FORM S-11/A

Registration statement for securities to be issued by real estate companies [amend]

Filing Date: **1997-12-09**
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FILER

AEGIS INVESTMENT TRUST

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SIC: **6798** Real estate investment trusts

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HOUSTON TX 77042

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7137870100

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON DECEMBER 9, 1997

REGISTRATION NO. 333-35473

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 4
TO
FORM S-11

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

AEGIS INVESTMENT TRUST

(Exact name of registrant as specified in governing instruments)

2500 CITYWEST BOULEVARD, SUITE 1200
HOUSTON, TEXAS 77042

(Address of principal executive offices)

PATRICK A. WALDEN
AEGIS INVESTMENT TRUST
2500 CITYWEST BOULEVARD, SUITE 1200
HOUSTON, TEXAS 77042
(713) 787-0100

(Name and address of agent for service)

COPIES TO:

<TABLE>
<S> <C>

EDWARD L. DOUMA, ESQ. Hunton & Williams 951 East Byrd Street Richmond, Virginia 23219 (804) 788-8200	CARY K. HYDEN, ESQ. WILLIAM J. CERNIUS, ESQ. Latham & Watkins 650 Town Center Drive Costa Mesa, California 92626 (714) 540-1235

</TABLE>

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:

AS SOON AS PRACTICABLE AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

CALCULATION OF REGISTRATION FEE

<TABLE>
<CAPTION>

TITLE OF SECURITIES BEING REGISTERED	AMOUNT BEING REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
<S>	<C>	<C>	<C>	<C>
Common Shares of beneficial interest, $0.01 par value per share.....	11,500,000 shares	$20.00	$230,000,000	$69,697.00(2)

(1) Includes 1,500,000 Common Shares issuable upon exercise of the underwriters' overallotment option.

(2) Registration fee previously paid.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-11 and has duly caused this Amendment No. 4 to the registration statement to be signed on its behalf by the undersigned thereunto duly authorized, in the City of Houston, State of Texas, on the 9th day of December 1997.

<TABLE>
<S> <C> <C>

AEGIS INVESTMENT TRUST
A MARYLAND REAL ESTATE INVESTMENT TRUST
(REGISTRANT)

By: /s/ PATRICK A. WALDEN
Patrick A. Walden
MANAGING DIRECTOR

</TABLE>

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below on the 9th day of December 1997 by the following persons in the capacities indicated.

SIGNATURE	TITLE
/s/ PATRICK A. WALDEN Patrick A. Walden	Managing Director, Trustee and Co-Chairman of Board of Trustees (Principal Executive Officer)
/s/ JAMES E. DAY James E. Day	Managing Director, Trustee and Co-Chairman of Board of Trustees (Principal Financial Officer and Principal Accounting Officer)

INDEX TO EXHIBITS

<TABLE>
<CAPTION>
EXHIBITS

<C>	<C>	<S>
1.1**	--	Form of Underwriting Agreement

3.1*	--	Form of Amended and Restated Declaration of Trust of the Registrant
3.2*	--	Bylaws of the Registrant
4.1*	--	Form of Common Share certificate
5.1**	--	Opinion of Hunton & Williams
8.1**	--	Opinion of Hunton & Williams as to Tax Matters
10.1*	--	Form of First Amended and Restated Agreement of Limited Partnership of AEGIS Operating Partnership, L.P.
10.2*	--	Form of 1997 Plan
10.3*	--	Form of Stock Contribution Agreement
10.4*	--	Form of Trustees' Plan
10.5*	--	Form of Administrative Services Agreement
10.6**	--	Form of Loan Servicing Agreement
10.7**	--	Form of Loan Sale Agreement
10.8**	--	Form of Employment Agreement
21 *	--	List of Subsidiaries of Registrant
23.1**	--	Consent of Hunton & Williams (included in Exhibits 5.1 and 8.1)
23.2*	--	Consent of KPMG Peat Marwick LLP
23.3*	--	Consent of Dale M. Hanson to being named as a Trustee nominee
23.4*	--	Consent of Jeffrey A. Toole to being named as a Trustee nominee
23.5*	--	Consent of James F. Crowley to being named as a Trustee nominee
23.6*	--	Consent of Jack W. Schakett to being named as a Trustee nominee
24.1*	--	Powers of Attorney (included on signature page)

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* Filed previously.

** Filed herewith.

*** To be filed by amendment.

AEGIS INVESTMENT TRUST

10,000,000 SHARES OF COMMON STOCK

UNDERWRITING AGREEMENT

December __, 1997

JEFFERIES & COMPANY, INC.
EVEREN SECURITIES, INC.
LEGG MASON WOOD WALKER, INCORPORATED
As Representatives of the Several Underwriters,
c/o Jefferies & Company, Inc.
11100 Santa Monica Boulevard
Los Angeles, California 90025

Ladies and Gentlemen:

AEGIS Investment Trust, a Maryland real estate investment trust (the "Company"), AEGIS Operating Partnership, L.P., a Delaware Limited Partnership (the "Operating Partnership") and AEGIS Mortgage Corporation, an Oklahoma corporation ("AMC"), hereby confirm their agreement with you and each of the other Underwriters named in SCHEDULE I hereto (collectively, the "Underwriters," which term shall also include any underwriter substituted as hereinafter provided in Section 2(b) hereof), for whom you are acting as Representatives (in such capacity, the "Representatives") with respect to the purchase by the Underwriters, acting severally and not jointly, of 10,000,000 shares of Common Stock of the Company, $0.01 par value per share (the "Common Stock") from the Company (said 10,000,000 shares of Common Stock are herein called the "Underwritten Stock"). The Company proposes to sell to the Underwriters, acting severally and not jointly, up to 1,500,000 additional shares of Common Stock (said 1,500,000 shares of Common Stock being herein called the "Option Stock" and the Option Stock with the Underwritten Stock is herein collectively called the "Stock"). The Common Stock is more fully described in the Registration Statement and the Prospectus hereinafter mentioned.

The Company owns a general partnership interest in the Operating Partnership and is its sole managing general partner. The Operating Partnership intends to own and manage a portfolio of mortgage interests and other investments (the "Properties"). The Operating Partnership also owns shares of stock in AMC. The Company, the Operating Partnership and AMC are herein collectively referred to as the "REIT Entities," and all references to properties or assets of the REIT Entities include, without limitation, the Properties unless otherwise noted.

The REIT Entities hereby confirm the agreements made with respect to the purchase of the Stock by the several Underwriters. You represent and warrant that you have been authorized by each of the other Underwriters to enter into this Agreement on their behalf and to act for them in the manner herein provided.

The terms which follow, when used in this Agreement, shall have the meanings indicated. "Preliminary Prospectus" shall mean any preliminary prospectus referred to in Section 1(a) below and any preliminary prospectus included in the Registration Statement on the date that the Registration Statement becomes effective (the "Effective Date") that omits Rule 430A Information (as defined below). "Registration Statement" shall mean the registration statement referred to in Section 1(a) below, including financial statements, schedules and exhibits, as amended at the Representation Date (as defined below) or, if not effective at the Representation Date, in the form in which it shall become effective, or any term sheet filed with the United States Securities and Exchange Commission (the "Commission") pursuant to Rule 434 of the rules and regulations (the "Act Regulations") promulgated under the Securities Act of 1933, as amended (the "Act"), the information deemed to be a part of the Registration Statement at the time it became effective pursuant to Rule 430A(b) or Rule 434(d) of the Act Regulations, and, in the event of any amendment thereto or the filing of any abbreviated registration statement, pursuant to Rule 462(b) of the Act Regulations relating thereto after the effective date of such registration statement, shall also mean (from and after the effectiveness of such amendment or the filing of such abbreviated registration statement) such registration statement as so amended, together with any such abbreviated registration statement and, in the event any post-

effective amendment thereto becomes effective prior to the First Closing Date (as defined in Section 2 hereof), shall also mean such registration statement as so amended. Such term shall include Rule 430A Information deemed to be included therein at the Effective Date as provided by Rule 430A (as defined below). The prospectus constituting a part of the Registration Statement (including the Rule 430A Information), as from time to time amended or supplemented, is hereinafter referred to as the "Prospectus," except that if any revised prospectus shall be provided to the Underwriters by the Company which differs from the prospectus on file at the Commission at the Effective Date, whether or not such revised prospectus is required to be filed by the Company pursuant to Rule 424 of the Act Regulations, the term "Prospectus" shall refer to each such revised prospectus from and after the time it is first provided to the Underwriters for such use; provided, however, that if in reliance on Rule 434 of the Act Regulations and with the consent of Jefferies & Company, Inc., the Company shall have provided to the Underwriters a term sheet pursuant to Rule 434(b) or (c), as applicable, prior to the time that a confirmation is sent or given for purposes of Section 2(10)(a) of the Act, the term Prospectus shall mean the "prospectus subject to completion" (as defined in Rule 434(g) of the Act Regulations)

last provided to the Underwriters by the Company and circulated by the Underwriters to all prospective purchasers of the Stock (including the information deemed to be a part of the Registration Statement at the time it became effective pursuant to Rule 434(d) of the Act Regulations).

Notwithstanding the foregoing, if any revised prospectus shall be provided to the Underwriters by the Company for use in connection with the offering of the Stock that differs from the prospectus referred to in the immediately preceding sentence (whether or not such revised prospectus is required to be filed with the Commission pursuant to Rule 424(b) of the Act Regulations), the term Prospectus shall refer to such revised prospectus from and after the time it is first provided to the Underwriters for such use. If, in reliance on Rule 434 of the Act Regulations and with the consent of Jefferies & Company, Inc., the Company shall have provided to the Underwriters a term sheet pursuant to Rule 434(b) or (c), as applicable, prior to the time that a confirmation is sent or given for purposes of Section 2(10)(a) of the Act, the Prospectus and the term sheet, together, will not be materially different from the prospectus in the Registration Statement. "Rule 158," "Rule 424," "Rule 430A" and "Rule 434" refer to such rules under the Act Regulations. "Rule 430A Information" means information with respect to the Stock and the offering thereof permitted to be omitted from the Registration Statement when it becomes effective pursuant to Rule 430A.

SECTION 1. REPRESENTATIONS AND WARRANTIES. Each of the REIT Entities, jointly and severally, represents and warrants to each of the Underwriters as of the date hereof (such date being referred to as the "Representation Date"), as follows:

(a) COMPLIANCE WITH REGISTRATION REQUIREMENTS. A Registration Statement on Form S-11 (File No. 333-35473) with respect to the Stock, including a prospectus subject to completion, has been prepared by the Company in conformity with the requirements of the Act and the Act Regulations and has been filed with the Commission; such amendments to such registration statement, such amended prospectuses subject to completion and such abbreviated registration statements pursuant to Rule 462(b) of the Act Regulations as may have been required prior to the date hereof, have been similarly prepared and filed with the Commission; and the Company will file such additional amendments to such registration statement, such amended prospectuses subject to completion and such abbreviated registration statements as may hereafter be required. Copies of such registration statement and amendments, of each related Preliminary Prospectus and of any Rule 434 term sheet and of any abbreviated registration statement pursuant to Rule 462(b) of the Act Regulations have been delivered to you. The Commission has not issued any order preventing or suspending the use of any Preliminary Prospectus or instituted proceedings for that purpose, and each such Preliminary Prospectus has conformed in all material respects to the requirements of the Act and the Act Regulations and, as of its date, has not included any untrue statement of a material fact or omitted to state a material fact necessary to make the

statements therein, in light of the circumstances under which they were made, not misleading and at the time the Registration Statement became or becomes, as the case may be, effective and at all times subsequent thereto up to and on the First Closing Date (hereinafter defined) and on any later date on which Option Shares are to be purchased, (a) the Registration Statement and the Prospectus, and any amendments and supplements thereto and any abbreviated registration statements, contained and will contain all material information required to be included therein by the Act and the Act Regulations and will in all material respects conform to the requirements of the Act and the Act Regulations; (b) the Registration Statement, and any amendments or supplements thereto, did not and will not include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and (c) the Prospectus, and any amendments and supplements thereto and any abbreviated registration statements, did not and will not include any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the REIT Entities make no representations, warranties or agreements as to the information provided in writing to the Company by or on behalf of the Underwriters expressly for use in the Registration Statement or the Prospectus, and the REIT Entities agree that the only information provided in writing by or on behalf of the Underwriters to the Company expressly for use in the Registration Statement or the Prospectus is (i) that information in the last paragraph of text on the cover page of the Prospectus concerning the terms of the offering by the Underwriters; (ii) the legend concerning over-allotments and stabilizing on the inside front cover page; (iii) the concession and reallowance figures appearing in the third paragraph and the information in paragraphs nine, ten, eleven and twelve under the caption "Underwriting."

(b) SUBSIDIARIES. The Company does not own any interest in or control, directly or indirectly, any corporation, association, partnership, limited liability company, joint venture or other entity other than AEGIS Operating Partnership, L.P., a Delaware limited partnership and AEGIS Mortgage Corporation, an Oklahoma corporation (referred to herein as the "Subsidiaries") and none of the Subsidiaries owns any interest in or controls, directly or indirectly, any corporation, association, partnership, limited liability, joint venture or other entity.

(c) ALL NECESSARY PERMITS, ETC. Each of the Company and the Subsidiaries has all necessary authorizations, approvals, orders, licenses, certificates, franchises and permits of and from all regulatory or governmental officials, bodies and tribunals ("Permits") to own or lease its respective properties and to conduct its businesses as described in the Registration Statement and Prospectus, and none of the Company nor any of the Subsidiaries has received any notice or threat of proceedings relating to the revocation or modification of any such Permits; each of the Company and the Subsidiaries has fulfilled and performed all of its respective current obligations with respect to such Permits, and no event has occurred which allows, or after notice or lapse of time, or both, would allow, revocation or

termination thereof or results in any other material impairment of the rights of the holder of any such Permit, subject in each case to such qualification as may be set forth in the Registration Statement and Prospectus; and, except as described therein, such Permits contain no restrictions that are materially burdensome to the Company or the Subsidiaries; and each of the Company and the Subsidiaries is in compliance with all applicable laws, rules, regulations, orders and consents in all material respects. The property and businesses of the Company and the Subsidiaries conform in all material respects to the descriptions thereof contained in the Registration Statement and the Prospectus.

(d) TITLE TO PROPERTIES. Except as set forth in the Registration Statement and Prospectus, (i) each of the Company and the Subsidiaries has good and marketable title to all properties and assets owned by it, including without limitation, all mortgages, deeds of trust and other security interests held by or in favor of the Company or the Subsidiaries, in each case free and clear of any pledge, lien, security interest, encumbrance, claim or equitable interest (each of the foregoing, a "Lien") that would materially affect the value thereof or materially interfere with the use made or to be made thereof by it; (ii) the agreements to which the Company or any of the Subsidiaries is a party described in the Registration Statement and Prospectus are valid agreements, enforceable against (and, to the best of the Company's and the Subsidiaries' knowledge enforceable by) the Company and the Subsidiaries (as applicable), except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally or by general equitable principles and, to the best of the Company's and the Subsidiaries' knowledge, the other contracting party or parties thereto are not in material breach or material default under any of such agreements; and (iii) each of the Company and the Subsidiaries has valid and enforceable leases for all properties described in the Registration Statement and Prospectus as leased by it, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors, rights generally or by general equitable principles. Except as otherwise disclosed in the Registration Statement and Prospectus, each of the Company and the Subsidiaries owns or leases all such properties as are necessary to its operations as now conducted or as proposed in the Registration Statement and Prospectus to be conducted.

(e) COMPANY'S FORMATION AND GOOD STANDING. The Company has been duly incorporated and is validly existing as a trust in good standing under the laws of the State of Maryland and has full power and authority

to own, lease and operate its properties and to conduct the business in which it is engaged or proposes to engage as described in the Prospectus and to enter into and perform its obligations under this Agreement. The Company is duly qualified as a foreign trust to transact business and is in good

standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing or the conduct of business, except where the failure to so qualify or to be in good standing would not have a material adverse effect on the condition (financial or otherwise), earnings, operations, business or business prospects of the Company and the Subsidiaries considered as one enterprise, whether or not occurring in the ordinary course of business (a "Material Adverse Event").

