

(d) Engage in any short sale.

(e) Issue equity securities of more than one class (other than debt securities convertible into Shares) or issue rights, warrants and options to purchase Shares unless issued to all Shareholders ratably or as part of a public offering or as part of a financial arrangement with Persons other than the Adviser or directors, trustees, officers or employees of the Trust or the Adviser or issued pursuant to a "qualified stock option plan" under the Internal Revenue Code.

(f) Issue "redeemable securities" as defined in Section 2(a)(31) of the Investment Company Act of 1940 as amended.

(g) Hold equity Securities, representing more than 5% of the book value of the Trust's total assets, issued by any Person which to the actual knowledge of the Trustees is then holding investments or engaging in activities prohibited to the Trustees; provided, however, that the foregoing limitation shall not apply to equity Securities acquired through foreclosure of a mortgage owned by the Trust or so conveyed to the Trust in full or partial satisfaction of indebtedness owed to the Trust or acquired in connection with the making of a First Mortgage Loan if the Trust gives no consideration other than the making of such First Mortgage Loan.

(h) Engage in trading as compared with investment activities or engage in the business of underwriting, but this prohibition shall not prevent the Trustees from selling participations in Mortgage Loans or interests in Real Property.

(i) Hold property primarily for sale to customers in the ordinary course of the trade or business of the Trust, but this prohibition shall not be construed to deprive the Trust of the power to sell any property which it owns at any time.

(j) Invest more than 15% of the Total Assets of the Trust in Junior Mortgage Loans.

5.3. *Appraisals.* If the Trustees shall at any time purchase Real Property, or interests therein, the consideration paid therefor shall generally be based upon the fair market value thereof as determined by an appraisal, except that an appraisal shall not be required with respect to (a) the acquisition of any Mortgage, (b) the acquisition of any full or participating interest in Real Property in connection with any