proceedings by, against or otherwise affecting any guarantor with respect to which an Event of Default has occurred or with the passage of time will occur.

6.05 Headings. The headings of the articles, sections, Paragraphs and subdivisions of this Mortgage are for convenience of reference only, are not to be considered a part hereof and shall not limit or expand or otherwise affect any of the terms hereof.

6.06 Provisions Subject to Applicable Laws; Invalid Provisions To Affect No Others. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any law and are intended to be limited to the extent necessary so that they will not render this Mortgage invalid or unenforceable. In the event that any of the covenants, agreements, terms or provisions contained in the Note, or in this Mortgage or in any other instrument securing the Note shall be deemed invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein or in the Note or in any other instrument securing the Note shall be in no way affected, prejudiced or disturbed thereby.

6.07 Changes. Neither this Mortgage nor any term hereof may be changed, waived, discharged or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. Any agreement hereafter made by Mortgagor and Mortgagee relating to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance.

6.08 Governing Law.

(a) This Mortgage is made by Mortgagor and accepted by Mortgagee in the State upon property located within the State, and without regard to the place of contract or payment, said Mortgage shall be construed, interpreted, enforced and governed by and in accordance with the laws of the State.

(b) All terms contained herein shall be construed, whenever the context of this Mortgage so requires, so that the singular number shall include the plural, and the plural the singular, and the use of any gender shall include all genders.

(c) The terms "include" and "including" as used in this Mortgage shall be construed as if followed by the phrase "without limitation".

(d) Any provision of this Mortgage permitting the recovery of attorneys' fees and costs shall be deemed to include such fees and costs incurred in all appellate proceedings.

6.09. Other Loan Documents and Schedules. All of the agreements, conditions, covenants, provisions and stipulations contained in the Note and the other Loan Documents, and each of them, which are to be kept and performed by Mortgagor are hereby made a part of this Mortgage to the same extent and with the same force and effect as if they were fully set forth in this Mortgage, and Mortgagor shall keep and perform the same, or cause them to be kept and performed, strictly in accordance with their respective terms. Each exhibit, schedule and rider attached to this Mortgage are integral parts of this Mortgage and are incorporated herein by this reference. In the event of any conflict between the provisions of any such schedule or rider and the remainder of this Mortgage, the provisions of such schedule or rider shall prevail.

6.10. Merger. So long as any Indebtedness shall remain unpaid, fee title to and any other estate in the Mortgaged Property shall not merge, but shall be kept separate and distinct, notwithstanding the union of such estates in any person or entity.

6.11 Prejudgment Remedies. MORTGAGOR ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS AGREEMENT IS A PART IS A COMMERCIAL TRANSACTION, AND TO THE EXTENT ALLOWED UNDER CONNECTICUT GENERAL STATUTES CHAPTER 903a, OR BY OTHER APPLICABLE LAW HEREBY WAIVES ITS RIGHT TO NOTICE AND HEARING WITH RESPECT TO ANY PREJUDGMENT REMEDY WHICH MORTGAGEE OR ITS SUCCESSORS OR ASSIGNS MAY DESIRE TO USE.

6.12 Mortgagee's Discretion. Except as otherwise expressly provided herein, Mortgagee may exercise its rights, options and remedies and may make all decisions, judgments and determinations under this Mortgage and the other Loan Documents in its sole unfettered discretion.

6.13 Mortgagor's Obligations Absolute. All sums payable by Mortgagor hereunder shall be paid without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Mortgagor hereunder shall in no way be released, discharged, or otherwise affected (except as expressly provided herein) by reason of: (a) any damage to or destruction of or any condemnation or similar taking of the Mortgaged Property or any portion thereof; (b) any restriction or prevention of or interference with any use of the Mortgaged Property or any portion thereof; (c) any title defect or encumbrance or any eviction from the Premises or any portion thereof by title paramount or otherwise; (d) any bankruptcy proceeding relating to Mortgagor, any general partner of Mortgagor, or any guarantor or indemnitor, or any action taken with respect to this Mortgage or any other Loan Document by any trustee or receiver of Mortgagor or any such general partner, guarantor or indemnitor, or by any court, in any such proceeding; (e) any claim

which Mortgagor has or might have against Mortgagee; (f) any default or failure on the part of Mortgagee to perform or comply with any of the terms hereof or of any other agreement with Mortgagor other than a failure to make any construction advance required to be made hereunder; or (g) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not Mortgagor shall have notice or knowledge of any of the foregoing. Except as expressly provided herein, Mortgagor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any sum secured hereby and payable by Mortgagor.

6.14 Amendments. This Mortgage cannot be altered, amended, modified or discharged orally and no executory agreement shall be effective to modify or discharge it in whole or in part, unless in writing and signed by the party against which enforcement is sought.

6.15 Further Assurances. Mortgagor shall do, execute, acknowledge and deliver, at its sole cost and expense, such further acts, instruments or documentation, including additional title insurance endorsements (or title policies if the title company issuing the original loan title insurance policy is no longer solvent and a solvent insurer has not assumed the obligations and liabilities under the original policy), as Mortgagee may reasonably require from time to time to better assure, transfer and confirm unto Mortgagee the rights now or hereafter intended to be granted to Mortgagee under this Mortgage or any other Loan Document.

6.16 Waivers and Agreements Regarding Remedies. To the full extent Mortgagor may legally do so, Mortgagor:

(i) agrees that Mortgagor will not at any time insist upon, plead, claim or take the benefit or advantage of any laws now or hereafter in force providing for any appraisal or appraisement, valuation, stay, extension or redemption, and waives and releases all rights of redemption, valuation, appraisal or appraisement, stay of execution, extension and notice of election to accelerate or declare due the whole of the Indebtedness;

(ii) waives all rights to a marshalling of the assets of Mortgagor, Mortgagor's partners, if any, and others with interests in Mortgagor, including the Mortgaged Property, or to a sale in inverse order of alienation in the event of foreclosure of the interests hereby created, and agrees not to assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Mortgagee under the Loan Documents to a sale of the Mortgaged Property for the collection of the Indebtedness without any prior or different resort for collection, or the right of Mortgagee to the payment of the Indebtedness out of the Proceeds of sale of the Mortgaged Property in preference to every other claimant whatsoever;

EXHIBIT A

THE LAND

EXHIBIT B

PERMITTED ENCUMBRANCES

EXHIBIT C

COPY OF THE NOTE

SAMPLE