(f) AMC'S INCORPORATION AND GOOD STANDING. AMC has been duly incorporated and is validly existing as a corporation in good standing under the laws of its state of incorporation with full power and authority to own, lease and operate its properties and to conduct the business in which it is engaged or proposes to engage as described in the Prospectus and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or to be in good standing would not result in a Material Adverse Event. All of the issued and outstanding shares of capital stock of AMC have been duly authorized and validly issued, and are fully paid and nonassessable. Except as described in the Prospectus, all of the shares of capital stock of AMC are owned by the Company, directly or through Subsidiaries, and are owned free and clear of any Lien.

(g) OPERATING PARTNERSHIP'S FORMATION AND GOOD STANDING. The Operating Partnership has been duly formed and is validly existing as a limited partnership under the laws of the state of its formation with full power and authority to own, lease and operate its properties and to conduct the business in which it is engaged or proposes to engage as described in the Prospectus and is duly qualified as a foreign partnership to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or to be in good standing would not result in a Material Adverse Event. All of the partnership interests in the Operating Partnership ("OP Units") have been duly authorized and validly issued. All of the OP Units which will be owned by the Company at the time of the Closing, directly or through Subsidiaries, will have been validly issued and all required capital contributions with respect thereto will have been made. Except as described in the Prospectus, at the time of the Closing, all of the OP Units will be owned by the Company, directly or through Subsidiaries, and will be owned free and clear of all Liens. At the time of the Closing, the Company will be the sole general partner of the Operating Partnership.

(h) UNDERWRITING AGREEMENT. The Company and the Subsidiaries have full legal right, power and authority to enter into this Agreement and perform the transactions contemplated hereby. This Agreement has been duly authorized, executed and delivered by the Company and each of the Subsidiaries and is a valid and binding agreement on the part of the Company and the Subsidiaries, enforceable in accordance with its terms, except as rights to indemnification hereunder may be limited by applicable law and except as the enforcement

hereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally or by general equitable principles; the performance of this Agreement, the issue and sale of the Stock and the consummation of any other matters herein contemplated will not result in a material breach or violation of any of the terms and provisions of, or constitute a default under, (i) any bond, debenture, note or other evidence of indebtedness, or under any lease, contract, indenture, mortgage, deed of trust, loan agreement, joint venture or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which it or any of the Subsidiaries or their respective properties may be bound; (ii) the Declaration of Trust or bylaws of the Company, or the certificate of limited partnership or partnership agreement of the Operating Partnership (the "OP Partnership Agreement") or the Articles of Incorporation or bylaws of AMC; or (iii) any law, statute, order, rule, regulation, writ, injunction, judgment or decree applicable to the Company or any of the Subsidiaries or their respective properties of any court, government or governmental agency or body, domestic or foreign. No consent, approval, authorization or order of or qualification with any court, government or governmental agency or body, domestic or foreign, with the ability to bind or restrict the Company or the Subsidiaries or their respective properties, is required for the execution and delivery of this Agreement and the consummation by the Company or the Subsidiaries of the transactions herein contemplated, except such as may be required under the Act and state securities laws, all of which requirements have been satisfied in all material respects.

(i) CONTRIBUTION TRANSACTION. The issuance of OP Units to the Company and the limited partners of the Operating Partnership as described in the Prospectus (the "Contribution Transaction") has been duly authorized and, when paid for in accordance with the OP Partnership Agreement, such OP Units will be validly issued in accordance with the OP Partnership Agreement. The issuance, sale and delivery of the OP Units in the Contribution Transaction constitute transactions exempt from registration under Section 4(2) of the Act and such OP Units will have been offered and sold in compliance with all federal and applicable state securities laws.

(j) OPERATING PARTNERSHIP. At the time of the Closing, the OP Partnership Agreement, as amended as of the date of this Agreement, will be duly and validly authorized, executed and delivered by the Company and, assuming due authorization, execution and delivery thereof by the other partners of the Operating Partnership, the OP Partnership Agreement, as so amended, will be a valid and legally binding agreement of the Operating Partnership and enforceable against the Operating Partnership in accordance with its terms. As of the First Closing Date, the Operating Partnership will be organized in conformity with the requirements for qualification and taxation as a partnership under the Code, and its method of operation will at all times have enabled, and its proposed method of operation will enable the Operating Partnership to qualify as a partnership under the Code. The

execution, delivery and performance of the OP Partnership Agreement will not contravene any provision of applicable law or the Declaration of Trust or bylaws of the Company, the certificate of limited partnership of the Operating Partnership, the Articles of Incorporation or bylaws of AMC or any agreement or other instrument binding upon the REIT Entities that is material to the REIT Entities, taken as a whole, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over any of the REIT Entities and no consent, approval, authorization or order of or qualification with any governmental body or agency will be required for the performance by the Operating Partnership of its obligations under the OP Partnership Agreement, as so amended.

(k) INTELLECTUAL PROPERTY RIGHTS. Each of the Company and the Subsidiaries owns or possesses adequate rights to use all patents, patent applications, patent rights, inventions, trade secrets, know-how, trademarks, service marks, trade names, copyrights and other similar rights including, without limitation, rights to the name "Aegis Mortgage Corporation," which are reasonably necessary to conduct its businesses as described in the Registration Statement and Prospectus; the expiration of any patents, patent rights, trade secrets, trademarks, service marks, trade names or copyrights will not result in a Material Adverse Event; each of the Company and the Subsidiaries has not received any notice of, and has no knowledge of, any infringement of or conflict with asserted rights of the Company or such Subsidiaries by others with respect to any patent, patent applications, patent rights, inventions, trade secrets, know-how, trademarks, service marks, trade names or copyrights; and each of the Company and the Subsidiaries has not received any notice of, and has no knowledge of, any infringement of or conflict with asserted rights of others with respect to any patent, patent rights, inventions, trade secrets, know-how, trademarks, service marks, trade names or copyrights which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, might result in a Material Adverse Event.

(l) CAPITAL STOCK OF THE COMPANY. All outstanding shares of capital stock of the Company (i) have been duly authorized and validly issued and are fully paid and nonassessable; and (ii) have been issued in compliance with all federal and state securities laws. No further approval or authorization of any shareholder, the Board of Trustees of the Company or others is required for the issuance and sale or transfer of the Stock hereunder;

(m) RIGHTS AFFECTING STOCK. (i) Except for the units of limited partnership interest ("Units") to be issued to the current owners of AMC in connection with the contribution of their common stock in AMC to AEGIS Operating Partnership, L.P. (the "Contribution Transaction") there are no outstanding securities convertible into or exchangeable for, and no outstanding options, warrants or other rights to purchase, any shares of the capital stock of the Company or the Subsidiaries, nor any agreements or commitments to issue any of the same; (ii) except for the Units to be issued to the current owners of AMC in the Contribution Transaction, there are no registration rights, preemptive rights or other rights to subscribe for or to purchase the securities of the Company or the Subsidiaries that have not been

complied with or expressly waived prior to the date hereof, or any contracts or commitments to issue or sell shares of its capital stock or any such options, rights, convertible securities or obligations; (iii) except for the Company's ownership limit of 9.8% of the number of outstanding shares of Common Stock and 9.8% of any class or series of preferred stock, there are no restrictions upon the voting or transfer of any capital stock pursuant to the Company's Declaration of Trust or bylaws or any of the Subsidiaries' charter, bylaws, partnership agreement or

any agreement or other instrument to which the Company or any of the Subsidiaries is a party; and (iv) the Stock, when issued and delivered against payment therefor in accordance with the terms of this Agreement, will be duly and validly issued, fully paid and nonassessable, and will be sold free and clear of all Liens.

(n) CAPITALIZATION. The authorized and outstanding capital stock of the Company is as set forth in the Registration Statement and the Prospectus under the caption "Capitalization" and conforms to the statements relating thereto contained in the Registration Statement and the Prospectus (and such statements correctly state the substance of the instruments defining the capitalization of the Company); and the description of the Company's stock option, stock bonus and other stock plans or arrangements, and the options or other rights granted and exercised thereunder, set forth in the Registration Statement and the Prospectus accurately and fairly presents the information required to be shown with respect to such plans, arrangements, options and rights.

(o) FINANCIAL STATEMENTS. KPMG Peat Marwick LLP (i) has reviewed the balance sheet of the Company, together with the related schedules and notes as of September 30, 1997; (ii) has examined the financial statements of AMC, together with the related schedules and notes for each of the years in the three (3) year period ended December 31, 1996; and (iii) has performed the procedures set out in Statement on Accounting Standards No. 71 ("SAS 71") for a review of the interim financial information for each of the nine (9) month periods ended September 30, 1996 and 1997, filed with the Commission as a part of the Registration Statement and included in the Prospectus; KPMG Peat Marwick LLP are independent accountants within the meaning of the Act and the Act Regulations; the audited financial statements of the Company and AMC, together with the related schedules and notes, and the unaudited financial information, forming part of the Registration Statement and Prospectus, fairly present the financial position and the results of operations of the Company and AMC, at the respective dates and for the respective periods to which they apply; and all audited financial statements of the Company and AMC, together with the related schedules and notes, and the unaudited financial information, filed with the Commission as part of the Registration Statement, have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved except as may be otherwise stated therein. The selected financial and

statistical data included in the Registration Statement and the Prospectus present fairly the information shown therein and have been compiled on a basis consistent with the audited financial statements presented therein. No other financial statements or schedules are required to be included in the Registration Statement. The financial data set forth in the Prospectus under the captions "Selected Financial Data," and "Capitalization" fairly present the information set forth therein on a basis consistent with that of the audited financial statements contained in the Registration Statement. The financial statements of the Company and AMC and the related notes thereto included in the Prospectus and in the Registration Statement present fairly the information contained therein, have been prepared in accordance with the Commission's rules and guidelines, and have been properly presented on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein.

(p) INTERNAL ACCOUNTING CONTROLS. Each of the Company and the Subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(q) INDUSTRY AND MARKET DATA. The statistical, industry and market-related data included in the Registration Statement and the Prospectus is reliable and accurate in all material respects.

(r) INSURANCE. Each of the Company and the Subsidiaries maintains insurance covering its properties, operations, personnel and businesses. Such insurance insures against such losses and risks as are adequate in accordance with customary industry practice to protect the Company, the Subsidiaries and their businesses. Neither the Company nor the Subsidiaries has received written notice from any insurer or agent of such insurer that substantial capital improvements or other expenditures will have to be made in order to continue such insurance. All such insurance is outstanding and duly in force on the date hereof. Except as otherwise disclosed in the

Prospectus, each of the Company and its Subsidiaries are insured by recognized, financially sound and reputable institutions with policies in such amounts and with such deductibles and covering such risks as are generally deemed adequate and customary for their businesses including, but not limited to, policies covering the Company and its Subsidiaries against business interruptions and policies covering real and personal property owned or leased by the Company and its Subsidiaries against theft, damage,

destruction, acts of vandalism and earthquakes. The Company has no reason to believe that it or any Subsidiary will not be able (i) to renew its existing insurance coverage as and when such policies expire or (ii) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not result in a Material Adverse Effect. Neither of the Company nor any Subsidiary has been denied any insurance coverage which it has sought or for which it has applied.

(s) INVESTMENT COMPANY ACT. The Company and its Subsidiaries have been advised of the rules and requirements under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Neither the Company nor any of the Subsidiaries is, and after application of the proceeds from the sale of the Stock will be, an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act, and the rules and regulations promulgated thereunder. The Company and each Subsidiary will conduct its business in a manner so that it will not become subject to the Investment Company Act.

(t) REIT STATUS. As of the First Closing Date, the Company will be organized in conformity with the requirements for qualification and taxation as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"), and its method of operation has at all times enabled, and its proposed method of operation will enable, the Company to qualify as a REIT under the Code. The Company does not know of any event or condition which would cause, or is likely to cause, the Company to fail to qualify as a REIT at any time.

(u) COMPLIANCE WITH APPLICABLE LAWS, AGREEMENTS, AND INSTRUMENTS. Neither of the Company nor any of the Subsidiaries is (i) in violation of its respective Declaration of Trust, bylaws, partnership agreement or of any law, ordinance, administrative or governmental rule or regulation applicable to the Company or the Subsidiaries or of any franchise, license, permit, judgment or any decree of any court or governmental agency or body having jurisdiction over the Company or the Subsidiaries; or (ii) in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease, bond, debenture, bank loan, credit agreement or other agreement, instrument or evidence of indebtedness to which the Company or the Subsidiaries is a party or by which any of them may be bound, or to which any of the property or assets of the Company or the Subsidiaries is subject.

(v) PENDING OR THREATENED LITIGATION. There is not any pending or, to the best of the Company's knowledge, any threatened action, suit, claim or proceeding against the Company, any of the Subsidiaries or any of their respective officers or directors (and which are related to the Company or such Subsidiaries) or any of the respective properties, assets or rights of the Company or any of the Subsidiaries before any court, government or governmental agency or body, domestic or foreign, having jurisdiction over the Company or any of the Subsidiaries or over their respective officers or properties or otherwise which (a) might result in a Material Adverse Event,

except as disclosed in the Registration Statement; (b) might prevent consummation of the transactions contemplated hereby; or (c) is required to be disclosed in the Registration Statement or Prospectus and is not so disclosed; and there are no agreements, contracts, leases or documents of the Company or any of the Subsidiaries of a character required to be described or referred to in the Registration Statement or Prospectus or to be filed as an exhibit to the Registration Statement by the Act or the Rules and Regulations which have not been accurately described in the Registration Statement or Prospectus or filed as exhibits to the Registration Statement.

(w) NO MATERIAL ADVERSE EVENTS. Subsequent to the respective dates as of which information is given in the Registration Statement and Prospectus, there has not been (i) a Material Adverse Event; (ii) any transaction that is material to the Company and the Subsidiaries considered as one enterprise, except transactions entered into in the ordinary course of business; (iii) any obligation, direct or contingent, that is material to the Company and the Subsidiaries considered as one enterprise, incurred by the Company or the Subsidiaries, except obligations incurred in the ordinary course of business; (iv) any change in the capital stock or outstanding indebtedness of the Company

or any of the Subsidiaries that is material to the Company and the Subsidiaries considered as one enterprise; (v) any dividend or distribution of any kind declared, paid or made on the capital stock of the Company or any of the Subsidiaries; or (vi) any loss or damage (whether or not insured) to the property of the Company or any of the Subsidiaries which has been sustained or will have been sustained which would result in a Material Adverse Event.

(x) NO TRANSACTIONS OUTSIDE THE ORDINARY COURSE OF BUSINESS. Except as disclosed in the Registration Statement and the Prospectus (or any amendment or supplement thereto or in any abbreviated Registration Statement), subsequent to the respective dates as of which such information is given in the Registration Statement and the Prospectus (or any amendment or supplement thereto or in any abbreviated Registration Statement), neither the Company nor any of the Subsidiaries has issued any securities, or incurred any material liability or obligations, direct or contingent, or entered into any transaction not in the ordinary course of business, or entered into any transaction with an affiliate (as the term "affiliate" is defined in Rule 405 promulgated by the Commission pursuant to the Act) of the Company or the Subsidiaries which would otherwise be required to be disclosed in the Registration Statement or the Prospectus, declared or paid any dividend on its stock, or made any other distribution to any of its shareholders except as disclosed in the Registration Statement or the Prospectus, and there has not been any material change in the capital stock or other equity, or material increase in the short-term debt or long-term debt, of the Company or the Subsidiaries or any development involving or which may reasonably be expected to result in a Material Adverse Event.

(y) UNLAWFUL PAYMENTS. To the Company's or any Subsidiaries' knowledge, neither the Company nor any of the Subsidiaries nor any trustee, director, partner, officer, employee or agent of the Company or any of the Subsidiaries has made any payment of funds of the Company or the Subsidiaries in violation of any law or rule or regulation, which payment, receipt or retention of funds is of a character required to be disclosed in the Registration Statement or the Prospectus. Neither the Company, nor any of its subsidiaries, nor any director or officer has, at any time during the last five (5) years, (i) made any unlawful contribution to any candidate for foreign office or failed to disclose fully any contribution in violation of law; or (ii) made any payment to any federal or state governmental officer or official, or other person charged with similar public or quasi-public duties, other than payments required or permitted by the laws of the United States or any jurisdiction thereof.

(z) LABOR DISPUTES. There is (i) no unfair labor practice complaint pending or, to the best knowledge of the Company or any of the Subsidiaries, threatened against the Company or any of the Subsidiaries before the National Labor Relations Board or any state or local labor relations board, and no significant grievance or significant arbitration proceeding arising out of or under any collective bargaining agreement is so pending against the Company or the Subsidiaries, or, to the best knowledge of the Company or any of the Subsidiaries, threatened against any of them; (ii) no strike, labor dispute, slowdown or stoppage pending against the Company or the Subsidiaries, or, to the best knowledge of the Company or any of the Subsidiaries, threatened against the Company or any of the Subsidiaries; and (iii) to the best knowledge of the Company or any of the Subsidiaries, no union representation question existing with respect to the employees of the Company or the Subsidiaries and, to the best knowledge of the Company or any of the Subsidiaries, no union organizing activities are taking place, except (with respect to any matter specified in clause (i), (ii) or (iii) above, singly or in the aggregate) such as could not reasonably be expected to result in a Material Adverse Event.

(aa) TAX LAW COMPLIANCE. The Company and the Subsidiaries have timely filed all necessary federal, state and foreign income and franchise tax returns and have paid all taxes required to be paid by any of them and, if due and payable, any related or similar assessments, fine or penalty levied against any of them, and there is no tax deficiency that has been or, to the best of the Company's or any of the Subsidiaries' knowledge, might be asserted against the Company or any of the Subsidiaries that might result in a Material Adverse Event; and all tax liabilities are adequately provided for on the books of the Company and the Subsidiaries.

(bb) ENVIRONMENTAL VIOLATIONS OR CLAIMS. Neither the Company nor any of the Subsidiaries is in Violation (as defined below) of any federal, state, local or foreign laws or regulations relating to pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata), including, without limitation, laws and regulations relating to emissions, discharges,

releases or threatened releases of chemicals, pollutants, contaminants, wastes, toxic substances,

hazardous substances, petroleum or petroleum products ("Materials of Environmental Concern"), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Materials of Environmental Concern (collectively, "Environmental Laws"), which Violation could be reasonably expected to result in a Material Adverse Event. As used herein, "Violation" includes, but is not limited to, noncompliance with any permit or other governmental authorization required under applicable Environmental Laws and noncompliance with the terms and conditions of any such permit or authorization. In addition, (a) neither the Company nor any of the Subsidiaries has received any communication, whether from a governmental authority, citizens' group, employee or otherwise, alleging that the Company or any of the Subsidiaries is not in full compliance with any Environmental Laws or permit or authorization required under applicable Environmental Laws where such failure to comply may be reasonably expected to result in a Material Adverse Event; and (b) there are no circumstances that may be reasonably anticipated to prevent or interfere with such full compliance in the future. There is no claim, action, cause of action, investigation or written notice by any person or entity alleging potential liability (including, without limitation, potential liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries or penalties) arising out of, based on or resulting from (i) the presence, or release into the environment, of any Material of Environmental Concern at any location owned or operated by the Company or any of the Subsidiaries; or (ii) circumstances forming the basis of any Violation, or alleged violation, of any Environmental Law (collectively, "Environmental Claims") pending or threatened against the Company or any of the Subsidiaries or against any person or entity whose liability for any Environmental Claim the Company or any of the Subsidiaries has retained or assumed either contractually or by operation of law which liability or violation could be reasonably expected to result in a Material Adverse Event. There are no past or present actions, activities, circumstances, conditions, events or incidents, including, without limitation, the release, emission, discharge, presence or disposal of any Material of Environmental Concern, that could form the basis of any Environmental Claim against the Company or the Subsidiaries, or against any person or entity whose liability for any Environmental Claim the Company or any of the Subsidiaries has retained or assumed, either contractually or by operation of law, which claim could be reasonably expected to result in a Material Adverse Event.

(cc) PERIODIC REVIEW OF COSTS OF ENVIRONMENTAL COMPLIANCE. Prior to originating any commercial mortgage or foreclosing or taking a deed in lieu with respect to any property, the Company conducts a review of the effect of Environmental Laws on such property and the operations conducted thereon, in the course of which it identifies and evaluates associated costs and

liabilities (including, without limitation, any capital or operating expenditures required for clean-up or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such review and the amount of its established reserves, the Company has reasonably concluded that to date such associated costs and liabilities with respect to any such properties would not, individually or in the aggregate, result in a Material Adverse Effect.

(dd) NO PRICE STABILIZATION OR MANIPULATION. The Company, its Subsidiaries, its trustees, directors, officers, partners, employees and agents have not taken and will not take, directly or indirectly, any action designed to, or that might be reasonably expected to, cause or result in stabilization or manipulation of the price of the Stock. Additionally, the Company, its Subsidiaries, its trustees, directors, partners, officers, employees or agents have not distributed and will not distribute without your prior written consent prior to the later of (a) the First Closing Date, or any date on which Option Stock is to be purchased, as the case may be, and (b) completion of the distribution of the Stock, any offering material in connection with the offering and sale of the Stock other than any Preliminary Prospectuses, the Prospectus, the Registration Statement and other materials, if any, permitted by the Act.

(ee) EXCHANGE LISTING. The Stock is duly authorized for listing, subject to official notice of issuance, on the New York Stock Exchange, Inc. (herein called "NYSE").

(ff) RELATED PARTY TRANSACTIONS. There are no outstanding loans, advances (except normal advances for business expenses in the ordinary course of business) or guarantees of indebtedness by the Company or its Subsidiaries to or for the benefit of any of the trustees, partners, officers or directors of the Company or its Subsidiaries or any of the members of the families of any of them, except as disclosed in the Registration Statement and the Prospectus. There are no business relationships or related party transactions involving the Company or any

Subsidiary or any other person required to be described in the Registration Statement which have not been described as required.

(gg) LOCK-UP AGREEMENT. The Company will use its best efforts to cause the persons listed on SCHEDULE III attached hereto to agree that, without the prior written consent of Jefferies & Company, Inc., he, she or it will not, without the prior written consent of Jefferies & Company, Inc., during the period ending two (2) years, or one (1) year, as applicable, after the date of the Prospectus, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option to contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or

dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, or (2) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of the Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing provisions shall not apply to (A) the Common Stock to be sold to the Underwriters pursuant to this agreement; (B) options granted by the Company to purchase Common Stock granted under its option plans described in the Registration Statement; (C) for some persons, any pledge of Common Stock in connection with borrowings that, in the aggregate, do not exceed 50% of the value of the Common Stock at the time of any such borrowing and the maturity of which shall be no earlier than one year from and after the date of the Prospectus; and (D) transfers, without consideration, of the Common Stock or any securities convertible into, or exercisable or exchangeable for Common Stock to family members or to one or more trusts established for the benefit of one or more family members are permitted at any time, provided that the transferee execute and deliver to Jefferies & Company, Inc., an agreement whereby the transferee agrees to be bound by all of the foregoing terms and provisions.

In addition, such holder will agree that, without the prior written consent of Jefferies & Company, Inc. on behalf of the Underwriters, it will not, from the date hereof through the period ending two (2) years after the date of the Prospectus, make any demand for or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable for Common Stock. For purposes of this Section 3 and subparagraph (a)(ii) of Section 5, a holder shall be deemed to beneficially own shares of Common Stock that are issuable upon the exercise of options, warrants or other rights to acquire Common Stock on or before one (1) year following the First Closing Date.

(hh) DOING BUSINESS WITH CUBA. Each of the Company and the Subsidiaries has complied with and will be in compliance with the provisions of that certain Florida act relating to doing business with Cuba, codified as Section 517.075 of the Florida statutes, and the rules and regulations promulgated thereunder or is exempt therefrom.

(ii) ERISA COMPLIANCE. The Company and its Subsidiaries and any "employee benefit plan" (as defined under the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder (collectively, "ERISA")) established or maintained by the Company, its Subsidiaries or their "ERISA Affiliates" (as defined below) are in compliance in all material respects with ERISA. "ERISA Affiliate" means, with respect to the Company or a Subsidiary, any member of any group of organizations described in Sections 414(b),(c),(m) or (o) of the Internal Revenue Code of 1986, as amended, and the regulations and published interpretations thereunder (the "Code") of which the Company or such Subsidiary is a member. No "reportable event" (as defined under ERISA) has occurred or is reasonably expected to occur with respect to any "employee benefit plan" established or maintained by the Company, its Subsidiaries or

any of their ERISA Affiliates. No "employee benefit plan" established or maintained by the Company, its Subsidiaries or any of their ERISA Affiliates, if such "employee benefit plan" were terminated, would have any "amount of unfunded benefit liabilities" (as defined under ERISA). Neither the Company, its Subsidiaries nor any of their ERISA Affiliates has incurred or reasonably expects to incur any liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "employee benefit plan" or (ii) Sections 412, 4971, 4975 or 4980B of the Code. Each "employee benefit plan" established or maintained by the Company, its Subsidiaries or any of their ERISA Affiliates that is intended to be qualified under Section 401(a) of the Code is so qualified and nothing has occurred, whether by action or failure to act, which would cause the loss of such qualification.

(ii) MATERIAL CONTRACTS. There are no contracts or other documents required to be described in the Registration Statement or to be filed as exhibits to the Registration Statement by the Securities Act which have not been described or filed as required. Neither the Company nor any of its Subsidiaries is subject to any collective bargaining agreements.

(kk) VALID SECURITY INTERESTS. With respect to each loan secured by real estate or personal property in which AMC is the lender, AMC holds a valid, perfected priority security interest in the applicable real or personal property and the loan documents executed by or in favor of AMC in connection with each such loan are valid and enforceable in accordance with their respective terms.

(ll) TITLE INSURANCE. Title insurance in favor of AMC and in sufficient amounts is in force with respect to each of the real properties owned by AMC and/or in which AMC holds a mortgage, deed of trust or other interests as security for a loan to the owner thereof.

SECTION 2. SALE AND DELIVERY TO THE UNDERWRITERS; CLOSING.

(a) THE UNDERWRITTEN STOCK. The Company agrees to issue and sell the Underwritten Stock to the several Underwriters upon the terms herein set forth. On the basis of the representations, warranties and agreements herein contained, and upon the terms but subject to the conditions herein set forth, the Underwriters agree, severally and not jointly, to purchase from the Company the respective number of shares of Underwritten Stock set forth opposite their names on Schedule 1. The purchase price per share of Underwritten Stock to be paid by the several Underwriters to the Company shall be $[___] per Share. The initial public offering price per share for the Underwritten Stock shall be $[_____].

(b) THE FIRST CLOSING DATE. Delivery of the Underwritten Stock to be purchased by the Underwriters and payment therefor shall be made at the offices of [Latham & Watkins or Hunton & Williams] (or such other place as may be agreed to by the Company and the Representatives) at 9:30 a.m. New

York City time, on [___], or such other time and date not later than 1:30 p.m. New York City time, on [___] as the Representatives shall designate by notice to the Company (the time and date of such closing are called the "First Closing Date"). The Company hereby acknowledges that circumstances under which the Representatives may provide notice to postpone the First Closing Date as originally scheduled include, but are in no way limited to, any determination by the Company or the Representatives to recirculate to the public copies of an amended or supplemented Prospectus or a delay as contemplated by the provisions of Section 9.

(c) THE OPTION STOCK; THE SECOND CLOSING DATE. In addition, on the basis of the representations, warranties and agreements herein contained, and upon the terms but subject to the conditions herein set forth, the Company hereby grants an option to the several Underwriters to purchase, severally and not jointly, up to an aggregate of 1,500,000 shares of Option Stock from the Company at the purchase price per Share to be paid by the Underwriters for the Underwritten Stock. The option granted hereunder is for use by the Underwriters solely in covering any over-allotments in connection with the sale and distribution of the Underwritten Stock. The option granted hereunder may be exercised at any time upon notice by the Representatives to the Company, which notice may be given at any time within 30 days from the date of this Agreement. Such notice shall set forth (i) the aggregate number of shares of Option Stock as to which the Underwriters are exercising the option, (ii) the names and denominations in which the shares of Option Stock are to be registered and (iii) the time, date and place at which such shares of Option Stock will be delivered (which time and date may be simultaneous with, but not earlier than, the First Closing Date; and in such case the term "First Closing Date" shall refer to the time and date of delivery of the Underwritten Stock and the Option Stock). Such time and date of delivery, if subsequent to the First Closing Date, is called the "Second Closing Date" and shall be determined by the Representatives and, unless the Company otherwise consents, shall not be earlier than two nor later than seven full business days after delivery of such notice of exercise. If any shares of Option Stock are to be purchased, each Underwriter agrees, severally and not jointly, to purchase the number of shares of Option Stock (subject to such adjustments to eliminate fractional Shares as the Representatives may determine) that bears the same proportion to the total number of shares of Option Stock to be purchased as the number of shares of Underwritten Stock set forth on Schedule 1 opposite the name of

such Underwriter bears to the total number of shares of Option Stock. The Representatives may cancel the option at any time prior to its expiration by giving written notice of such cancellation to the Company.

(d) PUBLIC OFFERING OF THE STOCK. The Representatives hereby advise the Company that the Underwriters intend to offer for sale to the public, as described in the Prospectus, their respective portions of the Stock as soon after this Agreement has been executed and the Registration Statement has

been declared effective as the Representatives, in their sole judgment, has determined is advisable and practicable.

(e) PAYMENT FOR THE STOCK. Payment for the Stock shall be made at the First Closing Date (and, if applicable, at the Second Closing Date) by wire transfer of immediately available funds to the order of the Company or to such account as the Company may designate.

It is understood that the Representatives have been authorized, for their own account and the accounts of the several Underwriters, to accept delivery of and receipt for, and make payment of the purchase price for, the Underwritten Stock and any Option Stock the Underwriters have agreed to purchase.

(f) DELIVERY OF THE STOCK.

(i) The Company shall deliver, or cause to be delivered, to the Representatives for the accounts of the several Underwriters certificates for the Underwritten Stock at the First Closing Date, against the irrevocable release of a wire transfer of immediately available funds for the amount of the purchase price therefor. The Company shall also deliver, or cause to be delivered, to the Representatives for the accounts of the several Underwriters, certificates for the Option Stock the Underwriters have agreed to purchase at the First Closing Date or the Second Closing Date, as the case may be, against the irrevocable release of a wire transfer of immediately available funds for the amount of the purchase price therefor. The certificates for the Stock shall be in definitive form and registered in such names and denominations as the Representatives shall have requested at least two full business days prior to the First Closing Date (or the Second Closing Date, as the case may be) and shall be made available for inspection not later than 1:00 p.m. New York City time on the business day preceding the First Closing Date (or the Second Closing Date, as the case may be) at such location as the Representatives may designate.

(ii) Notwithstanding the terms of the preceding subsection 2(f)(i) or elsewhere in this Agreement that contemplate physical certificates for the Stock, upon the Company's request but only with the consent of the Representatives the Stock may be issued without certificates and constructive delivery of such uncertificated Stock to the Underwriter may be accomplished through the FAST system of The Depository Trust Company by the Company causing the transfer agent and registrar of the Stock, on the applicable First Closing Date, to issue one or more Depository Trust Company Book Entry Positions, representing in the aggregate the number of shares of Stock to be delivered to the Representatives on such First Closing Date, to such account or accounts as shall be specified by the Representatives in an instruction letter or other communication to the Company or such transfer agent.

(g) TIME OF THE ESSENCE. Time shall be of the essence, and delivery at the time and in the manner specified in this Agreement is a further condition to the obligations of the Underwriters.

(h) DELIVERY OF PROSPECTUS TO THE UNDERWRITERS. Not later than 12:00 p.m. on the second business day following the date the Stock is released by the Underwriters for sale to the public, the Company shall deliver or cause to be delivered copies of the Prospectus in such quantities and at such places as the Representatives shall request.

SECTION 3. COVENANTS OF THE COMPANY. Each of the REIT Entities, jointly and severally, covenant with each underwriter as follows:

(a) SECURITIES ACT COMPLIANCE. The Company will use its best efforts to cause the Registration Statement, if not effective at the Representation Date, and any amendment thereof, to become effective as promptly

as possible after the filing thereof. The Company will not file any amendment to the Registration Statement or amendment or supplement to the Prospectus, any Rule 434 Act Regulation term sheet or any 462(b) Act Regulation abbreviated Registration Statement, to which the Representatives shall reasonably object in writing after a reasonable opportunity to review such amendment or supplement. Subject to the foregoing sentences in this Section 3(a), if the Registration Statement has become or becomes effective pursuant to Rule 430A, or filing of the Prospectus or supplement to the Prospectus is otherwise required under Rule 424(b), the Company will cause the Prospectus to be completed, or such supplement thereto to be filed with the Commission pursuant to the applicable paragraph of Rule 424(b) within the time period prescribed and will provide evidence reasonably satisfactory to the Representatives of such timely filing. The Company promptly will advise the Representatives (i) when the Registration Statement, if not effective at the Representation Date, and any amendment thereto, shall have become effective; (ii) when the Prospectus, and any supplement thereto, shall have been filed (if required) with the Commission pursuant to Rule 424(b); (iii) when any amendment to the Registration Statement shall have been filed or become effective; (iv) of any request by the Commission for any amendment of or supplement to the Registration Statement or any Prospectus or for any additional information; (v) of the receipt by the Company of any notification of, or if the Company otherwise has knowledge of, the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose; and (vi) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Stock for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. The Company will use its best efforts to prevent the issuance of any such stop order and, if issued, to obtain as soon as possible the withdrawal thereof.

(b) AMENDMENTS AND SUPPLEMENTS TO THE PROSPECTUS. If, at any time when a prospectus relating to the Stock is required to be delivered under the

Act, any event occurs as a result of which the Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or if it shall be necessary to amend the Registration Statement or amend or supplement the Prospectus to comply with the Act or the Act Regulations, the Company promptly will prepare and file with the Commission, subject to the second sentence of Section 3(a)(i), an amendment or supplement which will correct such statement or omission or effect such compliance.

(c) USE OF PROSPECTUS. The Company consents to the use of the Prospectus in accordance with the provisions of the Act and with the securities or Blue Sky laws of the jurisdictions in which Stock is offered by the Underwriters and by all dealers to whom Stock may be sold, both in connection with the offering and sale of the Stock and for such period of time thereafter as the Prospectus is required by the Act to be delivered in connection with the sales by any Underwriter or dealer. The Company will comply with all requirements imposed upon it by the Act, as now and hereafter amended, so far as necessary to permit the continuance of sales of or dealing in the Stock in accordance with the provisions hereof and of the Prospectus.

(d) EARNINGS STATEMENT. Not later than the 45th day following the end of the fourth fiscal quarter first occurring after the "effective date" (as defined in Rule 158 under the Act) of the Registration Statement (the "Effective Date"), the Company will mail and make generally available to its security holders a consolidated earnings statement covering a period of at least twelve (12) months beginning with the first full calendar quarter following the Effective Date which shall satisfy the provisions of Section 11(a) of the Act and Rule 158 thereunder and shall advise you in writing when such statement has been made so available.

(e) DELIVERY OF REGISTRATION STATEMENT, AMENDMENTS AND SUPPLEMENTS. The Company will furnish to the Representatives, without charge, one signed copy of the Registration Statement (including exhibits thereto) and, so long as delivery of a prospectus by the Underwriters or a dealer may be required by the Act, as many copies of each Preliminary Prospectus and the Prospectus and all amendments and supplements thereto as the Representatives may request.

(f) USE OF PROCEEDS. The Company will apply the net proceeds from the sale of the Stock to be sold hereunder in accordance with the description set forth in the "Use of Proceeds" section of the Prospectus.

(g) BLUE SKY COMPLIANCE. The Company will cooperate with the Representatives and its counsel in connection with endeavoring to obtain and maintain the qualification or registration, or exemption from qualification, of the Stock for offer and sale under the applicable securities or Blue Sky laws of such states and other jurisdictions of the United States as the

Representatives may designate and shall comply with such laws and shall continue such qualifications, registrations and exemptions in effect so long as required for the distribution of the Stock. Notwithstanding anything to the contrary, in no event shall the Company be obligated to qualify to do business in any jurisdiction where it is not now so qualified or to take any action which would subject it to taxation or general service of process in any jurisdiction where it is not now so subject. The Company will advise the Representatives promptly of the suspension of the qualification or registration of (or any such exemption relating to) the Stock for offering, sale or trading in any jurisdiction or any initiation or threat of any proceeding for any such purpose, and in the event of the issuance of any order suspending such qualification, registration or exemption, the Company shall use its best efforts to obtain the withdrawal thereof at the earliest possible moment.

(h) PERIODIC REPORTING OBLIGATIONS. The Company, during the period when the Prospectus is required to be delivered under the Act or the Exchange Act, will file all documents required to be filed with the Commission and the NYSE pursuant to the Exchange Act within the time periods required by the Exchange Act and the Exchange Act Regulations.

(i) FUTURE REPORTS TO THE REPRESENTATIVES. During a period of five (5) years commencing with the date hereof, the Company will furnish to the Representatives, and to each Underwriter who may so request in writing, copies of all periodic and special reports furnished to shareholders of the Company and of all information, documents and reports filed with Commission pursuant to the Act or the Securities Exchange Act of 1934, as amended (herein called the "Exchange Act").

(j) AGREEMENT NOT TO OFFER OR SELL ADDITIONAL SECURITIES. The Company agrees that it will not, without the prior written consent of Jefferies & Company, Inc., during the period ending 180 days after the date of the Prospectus, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option to contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing provisions shall not apply to (A) the Common Stock to be sold to the Underwriters pursuant to this Agreement; and (B) options granted by the Company to purchase Common Stock granted under its option plans described in the Registration Statement. For purposes of this paragraph a sale, offer, or other disposition shall be deemed to include any sale to an institution which can, following such sale, sell Common Stock in reliance on Rule 144A.

(k) REIT STATUS. The Company shall operate so as to qualify as a REIT in accordance with the requirements of Sections 856-860 of the Tax Code, and shall not revoke its election to be taxed as a REIT unless revoked by a

shareholder vote in accordance with the Company's Declaration of Trust and Bylaws.

(l) PRESS RELEASES. If at any time during the 90-day period after the Registration Statement becomes effective any rumor, publication or event relating to or affecting the Company shall occur as a result of which in your opinion the market price for the Stock has been or is likely to be materially affected (regardless of whether such rumor, publication or event necessitates a supplement to or amendment of the Prospectus), the Company will, after written notice from you advising the Company to the effect set forth above, consult with you regarding the need to disseminate a press release or other public statement responding to or commenting on such rumor, publication or event.

(m) UNCERTIFICATED STOCK. In the event that any portion of the Stock is issued without certificates pursuant to section 2-210 of the Maryland General Corporation Law (the "MGCL") and as may be permitted under Section 2(f) above, at the time of issue of such Stock the Company shall send, or cause to be sent, to the shareholder a written statement of the information required on certificates by section 2-211 of the MGCL, and shall otherwise maintain full compliance with sections 2-210 and 2-211 of the MGCL.

(n) CONTINUING INCLUSION ON THE NYSE. The Company will use its reasonable best efforts to continue the inclusion of the Stock on the NYSE and will use its reasonable best efforts to comply in all material respects with all of the rules and regulations thereof applicable to the Company and the trading of such securities.

(o) ACCOUNTING AND TAX ADVICE. The Company will engage and retain a "Big 4" Accounting Firm as its qualified accountants and such tax experts at such accounting firm with experience in advising REITs as are reasonably acceptable to the Representatives for a period of not less than two years beginning on the First Closing Date to assist the Company in developing and maintaining appropriate accounting systems and testing procedures and to conduct quarterly compliance reviews designed to determine compliance with the REIT provisions of the Tax Code and the maintenance of Company's exempt status under the Investment Company Act. Any written reports of such compliance reviews shall be made available to the Representatives.

(p) INVESTMENT ADVISORS ACT. The Company will not, and will not permit any of its Subsidiaries to, engage in any activity which would cause or require such entity to register as an investment advisor under the Investment Advisors Act of 1940. Without limiting the generality of the foregoing, the Company will not, and will not permit any Subsidiary to, (i) render investment advice to more than fifteen clients, (ii) hold itself out generally to the public as an investment advisor, or (iii) act as an investment advisor to any investment company that is registered under the Investment Company Act.

(q) SEC COMPLIANCE PROGRAM AND INSIDER TRADING COMPLIANCE POLICY. Promptly after the First Closing Date, the Company shall adopt and implement (i) a compliance program, reasonably acceptable to counsel for the Underwriters, to ensure compliance with the reporting requirements under the Exchange Act and the securities laws generally and (ii) an insider trading compliance policy, reasonably acceptable to counsel for the Underwriters, to govern their employees' and directors' trading in securities of the Company and all Company affiliates in accordance with federal law and all applicable state blue sky laws.

Jefferies & Company, Inc., on behalf of the several Underwriters, may, in its sole discretion, waive in writing the performance by the Company of any one or more of the foregoing covenants or extend the time for their performance.

SECTION 4. PAYMENT OF EXPENSES. Whether or not the transactions contemplated hereby are consummated or this Agreement becomes effective or is terminated, the Company, the Operating Partnership and AMC, jointly and severally, agree to pay and will pay (directly or by reimbursement), and will be responsible for, all costs, fees and expenses incident to the performance of the obligations of the Company the Operating Partnership and AMC under this Agreement, including but not limited to costs, fees and expenses related to the following, if incurred, (a) the printing and filing of the Registration Statement as originally filed and of each amendment thereto; (b) the printing and/or copying of this Agreement; (c) the preparation, issuance and delivery of the Stock to the Underwriters, including capital duties, stamp duties and transfer taxes, if any, payable upon issuance of any of the Stock or the sale of the Stock to the Underwriters; (d) the fees and disbursements of the Company's counsel and accountants; (e) the qualification of the Stock under state securities laws, including filing fees and the fees and disbursements of counsel for the Representatives in connection therewith and in connection with the preparation of any Blue Sky survey and any supplemental Blue Sky survey; (f) the printing and delivery to the Underwriters of copies of the Registration Statement as originally filed and of each amendment thereto, of the Preliminary Prospectus and of the Prospectus and of any amendments or supplements thereto; (g) the printing and/or copying and delivery to the Underwriters of copies of the Blue Sky survey and any supplemental Blue Sky survey; (h) the fees and expenses incurred in connection with the listing of the stock on any national securities exchange or Nasdaq; and (i) the fees payable to the National Association of Securities Dealers, Inc. ("NASD") and the fees and disbursements of counsel for the Representatives in connection with any NASD filings or communications.

If this Agreement is terminated by the Representatives in accordance with the provisions of Sections 5 or 8 hereof, or if the sale to the Underwriters of the Stock or the First Closing Date is not consummated because of any refusal, inability or failure on the part of the Company to perform any agreement herein or to comply with any provision hereof, the Company shall reimburse the Representatives and the other Underwriters upon demand for all

of their reasonable out-of-pocket expenses, including but not limited to the reasonable fees and disbursements of their counsel, printing expenses, travel expenses, facsimile, telephone, postage and related expenses.

SECTION 5. CONDITIONS OF THE UNDERWRITERS' OBLIGATIONS. The obligation of the Underwriters to purchase the Stock hereunder is subject to the continued accuracy of the representations and warranties of the REIT Entities contained herein as of the date hereof and as of the First Closing Date (and, if applicable, as of the Second Closing Date), to the accuracy of the statements of the Company made in any certificate or certificates pursuant to the provisions hereof as of the date hereof and as of the First Closing Date (and, if applicable, as of the Second Closing Date), to the performance by the Company of its obligations hereunder, and to the following further conditions:

(a) REGISTRATION STATEMENT EFFECTIVENESS. The Registration Statement shall have become effective not later than 5:30 P.M. New York City time on the date hereof, or at such later date as may be approved by the Representatives and the Company and shall remain effective at the First Closing Date and at the Second Closing Date. No stop order suspending the effectiveness of the Registration Statement shall have been issued under the Act or proceedings therefor initiated or, to the knowledge of the Company or the Representatives, threatened by the Commission and any request of the Commission for additional information (to be included in the Registration Statement or the Prospectus or otherwise) shall have been complied with to the satisfaction of Underwriters' Counsel.

(b) LEGAL PROCEEDINGS. All corporate proceedings and other legal matters in connection with this Agreement, the form of Registration Statement and the Prospectus, and the registration, authorization, issue, sale and delivery of the Stock, shall have been reasonably satisfactory to Underwriters' Counsel, and such counsel shall have been furnished with such papers and information as they may reasonably have requested to enable them to pass upon the matters referred to in this Section.

(c) NO MATERIAL ADVERSE EVENT. Subsequent to the execution and delivery of this Agreement, and prior to the First Closing Date or Second Closing Date, as applicable, there shall not have been a Material Adverse Event, which, in your sole judgment, is material and adverse and that makes it, in your sole judgment, impracticable or inadvisable to proceed with the public offering of the Stock as contemplated by the Prospectus.

(d) OPINION OF COUNSEL FOR THE COMPANY. The Company shall have furnished to the Representatives the opinion of Hunton & Williams, counsel to the Company, addressed to the Underwriters and dated as of the First Closing Date, substantially in the form attached hereto as SCHEDULE III, with such changes as may be reasonably requested by the Representatives, and if Option

Stock is purchased at any date after the First Closing Date, an additional opinion from Hunton & Williams, addressed to the Underwriters and dated the Second Closing Date, confirming that the statements expressed as of the First Closing Date in such opinion remain valid as of the Second Closing Date.

(e) OPINION OF SPECIAL MARYLAND COUNSEL. On the First Closing Date and the Second Closing Date, if applicable, the Representatives shall have received the favorable opinion of Ballard Spahr Andrews & Ingersoll, special Maryland counsel for the Company, addressed to the Underwriters and dated as of the First Closing Date and, if applicable, the Second Closing Date, the form of which is attached as Schedule IV.

(f) OPINION OF COUNSEL FOR THE UNDERWRITERS. Latham & Watkins, counsel for the Underwriters, shall have furnished to the Underwriters an opinion with respect to such matters as may be reasonably requested by the Representatives, dated as of the First Closing Date, and if Option Stock is purchased at any date after the First Closing Date, an additional opinion addressed to the Underwriters and dated the Second Closing Date confirming that the statements expressed as of the First Closing Date in such opinion remain valid as of the Second Closing Date.

(g) OFFICERS' CERTIFICATES. The Company shall furnish the Representatives a certificate of the Company, the Operating Partnership and AMC, signed by the President and the Chief Financial Officer of the Company and AMC, dated the First Closing Date (and, if applicable, the Second Closing Date), certifying as to such

matters as the Representatives shall have reasonably requested, including without limitation the matters to the effect that the signers of such certificate have carefully examined the Registration Statement, the Prospectus, any supplement or amendment to the Prospectus and this Agreement and that, to their knowledge:

(i) the representations and warranties of the REIT Entities contained in this Agreement are true and correct on and as of the First Closing Date, and, if applicable, on and as of the Second Closing Date; and the Company, the Operating Partnership and AMC have each complied with all the agreements and satisfied all the conditions under this Agreement on its part to be performed or satisfied at or prior to the First Closing Date (and, if applicable, at or prior to the Second Closing Date);

(ii) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the knowledge of the Company, threatened; and

(iii) since the date of the most recent financial statements included in the Prospectus, there has been no Material Adverse Event.

(h) ACCOUNTANTS' COMFORT LETTER. At the Effective Date, the Representation Date and at the First Closing Date (and, if applicable, at the Second Closing Date), KPMG Peat Marwick, LLP shall have furnished to the Underwriters a letter or letters, dated respectively as of the Effective Date, the Representation Date and the First Closing Date (and, if applicable, the Second Closing Date), in form and substance reasonably satisfactory to the Underwriters, covering the time periods and relating to the procedures referred to in Section 1(o) hereof and containing statements and information of the type customarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain other information contained in the Registration Statement and the Prospectus (and the Representatives shall have received such additional conformed copies of such accountants' letter as Representative's counsel shall reasonably request).

(i) EXCHANGE LISTING. Prior to the First Closing Date, the Stock shall have been duly authorized for listing on the NYSE upon official notice of issuance.

(j) LOCK-UP AGREEMENTS. On or prior to the First Closing Date, you shall have received from all of the persons and entities set forth on SCHEDULE II attached hereto, executed lock-up agreements.

If any condition specified in this Section 5 shall not have been fulfilled in all material respects when and as required to be fulfilled, this Agreement may be terminated by the Representatives by written notice to the REIT Entities at or prior to the First Closing Date. All the agreements, opinions, certificates and letters mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if Latham & Watkins, counsel for the Underwriters, shall be satisfied that they comply in form and scope.

SECTION 6. INDEMNIFICATION AND CONTRIBUTION.

(a) Each of the REIT Entities agree, jointly and severally, to indemnify, defend and hold harmless each Underwriter and its affiliates and their respective officers, shareholders, counsel, agents, employees, directors and any person who controls each Underwriter or any of their respective affiliates within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and the respective officers, shareholders, counsel, agents, employees and directors of such persons (each Underwriter and each such other person or entity being referred to herein as an "Indemnified Person"), to the fullest extent lawful from and against any loss, expense, liability or claim (including the reasonable cost of investigating such claim) which, jointly or severally, the Indemnified Persons may incur under the Act, the Exchange Act or otherwise, as such expenses are incurred, insofar as such loss, expense, liability or claim (i) arises out of or is based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or in the Registration Statement as amended by any post-effective amendment thereof) or in a Prospectus (including any Preliminary Prospectus); (ii) arises out of or is

based upon any omission or alleged omission to state a material fact required to be stated in either such Registration Statement (or in the Registration Statement as amended by any post-effective amendment thereof) or such Prospectus

(including any Preliminary Prospectus) or necessary to make the statements made therein not misleading, except insofar as any such loss, expense, liability or claim arises out of or is based upon any untrue statement or omission or alleged untrue statement or omission which has been made therein or omitted therefrom in reliance upon and in conformity with the information provided in writing to the Company by or on behalf of the Underwriters, expressly for use in the Registration Statement or the Prospectus, and the REIT Entities agree that the only such information provided in writing by or on behalf of the Underwriters, expressly for use in the Registration Statement or the Prospectus, is (x) that information in the last paragraph of text on the cover page of the Prospectus concerning the terms of the offering by the Underwriters; (y) the legend concerning over-allotments and stabilizing on the inside front cover page; and (z) the concession and reallowance figures appearing in the third paragraph and the information in paragraphs nine, ten, eleven and twelve under the caption "Underwriting;" or (iii) any act or failure to act or any alleged act or failure to act by any Underwriter in connection with, or relating in any manner to, the Stock or the offering contemplated hereby, and which is included as part of or referred to in any loss, claim, damage, liability or action arising out of or based upon matters covered by clause (i) or (ii) above (provided that the REIT Entities shall not be liable under this clause (iii) to the extent that it is determined in a final judgment by a court of competent jurisdiction that such loss, claim, damage, liability or action resulted directly from any such acts or failures to act undertaken or omitted to be taken by such Underwriter through its gross negligence or willful misconduct). Notwithstanding anything to the contrary, the indemnity agreement contained in this Section 6(a) with respect to any Preliminary Prospectus or amended Preliminary Prospectus shall not inure to the benefit of the Indemnified Person from whom the person asserting any such loss, expense, liability or claim purchased the Stock which is the subject thereof, if the Prospectus corrected any such alleged untrue statement or omission and if such Underwriter failed to send or give a copy of the Prospectus to such person at or prior to the written confirmation of the sale of Stock to such person, provided that the Company has delivered the Prospectus to the Underwriters in sufficient quantity not less than one full business day prior to the sale to the person asserting such claim. The foregoing indemnity agreement shall be in addition to any liability which the REIT Entities may otherwise have.

If any action or proceeding (including any government investigation) is brought or asserted against any Underwriter or their respective officers, shareholders, employees, directors or any person who controls any of the Underwriters (as described above) in respect of which indemnity may be sought against the REIT Entities pursuant to this Section 6(a), such Underwriter

shall promptly notify the REIT Entities in writing of the institution of such action (provided, that the failure to give such notice shall not relieve the REIT Entities of any liability which it may have pursuant to this Agreement, unless it shall have been determined by a court of competent jurisdiction by final judgment that such failure has resulted in the forfeiture of substantive rights or defenses by the indemnifying party) and the REIT Entities shall assume the defense of such action, including the employment of counsel and payment of reasonable expenses. Such Underwriter or such officer, shareholder, employee, director or person who controls the Underwriter (as described) shall have the right to employ its or their own counsel in any such case and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Underwriter or of such persons unless: (i) the REIT Entities shall have failed to assume the defense of such action or proceeding or the REIT Entities shall have failed to employ counsel reasonably satisfactory to the Underwriter in any such action; or (ii) such Indemnified Party or parties shall have been advised by counsel that there may be one or more defenses available to it or them that are different from or additional to those available to the REIT Entities (in which case, if such indemnified party or parties notifies the REIT Entities in writing that it elects to employ separate counsel at the expense of the REIT Entities, the REIT Entities shall not have the right to assume the defense of such action on behalf of the indemnified party or parties), in any of which events such fees and expenses shall be borne, jointly and severally, by the REIT Entities and paid as incurred; provided, that the REIT Entities shall be responsible for the fees and expenses of only one counsel for all Indemnified Parties hereunder. Anything in this paragraph to the contrary notwithstanding, the REIT Entities shall not be liable for any settlement of any such claim or action effected without its prior written consent, which consent shall not be unreasonably withheld.

(b) Each Underwriter severally agrees to indemnify, defend and hold harmless the REIT Entities and the Company's trustees, directors, officers, shareholders, counsel, agents and employees and any person who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act from and against any loss, expense, liability or claim (including the reasonable cost of investigation) which, jointly or severally, the REIT Entities or any such person may incur under the Act, the Exchange Act or otherwise, as such expenses are incurred insofar as such loss, expense, liability or claim arises out of or is based upon any untrue

statement or omission or alleged untrue statement or omission which has been made in or omitted from the Registration Statement (or in the Registration Statement as amended by any posteffective amendment thereof) or in the Prospectus (including any Preliminary Prospectus) in reliance upon and in conformity with the information relating to the Underwriters furnished in writing by or on behalf of the Underwriters to the Company. The REIT Entities agree that the only information provided in writing by or on behalf of the Underwriters to the Company, expressly for use in the Registration

Statement or the Prospectus, is (i) that information in the last paragraph of text on the cover page of the Prospectus concerning the terms of the offering by the Underwriters; (ii) the legend concerning over-allotments and stabilizing on the inside front cover page; and (iii) the concession and reallowance figures appearing in the third paragraph and the information in paragraphs nine, ten, eleven and twelve under the caption "Underwriting".

If any action is brought against the Company, the Operating Partnership, AMC or any person in respect of which indemnity may be sought against any Underwriter pursuant to the foregoing paragraph, the Company, the Operating Partnership, AMC or such person shall promptly notify such Underwriter in writing of the institution of such action (provided, that the failure to give such notice shall not relieve such Underwriter of any liability which it may have pursuant to this Agreement, unless it shall have been determined by a court of competent jurisdiction by final judgment that such failure has resulted in the forfeiture of substantive rights or defenses by the indemnifying party) and the Underwriters shall assume the defense of such action, including the employment of counsel and payment of reasonable expenses. The REIT Entities or such person shall have the right to employ its or their own counsel in any such case and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the REIT Entities or such person unless: (i) such Underwriters shall have failed to assume the defense of the action or shall have failed to employ counsel reasonably satisfactory to the Company, or (ii) such indemnified party or parties shall have been advised by counsel that there may be one or more defenses available to it or them that are different from or additional to those available to such Underwriters (in which case, if such indemnified party or parties notifies the Underwriters in writing that it elects to employ separate counsel at the expense of the Underwriters, such Underwriters shall not have the right to assume the defense of such action on and expenses shall be borne by the Underwriters and paid as incurred; provided, that the Underwriters shall be responsible for the fees and expenses of only one counsel for all indemnified parties. Anything in this paragraph to the contrary notwithstanding, the Underwriters shall not be liable for any settlement of any such claim or action effected without the written consent of such Underwriter, which consent shall not be unreasonably withheld.

(c) If the indemnification provided for in this Section 6 is unavailable to an indemnified party under subsection (a) or (b) of this Section 6 in respect of any losses, damages, expenses, liabilities or claims referred to therein, then the indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, expenses, liabilities or claims (i) in such proportion as is appropriate to reflect the relative benefits received by the REIT Entities, on the one hand, and each Underwriter, on the other hand, from the offering of the Stock or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the REIT Entities, on the one hand, and each Underwriter, on the other hand, in connection with the statements or omissions which resulted in such losses, expenses, liabilities or claims, as well as any other relevant equitable considerations. The relative benefits

received by the REIT Entities, on the one hand, and each Underwriter, on the other hand, shall be deemed to be in the same proportion as the total proceeds from the offering (net of underwriting discounts and commissions but before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received under the Agreement by each Underwriter. The relative fault of the Company, the Operating Partnership and AMC, on the one hand, and of each Underwriter, on the other hand, shall be determined by reference to, among other things, whether the untrue statement or alleged untrue statement of a material fact or omission or alleged omission relates to information supplied by the REIT Entities or by such Underwriter and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, expenses, liabilities and claims referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any claim or action.

(d) The REIT Entities and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 6 were determined by pro rata allocation or by any other method of allocation

that does not take account of the equitable considerations referred to in Section 6(c) above. Notwithstanding the provisions of this Section 6, each Underwriter shall not be required to contribute any amount in excess of the underwriting discounts and commissions received by it. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) The indemnity and contribution agreements contained in this Section 6 shall remain in full force and effect irrespective of any investigation made by or on behalf of the Underwriters, or any of their officers, employees, directors, shareholders, counsel, agents or any person who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, by or on behalf of the REIT Entities, the Company's directors, officers, counsel, agents, employees or any person who controls the Company, within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and shall survive any termination of this Agreement or the issuance and delivery of the Stock. The REIT Entities and each Underwriter agree promptly to notify the others of the commencement of any litigation or proceeding against it and, in the case of the Company, against any of its respective officers and directors in connection with the issuance and sale of the Stock, or in connection with the Registration Statement or Prospectus.

SECTION 7. SURVIVAL. All representations, warranties, indemnities and agreements contained in this Agreement, or contained in certificates of

officers of the Company and AMC submitted pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the several Underwriters or any of their respective officers, employees, directors, shareholders or person who controls any Underwriter, or by or on behalf of the REIT Entities and shall survive delivery of the Stock to and payment for the Stock by the several Underwriters and any termination of this Agreement.

SECTION 8. TERMINATION OF AGREEMENT.

(a) The Representatives shall have the right to terminate this Agreement by giving notice as hereinafter specified in Section 10 hereof at any time at or prior to the First Closing Date or on or prior to any later date(s) on which Option Stock may be purchased, as the case may be, (i) if the Company shall have failed, refused or been unable to perform any agreement on its part to be performed, or because any other condition of the Underwriters' obligations hereunder required to be fulfilled is not fulfilled, including, without limitation, any change in the condition (financial or otherwise), earnings, operations, business or business prospects of the Company and the Subsidiaries considered as one enterprise from that set forth in the Registration Statement or Prospectus, which, in your sole judgment, is material and adverse, or (ii) if additional material governmental restrictions, not in force and effect on the date hereof, shall have been imposed upon trading in securities generally or minimum or maximum prices shall have been generally established on the New York Stock Exchange or on the American Stock Exchange or in the over the counter market by the NASD, or trading in securities generally shall have been suspended on either such exchange or in the over the counter market by the NASD, or if a banking moratorium shall have been declared by federal or New York authorities, or (iii) if the Company or one of the Subsidiaries shall have sustained a loss by strike, fire, flood, earthquake, accident or other calamity of such character as to interfere materially with the conduct of the business and operations of the Company regardless of whether or not such loss shall have been insured, or (iv) if there shall have been a material adverse change in the general political or economic conditions or financial markets as in your reasonable judgment makes it inadvisable or impracticable to proceed with the offering, sale and delivery of the Stock, or (v) if there shall have been an outbreak or escalation of hostilities or of any other insurrection or armed conflict or the declaration by the United States of a national emergency which, in the reasonable opinion of the Representatives, makes it impracticable or inadvisable to proceed with the public offering of the Stock as contemplated by the Prospectus.

(b) If this Agreement is terminated pursuant to this Section or any other provision of this Agreement, such termination shall be without liability of any party to any other party except as provided in Sections 4 and 6.

SECTION 9. DEFAULT BY ONE OR MORE OF THE UNDERWRITERS. If one or more of the Underwriters shall fail at the First Closing Date (or the Second Closing Date) to purchase the shares of Underwritten Stock or Option Stock,

as the case may be, which it or they are obligated to purchase under this Agreement (the

"Defaulted Stock"), the Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Stock in such amounts as may be agreed upon and upon the terms herein set forth. if, however, the Representatives shall not have completed such arrangements within such 24-hour period, then:

(a) If the number of shares of Defaulted Stock does not exceed 10% of the total number of shares of Stock to be purchased on such date by all Underwriters, the non-defaulting Underwriters shall be obligated to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(b) If the number of shares of Defaulted Stock exceeds 10% of the total number of shares of Stock to be purchased on such date by all Underwriters, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the REIT Entities.

No action taken pursuant to this Section 9 shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement, the Representatives and the Company shall have the right to postpone the First Closing Date for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectus or in any other documents or arrangements.

SECTION 10. NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Representatives shall be directed to Jefferies & Company, Inc., 11100 Santa Monica Boulevard, Los Angeles, California 90025, attention of Robert M. Werle, with a copy to Latham & Watkins, 650 Town Center Drive, Suite 2000, Costa Mesa, California 92626-1925, attention Cary K. Hyden, Esq. Notices to the Company and to the Operating Partnership shall be directed to James E. Day, AEGIS Investment Trust, 2500 CityWest Boulevard, Suite 1200, Houston, Texas 77042; with a copy to Hunton & Williams, Riverfront Plaza East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074, attention of Edward L. Douma, Esq.

SECTION 11. PARTIES. This Agreement shall inure to the benefit of and be binding upon the Underwriters, the Company, the Operating Partnership, AMC and their respective executors, administrators, assigns, successors and

legal Representatives. Nothing expressed or mentioned in this Agreement is intended or shall be construed to provide any person, firm or corporation, other than the Underwriters, the Company, the Operating Partnership, AMC and their respective successors and legal Representatives and the controlling persons and officers, employees, directors and shareholders referred to in Sections 6 and 7 and their respective heirs and legal Representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein or therein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Underwriters, the Company, the Operating Partnership, AMC and their respective successors and legal Representatives, and said controlling persons, shareholders, officers and directors and their respective heirs and legal Representatives, and for the benefit of no other person, firm or corporation. No purchaser of Stock from the Underwriters shall be deemed to be a successor or assign by reason merely of such purchase.

SECTION 12. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in said State.

SECTION 13. GENERAL PROVISIONS. This Agreement constitutes the entire agreement of the parties to this Agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof. This Agreement may be executed in two or more counterparts, each one of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. The Section headings herein are for the convenience of the parties

only and shall not affect the construction or interpretation of this Agreement. In this Agreement unless the context otherwise requires, (i) singular words shall connote the plural number as well as the singular and vice versa, and the masculine shall include the feminine and the neuter, and (ii) all references to particular articles, sections, subsections, clauses or exhibits are references to articles, sections, subsections, clauses or exhibits of this Agreement.

Each of the parties hereto acknowledges that it is a sophisticated business person who was adequately represented by counsel during negotiations regarding the provisions hereof, including, without limitation, the indemnification and contribution provisions of Section 6, and is fully informed regarding said provisions. Each of the parties hereto further acknowledges that the provisions of Section 6 hereto fairly allocate the risks in light of the ability of the parties to investigate the REIT

Entities, its affairs and its business in order to assure that adequate disclosure has been made in the Registration Statement, any preliminary prospectus and the Prospectus (and any amendments and supplements thereto), as required by the Act and the Exchange Act.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement between the Underwriters and the Company in accordance with its terms.

Very truly yours,
AEGIS INVESTMENT TRUST, a Maryland trust

By: _____
Name: James E. Day
Title: Managing Director

AEGIS OPERATING PARTNERSHIP, L.P.,
a Delaware limited partnership

By: AEGIS INVESTMENT TRUST,
a Maryland trust,
its sole general partner

By: _____
James E. Day
Managing Director

AEGIS MORTGAGE CORPORATION,
an Oklahoma corporation

By: _____
Name : Patrick A. Walden
Title: Managing Director

CONFIRMED AND ACCEPTED, as of the date first above written:

JEFFRIES & COMPANY, INC.
EVEREN SECURITIES, INC.
LEGG MASON WOOD WALKER, INCORPORATED

By: JEFFERIES & COMPANY, INC.

By:

Robert M. Werle
Managing Director-

For themselves and as Representatives of the other Underwriters named in this Agreement

EXHIBIT 5.1

December 9, 1997

Board of Trustees
AEGIS Investments Trust
2500 CityWest Boulevard, Suite 1200
Houston, TX 77042

AEGIS INVESTMENT TRUST
REGISTRATION STATEMENT ON FORM S-11

Gentlemen:

We have acted as counsel to AEGIS Investment Trust, a Maryland real investment trust (the "Company"), in connection with the Registration Statement on Form S-11, that is being filed on the date hereof with the Securities and Exchange Commission (the "Registration Statement"), with respect to 10,000,000 shares of the Company's common shares of beneficial interest, $.01 par value (the "Common Shares"), which are proposed to be offered and sold as described in the Registration Statement.

In rendering this opinion, we have relied upon, among other things, our examination of such records of the Company and certificates of its officers and of public officials as we have deemed necessary.

Based upon the foregoing and having regard for such legal considerations as we have deemed relevant, we are of the opinion that the issuance of the Shares as described in the Registration Statement has been validly authorized and, when issued and sold as described in the Registration Statement, the Common Shares will be legally issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion with the Securities and Exchange Commission as an exhibit to the Registration Statement and to the statement made in reference to this firm under the caption "Legal Matters" in the Registration Statement.

Very truly yours,

/s/ HUNTON & WILLIAMS

December 9, 1997

AEGIS Investment Trust
2500 CityWest Blvd., Suite 1200
Houston, Texas 77042

AEGIS INVESTMENT TRUST
QUALIFICATION AS
REAL ESTATE INVESTMENT TRUST

Ladies and Gentlemen:

We have acted as counsel to AEGIS Investment Trust, a Maryland real estate investment trust (the "Company"), in connection with the preparation of a Form S-11 registration statement (the "Registration Statement") filed with the Securities and Exchange Commission ("SEC") on September 12, 1997 (No. 333-35473), as amended through the date hereof, with respect to the offering and sale (the "Offering") of up to 10,000,000 common shares of beneficial interest, par value $0.01 per share, of the Company (the "Common Shares"), and the Company's contribution of the net proceeds of the Offering to AEGIS Operating Partnership, L.P., a Virginia limited partnership (the "Partnership"), in exchange for a 90.12% general partnership interest in the Partnership. You have requested our opinion regarding certain U.S. federal income tax matters in connection with the Offering.

The Company, through the Partnership, plans to acquire certain mortgage loans, mortgage-backed securities, and other mortgage-related assets. The Partnership will invest the Offering proceeds contributed by the Company in short-term, interest-bearing securities until the Partnership identifies mortgage-related assets for acquisition. The Partnership will own all of the nonvoting stock of AEGIS Mortgage Corporation ("AMC"), representing 97% of the beneficial interests therein. The voting stock of AMC, representing 3% of the beneficial interests therein, will be owned by Messrs. Walden and Day.

In giving this opinion letter, we have examined the following:

1. the Company's Declaration of Trust, as duly filed with the Department of Assessments and Taxation of the State of Maryland on August 13, 1997;

2. the Company's Amended and Restated Declaration of Trust, a form of which is filed as an exhibit to the Registration Statement;

3. the Company's Bylaws;

4. the Registration Statement, including the prospectus contained as part of the Registration Statement (the "Prospectus");

5. the Amended and Restated Limited Partnership Agreement of the Partnership (the "Partnership Agreement") between the Company, as general partner, and Messrs. Walden and Day, as limited partners, in the form filed as an exhibit to the Registration Statement; and

6. such other documents as we have deemed necessary or appropriate for purposes of this opinion.

In connection with the opinions rendered below, we have assumed, with your consent, that:

1. each of the documents referred to above has been duly authorized, executed, and delivered; is authentic, if an original, or is accurate, if a copy; and has not been amended;

2. during its short taxable year ending December 31, 1997 and future taxable years, the Company will operate in a manner that will make the representations contained in a certificate, dated the date hereof and executed by a duly appointed officer of the Company (the "Officer's Certificate"), true for such years;

3. the Company will not make any amendments to its organizational documents or the Partnership Agreement after the date of this opinion that would affect its qualification as a real estate investment trust (a "REIT") for any taxable year; and

4. no action will be taken by the Company or the Partnership after the date hereof that would have the effect of altering the facts upon which the opinions set forth below are based.

In connection with the opinions rendered below, we also have relied upon the correctness of the representations contained in the Officer's Certificate. No facts have come to our attention, however, that would cause us to question the accuracy and completeness of the facts contained in the documents and assumptions set forth above, the representations set forth in the Officer's Certificate, or the Prospectus in a material way. In addition, to the

extent that any of the representations provided to us in the Officer's Certificate are with respect to matters set forth in the Internal Revenue Code of 1986, as amended (the "Code"), or the Treasury regulations thereunder (the "Regulations"), we have reviewed with the individuals making such representations the relevant portions of the Code and the applicable Regulations.

Based on the documents and assumptions set forth above, the representations set forth in the Officer's Certificate, and the discussion in the Prospectus under the caption "Federal Income Tax Considerations" (which is incorporated herein by reference), we are of the opinion that:

(a) commencing with the Company's short taxable year beginning on the day before the closing date of the Offering and ending December 31, 1997, the Company will qualify to be taxed as a REIT pursuant to sections 856 through 860 of the Code, and the Company's organization and proposed method of operation will enable it to continue to meet the requirements for qualification and taxation as a REIT under the Code; and

(b) the descriptions of the law and the legal conclusions contained in the Prospectus under the caption "Federal Income Tax Considerations" are correct in all material respects, and the discussion thereunder fairly summarizes the federal income tax considerations that are likely to be material to a holder of the Common Shares.

We will not review on a continuing basis the Company's compliance with the documents or assumptions set forth above, or the representations set forth in the Officer's Certificate. Accordingly, no assurance can be given that the actual results of the Company's

operations for any given taxable year will satisfy the requirements for qualification and taxation as a REIT.

The foregoing opinions are based on current provisions of the Code and the Regulations, published administrative interpretations thereof, and published court decisions. The Internal Revenue Service has not issued Regulations or administrative interpretations with respect to various provisions of the Code relating to REIT qualification. No assurance can be given that the law will not change in a way that will prevent the Company from qualifying as a REIT.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. We also consent to the references to Hunton & Williams under the caption "Federal Income Tax Considerations" in the Prospectus. In giving this consent, we do not admit that we are in the category of persons

whose consent is required by Section 7 of the Securities Act of 1933, as amended, or the rules and regulations promulgated thereunder by the SEC.

The foregoing opinions are limited to the U.S. federal income tax matters addressed herein, and no other opinions are rendered with respect to other federal tax matters or to any issues arising under the tax laws of any other country, or any state or locality. We undertake no obligation to update the opinions expressed herein after the date of this letter. This opinion letter is solely for the information and use of the addressee and the purchasers of the Common Shares pursuant to the Prospectus, and it may not be distributed, relied upon for any purpose by any other person, quoted in whole or in part or otherwise reproduced in any document, or filed with any governmental agency without our express written consent.

Very truly yours,

/s/ Hunton & Williams

EXHIBIT 10.6

FORM OF
SERVICING AGREEMENT

THIS SERVICING AGREEMENT (the "Agreement"), dated as of December 15, 1997, is made by and between AEGIS INVESTMENT TRUST, a Maryland real estate investment trust ("Owner") and AEGIS MORTGAGE CORPORATION, an Oklahoma corporation ("Servicer").

RECITALS

A. From time to time the Owner may agree to buy mortgages on real estate.

B. The Servicer is engaged in the business of servicing mortgages and desires and is willing to service mortgages for the Owner and the Owner desires to have mortgages serviced by the Servicer.

Accordingly, the Servicer and the Owner agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. "MORTGAGE LOAN"; "MORTGAGOR". The term "Mortgage Loan(s)" as used herein shall mean loans secured by real estate serviced for the owner by the Servicer and shall include both the instrument creating the security interest in the real estate and debt instrument evidencing the obligation secured thereby, unless the context otherwise requires. The term "Mortgagor" shall be deemed to include the maker of the security instrument, the maker of the debt instrument, and any subsequent owner of the mortgaged premises, unless the context otherwise requires.

ARTICLE II
DUTIES AND OBLIGATIONS OF SERVICER

Section 2.1. APPLICATION OF THIS AGREEMENT. This Agreement shall govern the servicing by the Servicer of all Mortgage Loans which the Servicer shall agree to service for the Owner. This Agreement has been duly authorized, executed and delivered by Servicer and constitutes a valid obligation of Servicer enforceable in accordance with its terms.

Section 2.2. ASSUMPTION OF DUTIES; STANDARD OF CARE. Servicer agrees that it shall at all times service the Mortgage Loan in accordance with all applicable statutes; regulations, contractual provisions, and in accordance

with prudent mortgage banking practices. It is understood and agreed that Servicer shall exercise the same standard of care that it exercises in the servicing of Mortgage Loans for its own account. Correspondingly, Owner does hereby grant to the Servicer the right to exercise and enjoy all of the rights, powers and privileges typically enjoyed by a lender servicing mortgages for its own account except as otherwise provided herein. Among the services to be provided by Servicer during the service period are:

(a) Proceed diligently to collect all payments due under the terms of each Mortgage Loan as it becomes due, except that Servicer shall not accelerate the maturity, file suit or initiate foreclosure of any Mortgage Loan without prior approval from the Owner.

(b) Keep a complete, accurate and separate account of and properly apply all sums collected by it from the Mortgagor on account of each such Mortgage Loan for principal and interest, taxes, assessments, and other public charges, hazard insurance premiums and mortgage insurance premiums; and upon request, furnish Owner with evidence acceptable to Owner of all expenditures for taxes, assessments and other public charges, hazard insurance premiums and mortgage insurance premiums.

(c) Deposit funds remitted by the Mortgagor for the purpose of paying principal and interest, taxes, assessments, hazard insurance premiums, mortgage insurance premiums and other such charges in one or more escrow accounts maintained and held in the name of Servicer.

(d) Perform such other customary duties, furnish such other reports and execute such other documents in connection with its duties hereunder as Owner from time to time may reasonably require, provided that such duties, reports or documents are compatible with duties normally undertaken, reports normally furnished, and documents normally executed by the Servicer in the ordinary course of its loan servicing activities.

Section 2.3. FEES AND ADVANCES. Servicer shall be responsible for any advances required for the various mortgage escrow/impound accounts, and shall be responsible for prompt payment of all hazard insurance premiums and real estate taxes. If adequate funds are not held in escrow to pay, when due, real estate taxes or insurance premiums on any property securing a Mortgage Loan, Servicer shall advance sufficient funds to cover any such deficiency in a manner to ensure timely payment of such taxes of insurance premiums. Servicer shall also bear all costs normally associated with servicing, including but not limited to interest, if any, payable on escrow accounts.

Section 2.4. REMITTANCES. The Servicer shall remit actual collected principal and interest payments less Servicer's compensation as provided in Section 3.1 hereof, at least monthly.

Section 2.5. AVAILABILITY OF ORIGINAL DOCUMENTS. Owner shall, or shall cause its custodian to, make available to Servicer original loan documents to the extent reasonably necessary to enable Servicer to carry out normal servicing functions including, but not limited to, payoffs and satisfactions.

ARTICLE III
COMPENSATION OF SERVICER

Section 3.1. SERVICER'S COMPENSATION. The Servicer's compensation for the performance of its duties hereunder with respect to each Mortgage Loan, shall consist of an amount to be deducted by the Servicer from the portion of each monthly installment applicable to interest when and as collected. Unless otherwise agreed by the parties, the rate of compensation for servicing of Mortgage Loans shall be eight dollars per loan per month ($8.00/loan/month), plus any late charges applicable. Such compensation shall be paid for any Mortgage Loans held for all or any part of the month. The Servicer shall also be entitled to miscellaneous fees, earnings from escrow deposits, or other income as is customarily provided by the servicing rights. Servicing compensation shall be due to the Servicer with respect to any Mortgage Loan beginning with the date of commencement of the servicing duties by the Servicer until termination or relinquishment thereof.

ARTICLE IV
MISCELLANEOUS

Section 4.1. INDEMNIFY. The Servicer shall indemnify the Owner and hold it harmless for any loss, damage or expense that the Owner may sustain as a result of any failure on the part of the Servicer properly to perform its services, duties, and obligations under this Agreement.

Section 4.2. TERMINATION. The Owner may terminate servicing by the Servicer with respect to any Mortgage Loan or all Mortgage Loans at any time with or without cause upon sixty (60) days written notice; provided, however, if such termination is without cause, the Owner shall pay Servicer a "Cancellation of Servicing" fee equal to the "fair market value" of the portfolio so terminated, as determined in good faith by both of the parties. Upon termination by the Owner of servicing with respect to any Mortgage Loan, the Servicer shall promptly supply any reports, documents, and

information as are requested by the Owner, and shall use its best efforts to effect the orderly and efficient transfer of servicing to a new servicer designated by the Owner, including preparation of any accounting and statement in the form requested by the Owner.

Section 4.3. ASSIGNMENT BY THE OWNER. The Owner shall have the right,

with consent of the Servicer, to assign, convey or transfer, in whole or in part, its interest under this Agreement with respect to any Mortgage Loan, and assignee or transferee shall accede to the rights and obligations hereunder of the Owner. All references to the Owner shall be deemed to include its assignee, designee or transferee. The Owner shall have the right to direct the Servicer to send remittances, notices, reports and other communications to any person or entity designated by the Owner, and may designate any such person to exercise any and all rights of the Owner hereunder, provided that the Servicer will be reimbursed for any costs of providing such duplicate reports.

Section 4.4. ASSIGNMENT BY THE SERVICER. The Servicer agrees that because of the nature of the services to be performed, it shall not have the right to assign its interests under this Agreement, except upon written authorization by the Owner. In the event that the Owner authorizes a subcontract for the servicing of any Mortgage Loan, the Servicer shall not be relieved of any of its obligations under this Agreement with respect to the servicing of such Mortgage Loan.

Section 4.5. EQUAL OPPORTUNITY. Servicer shall comply with Title VI of the Civil Rights Act of 1964, and title VIII of the Civil Rights Act of 1968, and any applicable regulations and orders thereunder and with Executive Order 11063, Equal Opportunity in Housing, issued by the President of the United States on November 20, 1962.

Section 4.6. NOTICE. All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly given or delivered if delivered personally or mailed by registered or certified mail return receipt requested with first class postage prepaid as follows:

If to Owner:
AEGIS Investment Trust
2500 City West Blvd., Suite 1200
Houston, Texas 77042
Attn: Managing Director

If to Servicer:
Aegis Mortgage Corporation
5208 W. Reno, Suite 255

Oklahoma City, OK 73127
Attn: George Ford

or such other address as any person may request by notice given. Notices sent as provided herein shall be deemed to have been delivered on the fifth

business day following the date on which it is so mailed.

Section 4.7. GOVERNING LAW. This agreement shall be governed by and construed under the laws of the State of Texas without regard to such state's provisions pertaining to choice of law.

Section 4.8. AMENDMENT. This Agreement, including any Schedules or Exhibits hereto and all other agreements and documents executed in connection herewith, constitutes the entire agreement among the parties hereto with respect to the subject hereof and no amendment, alteration or modification of the Agreement shall be valid unless in each instance such amendment, alteration or modification is expressed in a written instrument duly executed by each party hereto.

Section 4.9. COUNTERPARTS. This Agreement may be executed simultaneously in any number of counterparts. Each counterpart shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument.

Section 4.10. EXHIBITS AND SCHEDULES. The exhibits and schedules to this Agreement, as amended or modified from time to time, are hereby incorporated and made a part hereof and are an integral part of this Agreement.

Section 4.11. NO THIRD PARTY BENEFICIARIES. Each of the provisions of this Agreement is for the sole and exclusive benefit of the parties hereto, respectively, as their interests shall appear, and shall not be deemed to be for the benefit of any other person or entity or group of persons or entities.

Section 4.12. .SURVIVAL. This Agreement, and the representations and warranties contained herein, shall survive the Purchase and shall not merge into the purchase documents.

Section 4.13. SUCCESSORS AND ASSIGNS. This Agreement shall bind and inure to the benefit of each party hereto, and to each party's successors, assigns, agents and representatives.

Section 4.14. SEVERABILITY CLAUSE. Any part, provision, representation or warranty of this Agreement that is prohibited or that is held to be void or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions.

IN WITNESS WHEREOF, each party has caused this instrument to be signed in its corporate name on its behalf by its proper officials duly authorized.

AEGIS MORTGAGE CORPORATION
Servicer

By

Name:
Title:

AEGIS INVESTMENT TRUST
Owner

By

Name:
Title:

EXHIBIT 10.7

FORM OF
LOAN SALE AND PURCHASE AGREEMENT

THIS LOAN SALE AND PURCHASE AGREEMENT, dated as of December 15, 1997 (the "Agreement"), is made by and between AEGIS INVESTMENT TRUST, a Maryland real estate investment trust ("Purchaser"), and AEGIS MORTGAGE CORPORATION, an Oklahoma corporation ("Seller").

RECITALS

A. Seller is engaged in the business of originating and selling mortgage loans secured by real property.

B. Seller may desire to sell and Purchaser may desire to purchase from Seller from time to time certain of those mortgage loans.

C. The parties intend hereby to set forth the terms and conditions upon which the transactions will be effected.

Accordingly, in consideration of the promises and the mutual agreements contained herein, the Purchaser and Seller agree as follows:

AGREEMENT

Section 1. DEFINITIONS. Whenever used herein, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

Acquisition Cost: Amount paid by Seller to acquire mortgage loans whether through its retail or wholesale production operation or acquired through its loan trading operations.

Agreement: This Loan Sale and Purchase Agreement and all amendments hereof and supplements hereto.

Assignment of Security Instrument: Assignment of all Seller's rights, title and interest in and to a Security Instrument for the benefit of Purchaser, in a form acceptable to Purchaser, to be executed by Seller in connection with each Mortgage Loan purchased hereunder, as applicable.

Custodian: [ ], or its successor in interest or assign, or any successor to the Custodian.

Document Delivery Procedures: Procedures established by Purchaser for the delivery of Mortgage Loan Documents evidencing Mortgage Loans to be

purchased hereunder, attached hereto as Exhibit "B", as may be amended from time to time by Purchaser in its sole discretion.

Mortgage Loans: Each Mortgage Loan identified in the Schedule of Loans Delivered that, from time to time, are subject to this Agreement.

Mortgage Loan Documents: For any Mortgage Loan, at least the documents listed on Exhibit "B" hereto, as well as any other documents in Seller's possession relating to the Mortgage Loan.

Mortgaged Premises: The fee simple interest in real property for each Mortgage Loan purchased, covered by a Security Instrument and securing an Obligor's indebtedness under the related Note.

Note: Instrument evidencing the indebtedness of the Obligor under a Mortgage Loan.

Obligor: The borrower or borrowers under a Note, any other person or entity who owes payments under a Note, or a subsequent owner of Mortgaged Premises who has assumed the respective Security Instrument.

Purchase Date: The funding date for the purchase of Mortgage Loans hereunder as agreed to by the parties in writing on the Schedule of Loans Delivered.

Schedule of Loans Delivered: A listing of Mortgage Loans that the Purchaser has agreed to be purchase pursuant to Section 2(a) hereof, that at a minimum includes the loan number, borrower name, and loan amount, and such other pertinent information that Purchaser deems reasonably necessary in the circumstances, and that is also readily available to Seller.

Security Instrument: All deeds of trust, deeds to secure debt, trust deeds or mortgages, as applicable securing repayment of the indebtedness evidenced by a Note executed by an Obligor for a Mortgage Loan purchased hereunder, as applicable.

Section 2. AGREEMENT TO SELL AND PURCHASE.

(a) Pursuant to the terms of this Agreement, Seller hereby agrees to offer the Purchaser the option to purchase, subject to the terms of this Agreement, all rights, title and interest of the Seller in and to all of the mortgage loans or mortgage-related assets originated, owned or acquired by the Seller (the "Right of First Offer"). If the Purchaser exercises such option, the Seller agrees to sell,

transfer, assign, set over and convey to Purchaser all rights, title and interest of the Seller in and to the Mortgage Loans selected by the Purchaser and the Purchaser hereby agrees to purchase the Mortgage Loans listed on the

Schedule of Mortgage Loans Delivered.

(b) The Purchase Price paid by Purchaser to Seller for Mortgage Loans shall be as follows:

(i) For Owner-Financed Mortgage Loans, the percentage of the Acquisition Cost for Owner-Financed Mortgage Loans delivered to the Purchaser under this Agreement as set forth on Exhibit "C" attached hereto, plus any other direct costs allocable to the acquisition of such Owner-Financed Mortgage Loans. Such percentage will be agreed to by an officer of both Seller and Purchaser and may change based on the nature of Owner-Financed Mortgage Loans being purchased. Any revision to such Purchase Price percentage will be presented to the Board of Directors of the Seller and the Board of Trustees of the Purchaser at their regularly scheduled meetings for review and approval.

(ii) For Seasoned Mortgage Loans, the percentage of the Acquisition Cost for the Seasoned Mortgage Loans delivered to the Purchaser under this Agreement as set forth on Exhibit "C" attached hereto. plus any other direct costs allocable to the acquisition of such Seasoned Mortgage Loans. Such percentage will be agreed to by an officer of both Seller and Purchaser and may change based on the nature of Seasoned Mortgage Loans being purchased. Any revisions to such Purchase Price percentage will be presented to the Board of Directors of the Seller and the Board of Trustees of the Purchaser at their regularly scheduled meetings for review and approval.

(iii) For Other Mortgage Loans, the "fair market value" for such Mortgage Loans. Such "fair market value" will be agreed to by an officer of both Seller and Purchaser and will be based on readily available sources, including, if applicable, the Seller's wholesale rate sheet.

Purchaser hereby agrees to purchase Mortgage Loans, at the agreed upon Purchase Price, on the date the Seller commits to purchase the loan from its customer or such other date agreed to between the parties. Purchaser also agrees to pay the Purchase Price in full at the applicable Purchase Date for such Mortgage Loan, or reimburse the Seller for the net interest cost incurred, if any, related to such Mortgage Loans.

(c) Unless otherwise agreed to by the parties hereto, the sale of Mortgage Loans hereof shall be on a "servicing retained" basis and Seller agrees to Service the Mortgage Loans on behalf of the Purchaser pursuant to the

Servicing Agreement (the "Servicing Agreement"), dated as of the date hereof, between the Seller and the Purchaser, as it may be amended from time to time.

Section 2.1. RELATIONSHIP BETWEEN PURCHASER AND SELLER. Seller is

acting as an independent contractor and not as an agent of the Purchaser for purposes of acquiring Mortgage Loans and selling such Mortgage Loans to Purchaser. Purchaser and Seller are not partners or joint venturers with each other and nothing herein shall be construed to make them such partners or joint venturers or impose any liability as such on either of them. In that regard, this Agreement is not intended to be an exclusive arrangement; however, the Seller is obligated to provide Purchaser with the option to purchase any Mortgage Loans acquired by it pursuant to the Right of First Offer. Subject to the Right of First Offer and unless otherwise agreed to by both parties, nothing herein shall prevent Seller from engaging in other businesses or from rendering other services of any kind to any other person or entity, including the sale of its mortgage loans, or the servicing of loans.

Section 2.2. TERM OF AGREEMENT. The initial term of this Agreement will terminate on December 31, 1998. The initial term, and each renewal term, shall automatically renew on each anniversary date for a one (1) year renewal term until either party provides at least three (3) months' prior written notice of its intent to terminate this Agreement at the end of the related term.

Section 3. DELIVERY OF DOCUMENTS AND OTHER INFORMATION. Seller will deliver to the Custodian the Mortgage Loan Documents and upon receipt by Seller of the Purchase Price, Seller will instruct the Custodian to release the Mortgage Loan Documents to Purchaser.

Section 4. REPRESENTATIONS AND WARRANTIES OF THE SELLER WITH RESPECT TO AUTHORITY AND OTHER MATTERS. Seller hereby makes as of the Purchase Date the following representations and warranties:

(a) Seller has not dealt with any broker or agent or other parties who might be entitled to a fee or commission in connection with this transaction other than Purchaser or its affiliates, or which has been paid or otherwise provided for;

(b) Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Oklahoma with full corporate power necessary to carry on its business as now being conducted; Seller has the full corporate power and authority to execute and deliver this Agreement and to perform in accordance herewith; the execution, delivery and performance of this Agreement (including all instruments of transfer to be delivered pursuant to this Agreement) by the Seller and the consummation of the transactions contemplated hereby have been duly and validly authorized; this Agreement

evidences the valid, binding and enforceable obligation of the Seller, and all requisite corporate action has been taken by the Seller to make this

Agreement valid and binding upon the Seller in accordance with its terms;

(c) The consummation of the transactions contemplated by this Agreement is in the ordinary course of business of the Seller, and the transfer, assignment and conveyance of all documents by the Seller pursuant to this Agreement are not subject to the bulk transfer or any similar statutory provision in effect in any applicable jurisdiction;

(d) Neither the execution and delivery of this Agreement, the sale of Mortgage Loans to the Purchaser, or the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, will conflict with or result in a breach of any of the terms, conditions or provisions of the Seller's charter or by-laws or any legal restriction or any material agreement or instrument to which the Seller is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment or decree to which the Seller or its property is subject, or impair the ability of the Purchaser to realize on the Mortgage Loans, or impair the value of the Mortgage Loans;

(e) Except as otherwise disclosed to the Purchaser, there is no action, suit, proceeding or investigation pending, or to the Seller's knowledge threatened against the Seller that, either in any one instance or in the aggregate, is likely to result in any material adverse change in the business, operations, financial condition, properties or assets of the Seller, or in any material impairment of the right or ability of the Seller to carry on its business substantially as now conducted, or in any material liability on the part of the Seller, or that would draw into question the validity of this Agreement or the Mortgage Loans or of any action taken or to be taken in connection with the obligations of the Seller contemplated herein, or that would be likely to impair materially the ability of the Seller to perform under the terms of this Agreement;

(f) No consent, approval, authorization or order of any court or governmental agency is required for the execution, delivery and performance by the Seller, or compliance by the Seller, with this Agreement or the sale of the Mortgage Loans as evidenced by the consummation of the transactions contemplated by this Agreement, or if required, such approval has been obtained prior to the Purchase Date. However, Seller's participation in this Agreement will be approved by its Board of Directors;

(g) Seller used no adverse selection procedures in selecting the Mortgage Loans from among the outstanding mortgage loans in its portfolio as to which representations and warranties in this Section of the Agreement could be made;

(h) Seller will treat the disposition of the Mortgage Loans as a sale of

assets for financial accounting and reporting purposes;

(i) Seller is the sole owner of, and has the full right to sell to the Purchaser, all rights with respect to the servicing of the Mortgage Loans following the Purchase Date;

(j) Seller will not solicit any of the borrowers listed on the Schedule of Loans Delivered in order to refinance their mortgage loan without prior written approval from the Purchaser; and

(k) Seller hereby warrants that it is compliance with all applicable licensing requirements of federal, state, and local governmental authorities, including, without limitation, any such requirements in the jurisdictions in which each Mortgaged Premises is located.

Section 4.1 REPRESENTATIONS AND WARRANTIES OF THE SELLER REGARDING INDIVIDUAL MORTGAGE LOANS. Unless otherwise agreed to on the Purchase Date of any pool of Mortgage Loans, Seller hereby represents and warrants to Purchaser with respect to each Mortgage Loan that, as of the Purchase Date thereof:

(a) The information set forth on the Schedule of Loans Delivered is complete, true and correct in all material respects.

(b) All policies of title insurance, hazard insurance, and flood insurance respecting such Mortgage Loan and the related premises and improvements thereon are in full force and effect, have been fully paid and have been issued by sound and financially responsible insurance companies, duly licensed and qualified to transact business, and are in such amounts as are reasonably required by Purchaser or as required by law. All such policies insure Seller, among others, as loss payee thereunder, in a form such that it may be endorsed to Purchaser as loss payee as required hereunder, and there are no facts or circumstances which could provide a basis for revocation of any policies or defense to any claims made thereon. If such Property is located in a flood area identified by the Federal Emergency Management Agency ("FEMA") pursuant to the National Flood Insurance Act of 1968, as amended, (the "Act") a flood insurance policy issued by FEMA, or one conforming to the requirements of the Federal Housing Administration, has been obtained and complies with this Subsection (b) and the Act.

(c) The Mortgage Loan is secured by a valid, existing and enforceable lien on the Mortgaged Premises, including improvements with respect to the foregoing. The Security Instrument is subject only to the lien of (a) current real

property taxes and assessments, (b) covenants, conditions and restrictions, rights of way, easements and other matters of public record as of the date of recording acceptable to mortgage lending institutions generally and

specifically referred to in the title insurance policy and which do not adversely affect the appraised value of the Mortgaged Premises set forth in such appraisal; and (c) other matters to which like properties are commonly subject which do not materially interfere with the benefits of the security intended to be provided by the Security Instrument or the use, enjoyment, value or marketability of the related Mortgaged Premises;

(d) The Note and the Security Instrument are genuine, and each is the legal, valid and binding obligation of the maker thereof enforceable in accordance with its terms subject to bankruptcy, reorganization or other similar laws. All parties to the Note and the Security instrument had legal capacity to enter into the Mortgage Loan and to execute and deliver the Note and the Security Instrument, and the Note and the Security Instrument have been duly and properly executed by such parties;

(e) The terms of the Note and the Security instrument have not been impaired, waived, altered or modified in any respect, except by a written instrument which has been recorded, if necessary to protect the interest of the Purchaser and which has been delivered to the Custodian. The substance of any such waiver has been approved by the issuer of any related Primary Mortgage Insurance Policy and the title insurer, to the extent required by the policy, and its terms are reflected on the Schedule of Loans Delivered. No borrower has been released, in whole or in part, except in connection with an assumption agreement approved by the issuer of any related Primary Mortgage Insurance Policy and the title insurer, to the extent required by the policy, and which assumption agreement is part of the Mortgage Loan Documents delivered to the Custodian and the terms of which are reflected in the Schedule of Loans Delivered.

(f) The Mortgage Loan is not subject to any right of rescission, set-off, counterclaim or defense, including without limitation the defense of usury, nor will the operation of any of the terms of the Note or the Security Instrument, or the exercise of any right thereunder, render either the Note or the Security instrument unenforceable, in whole or in part, or subject to any right of rescission, set-off, counterclaim or defense, including without limitation the defense of usury, and no such right of rescission, set-off, counterclaim or defense has been asserted with respect thereto;

(g) There are no defaults in complying with the terms of the Security Instruments, and all taxes, governmental assessments, insurance premiums, water, sewer and municipal charges, leasehold payments or ground rents which previously became due and owing have been paid, or an escrow of funds has been established in an amount sufficient to pay for every such item which

remains unpaid and which has been assessed but is not yet due and payable. The Seller has not advanced funds, or induced, solicited or knowingly received any advance of funds by a party other than the borrower, directly or

indirectly, for the payment of any amount required under the Mortgage Loan, except for interest accruing from the date of the Note or date of disbursement of the Mortgage Loan proceeds, whichever is later;

(h) Requirements of any federal, state or local law including, without limitation, usury, truth-in-lending, real estate settlement procedures, consumer credit protection, equal credit opportunity or disclosure laws applicable to the Mortgage Loan have been complied with in all material respects;

(i) The Security Instrument has not been satisfied, canceled, subordinated or rescinded in whole or in part, and the Mortgaged Premises has not been released from the lien of the Security Instrument, in whole or in part, nor has any instrument been executed that would effect any such release, cancellation, subordination or rescission;

(j) The proceeds of the Mortgage Loan have been fully disbursed and there is no requirement for future advances thereunder, and any and all requirements as to completion of any on-site or off-site improvement and disbursements of any escrow funds thereof have been complied with. All costs, fees and expenses incurred in making or closing the Mortgage Loan and the recording of the Security Instrument were paid, and the Borrower is not entitled to any refund of any amounts paid or due under the Note or Security Instrument;

(k) Unless otherwise specified in the Schedule of Mortgage Loans, Seller is the sole owner of the Mortgage Loan and there has not been any other sale or assignment thereof. The related Note and Security Instrument delivered to Purchaser are the only executed copies thereof.

(l) There is no default, breach, violation or event of acceleration existing under the Security Instrument or the Note and no event which, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration, and neither the Seller nor its predecessors have waived any default, breach, violation or event of acceleration;

(m) There are no mechanics' liens or claims which have been filed for work, labor or material affecting the Mortgaged Premises which are or may be liens prior to or equal to the lien of the related Security Instrument;

(n) There is no proceeding pending for total or partial condemnation of the related Mortgaged Premises or any part thereof and such Mortgaged Premises are free of material damage. No improvement encumbered by such Mortgage

Loan is in violation of any applicable zoning law or regulation, building

code or any valid restrictive or protective covenant or setback line. No improvement on such Mortgaged Premises is a mobile home or manufactured home unless specifically approved by Purchaser in writing prior to purchase;

(o) The Mortgage Loan was underwritten generally in accordance with the underwriting guidelines of the Seller as presented to the Purchaser;

(p) The related Security Instrument contains customary and enforceable provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the related Mortgaged Premises of the benefits of the security provided thereby, including: (a) in the case of a Security Instrument designated as a deed of trust, by trustee's sale; and (b) otherwise by judicial foreclosure. In the event that such Security Instrument constitutes a deed of trust, a trustee, duly qualified under applicable law to serve as such, has been properly designated and currently so serves, and is named in the Security Instrument or has been substituted in accordance with applicable law and no fees or expenses will become payable by Purchaser to such trustee under the deed of trust, except in connection with a trustee's sale after default by the Obligor;

(q) The origination and collection practices used with respect to the Mortgage Loan have been in all respects legal, proper, prudent and customary in the mortgage origination and servicing business, and have been in all respects in compliance with all applicable laws and regulations. With respect to escrow deposits and escrow payments, all such payments are in the possession of the Seller and there exist no deficiencies in connection therewith for which customary arrangement for repayment thereof have not been made. All escrow payments have been calculated and collected in full compliance with state and federal law;

(r) Such Mortgage Loan does not fall within the coverage of Section 103(aa) of the Truth-in-Lending Act, as amended, nor Section 226.32 of Federal Reserve Board Regulation Z, as amended, which govern certain mortgages commonly known as "high cost mortgages" or "Section 32 loans";

(s) The Mortgage Premises is free from any and all toxic or hazardous substances, and there exists no violation of any local, state or federal environmental law, rule or regulation; and

(t) No prepayment penalty, as set forth in the terms of the Note and Security instrument, has been waived or limited before or after an interest rate change date.

Section 5. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER. The Purchaser hereby makes as of the Purchase Date the following representations and warranties:

(a) Purchaser is acquiring Mortgage Loans for its own account only and not for any other person;

(b) The Purchaser considers itself a substantial, sophisticated institutional investor having such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of investment in the Mortgage Loans;

(c) The Purchaser is a real estate investment trust duly organized, validly existing and in good standing under the laws of the State of Maryland with full corporate power necessary to carry on its business as now being conducted; the Purchaser has the full corporate power and authority to execute and deliver this Agreement and to perform in accordance herewith; the execution, delivery and performance of this Agreement by the Purchaser and the consummation of the transactions contemplated hereby have been duly and validly authorized; this Agreement evidences the valid, binding and enforceable obligation of the Purchaser, and all requisite corporate action has been taken by the Purchaser to make this Agreement valid and binding upon the Purchaser in accordance with its terms;

(d) The consummation of the transactions contemplated by this Agreement is in the ordinary course of business of the Purchaser;

(e) Neither the execution and delivery of this Agreement, the acquisition of the Mortgage Loans by the Purchaser or the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, will conflict with or result in a breach of any of the terms, conditions or provisions of the Purchaser's declaration of trust or by-laws or any legal restriction or any material agreement or instrument to which the Purchaser is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment or decree to which the Purchaser or its property is subject;

(f) There is no action, suit, proceeding or investigation pending, or to the Purchaser's knowledge threatened against the Purchaser that, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties or assets of the Purchaser, or in any material impairment of the right or ability of the Purchaser to carry on its business substantially as now conducted, or result in any material liability on the part of the Purchaser, or that would draw into question the validity of this

Agreement or the Mortgage Loans or of any action taken or to be taken in connection with the obligations of the Purchaser contemplated herein, or that would be likely to impair materially the ability of the Purchaser to perform under the terms of this Agreement; and

(g) No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by the Purchaser of or compliance by the Purchaser with this Agreement, or the acquisition of the Mortgage Loans as evidenced by the consummation of the transactions contemplated by this Agreement, or if required, such approval has been obtained prior to the Purchase Date. However, Purchaser's participation in this Agreement will be approved by its Board of Trustees.

Section 6. REMEDIES. In the event that a party discovers a breach of a representation and warranty set forth in Section 4, Section 4.1 or Section 5 that materially and adversely affects the value of any of the Mortgage Loans or the interest of the Purchaser therein, such party shall give prompt notice to the other parties hereto. The party in breach shall have 60 days, after receipt of notice of such breach, in which to cure in all material respects such breach. In the event that the Seller is unable to cure in all material respects a breach of a representation and warranty set forth in Section 4 or Section 4.1 as to any Mortgage Loans, then the Seller shall promptly repurchase each affected Mortgage Loan at a price equal to the unpaid principal balance of such Mortgage Loan multiplied by the applicable purchase price percentage plus accrued and unpaid interest thereon at the gross coupon rate through the date of repurchase (the Repurchase Date). In the event that the Seller repurchases a Mortgage Loan such Mortgage Loan will be returned to the Seller.

As an additional remedy, the Seller shall indemnify the Purchaser and hold it harmless against any losses, damages, penalties, fines, forfeitures, reasonable and necessary legal fees and related costs, judgments and other costs and expenses arising out of or resulting from any claim, demand, defense or assertion based on or grounded upon, or resulting from, (a) a breach by the Seller of any of its covenants, representation or warranties contained in this Agreement or (b) the servicing of any Mortgage Loan prior to the transfer of servicing.

The Purchaser shall indemnify the Seller and hold it harmless against any losses, damages, penalties, fines, forfeiture, reasonable and necessary legal fees and related costs, judgments and other costs and expenses arising out of or resulting from any claim, demand, defense or assertion based on or grounded upon, or resulting from, (a) a breach by the Purchaser of any of its covenants, representations or warranties contained in this Agreement or (b) the servicing of any Mortgage Loan following the transfer of servicing.

Section 7. SUCCESSOR AND ASSIGNS. This Agreement shall bind and inure to the benefit of and be enforceable by the Seller and the Purchaser and the respective successors and assigns of the Seller and the Purchaser. This Agreement shall not be assigned, pledged or hypothecated by the Seller to a

third party without the consent of the Purchaser or the successors and assigns of the Purchaser which shall not be unreasonably withheld or delayed.

Section 8. CONDITIONS TO CLOSING. The obligations of the Seller and the Purchaser to consummate the sale and purchase of the Mortgage Loans on the Purchase Date are subject to the satisfaction of the following conditions:

(a) All representations and warranties of Seller and Purchaser under this Agreement shall be true and correct as of the Purchase Date, and no event shall have occurred that, with notice or the passage of time, would constitute a default under this Agreement;

(b) All Mortgage Loan Documents shall have been delivered to the Custodian; and

(c) All other terms and conditions of this Agreement shall have been complied with in all material respects.

Subject to the foregoing conditions, Purchaser shall pay the Purchase Price to Seller on the Purchase Date by wire transfer of immediately available funds to the account designated by Seller.

Section 9. COSTS. Seller shall pay any commissions due its salesmen, the legal fees and expenses of its attorneys, and fees incurred in connection with the transfer of the Mortgage Loan Documents to the Custodian. Seller shall prepare the Assignment of Security Instrument and pay all recording fees with respect to the transfer of each Mortgage Loan to Purchaser or its designee.

Section 10. NOTICES. All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly given or delivered if delivered personally or mailed by registered or certified mail return receipt requested with first class postage prepaid as follows:

If to Purchaser:
AEGIS Investment Trust
2500 City West Blvd., Suite 1200
Houston, Texas 77042
Attn: Managing Director

If to Seller:
Aegis Mortgage Corporation
5208 W. Reno, Suite 255
Oklahoma City, OK 73127
Attn: Managing Director

or such other address as any person may request by notice given. Notices

sent as provided herein shall be deemed to have been delivered on the fifth business day following the date on which it is so mailed.

Section 11. GOVERNING LAW. This agreement shall be governed by and construed under the laws of the State of Texas without regard to such state's provisions pertaining to choice of law.

Section 12. AMENDMENT. This Agreement, including any Schedules or Exhibits hereto and all other agreements and documents executed in connection herewith, constitutes the entire agreement among the parties hereto with respect to the subject hereof and no amendment, alteration or modification of the Agreement shall be valid unless in each instance such amendment, alteration or modification is expressed in a written instrument duly executed by each party hereto.

Section 13. COUNTERPARTS. This Agreement may be executed simultaneously in any number of counterparts. Each counterpart shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument.

Section 14. EXHIBITS AND SCHEDULES. The exhibits and schedules to this Agreement, as amended or modified from time to time, are hereby incorporated and made a part hereof and are an integral part of this Agreement.

Section 15. NO THIRD PARTY BENEFICIARIES. Each of the provisions of this Agreement is for the sole and exclusive benefit of the parties hereto, respectively, as their interests shall appear, and shall not be deemed to be for the benefit of any other person or entity or group of persons or entities.

Section 16. SURVIVAL. This Agreement, and the representations and warranties contained herein, shall survive the Purchase and shall not merge into the purchase documents.

Section 17. SUCCESSORS AND ASSIGNS. This Agreement shall bind and inure to the benefit of each party hereto, and to each party's successors, assigns, agents and representatives.

Section 18. SEVERABILITY CLAUSE. Any part, provision, representation or warranty of this Agreement that is prohibited or that is held to be void or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions.

IN WITNESS WHEREOF, the Seller and the Purchaser have caused their names to be signed hereto by their respective officers thereunto duly authorized as of

the date first above written.

AEGIS INVESTMENT TRUST
Purchaser

By: _____
Name:
Title:

AEGIS MORTGAGE CORPORATION
Seller

By: _____
Name:
Title:

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is entered into as of the ___ day of December, 1997 ("Effective Date"), by and between Aegis Investment Trust, a Maryland real estate investment trust (the "Company"), Aegis Mortgage Corporation, an Oklahoma corporation ("AMC" and together with the Company collectively referred to as the "Employers"), and [PATRICK A. WALDEN] (the "Employee"). The Employers and the Employee may be referred to herein collectively as the "Parties" and individually as a "Party".

ARTICLE I

TERM OF EMPLOYMENT

The Employers now hereby employ the Employee and the Employee hereby accepts employment with the Employers for a period beginning as of the Effective Date and ending December __, 2000 (the "Initial Termination Date"), subject, however, to earlier termination as hereinafter provided.

The terms of this Agreement shall continue beyond the Initial Termination Date in the following manner: on December __, 1999, and on each anniversary date therefrom (each an "Anniversary Date") the Termination Date shall be automatically extended by one year (the "Extended Termination Date") unless either the Employee or either of the Employers gives the other Party written notice at least thirty (30) days prior to such Anniversary Date that the Termination Date then in effect shall not be so extended. If such notice is given, the Initial Termination Date or the Extended Termination Date then in effect, as the case may be, shall not be extended. Any extensions thereafter shall require a written contract or written amendment hereto. The Initial Term and any extended term are sometimes referred to in this Agreement as the "Term".

ARTICLE II

DUTIES OF EMPLOYEE

2.01 DUTIES. The Employee is engaged to be a Managing Director of the Company and a Managing Director of AMC. The Employee's duties and powers as such shall be determined from time to time by the board of trustees of the Company (the "Board of Trustees") and the Board of Directors of AMC (the "Board of Directors"). To the extent that there is any conflict in the instructions from the Board of Trustees and the Board of Directors, the instructions of the Board of Trustees shall control. The Employee shall perform and discharge such duties well and faithfully, and shall be subject to the supervision and direction of the Board of Trustees and the Board of Directors.

2.02 FULL TIME EMPLOYMENT. The Employee shall devote his entire

productive time, ability, and attention to the business of the Employers during the Term. During the Term, the Employee shall not, directly or indirectly, render any services of a business, commercial or professional nature to any other person, corporation,

firm or organization, whether for compensation or otherwise, without the prior written consent of the Employers. The execution and performance of the Employee's duties under this Agreement do not conflict with or result in a breach of or a default under any agreement, contract or instrument to which the Employee is a party or by which the Employee is bound.

2.03 NO RELOCATION. Notwithstanding any contrary provision in this Agreement, in performing his duties and fulfilling the requirements of his employment, the Employee's home office will be in the Metropolitan Statistical Area of Houston, Texas.

ARTICLE III

COMPENSATION AND BENEFITS

3.01 BASE COMPENSATION. As partial compensation for services rendered and the Employee's covenants and agreements under this Agreement, during the Term the Employee shall be entitled to receive from the Employers a base salary of $225,000 per year, payable in the same manner as the Company pays its other employees. The base salary shall be reviewed on an annual basis by the Compensation Committee of the Board of Trustees (the "Compensation Committee"), and may be increased, but not decreased, in the sole discretion of the Compensation Committee.

3.02 FORMULA BONUS. In addition to the compensation specified in Section 3.01 above, the Employers shall pay to the Employee on a quarterly basis an amount equal to 7.5% of the amount (the "7.5% Amount") by which (i) the Company's Return on Equity (as hereinafter defined) exceeds (ii) the Threshold Yield (as hereinafter defined) for such fiscal quarter multiplied by the Average Net Worth (as hereinafter defined) for such quarter. The 7.5% Amount shall be paid to the Employee in arrears within [60] days following the end of such fiscal quarter ending March 30, June 30 and September 30 of each year and within [90] days following the fiscal quarter ending December 31 of each fiscal year. Except as set forth below, the 7.5% Amount shall be based on the Company's internal financial statements. For the purposes of this Section 3.02, the term "Company's Return on Equity" shall mean (i) the Company's Net Income (as hereinafter defined) multiplied by four and then (ii) divided by the Average Net Worth. The term "Net Income" means the Company's net income as determined in accordance with generally accepted accounting principles for such fiscal quarter prior to the deduction of the 7.5% Amount, the deduction for dividends paid and any net operating loss deductions arising from losses in prior periods. The term "Average Net Worth" means arithmetic average of the sum of the gross proceeds from any

offering of the Company's equity securities by the Company before any underwriting discounts and commission and other expenses and costs relating to such equity offering, plus the Company's retained earnings without taking into account any losses incurred in prior periods computed by taking the daily average of such values during such period. The term "Threshold Yield" means (i) the Ten-Year U.S. Treasury Rate (as hereinafter defined) for the period in

question plus (ii) 200 basis points. The term "Ten-Year U.S. Treasury Rate" means the arithmetic average of the weekly average yield to maturity for actively traded current coupon U.S. Treasury fixed interest rate securities (adjusted to constant maturities of ten years) published by the Federal Reserve Board during a quarter, or, if such rate is not published by the Federal Reserve Board, then the rate published by any Federal Reserve Bank or agency or department of the federal government that most closely approximates the Ten-Year U.S. Treasury Rate selected by the Company. The earnings shown on the financial statements of the Company shall be final and binding upon the Parties unless the Employee shall within five days of the announcement of such earnings dispute the amount of such earnings and in which event the matter shall be submitted to a major independent accounting firm for its determination.

3.03 BENEFIT PLAN. The Employers agree to include the Employee in any benefit plan adopted by such Employer for the benefit of its senior employees, including the Company's 1997 Share Incentive Plan. Such benefits shall at a minimum include health and life insurance benefits.

3.04 EXPENSES. The Employers, in accordance with the rules and regulations that the Employers may issue and revise from time to time, shall reimburse the Employee for business expenses directly and reasonably incurred in the performance of his duties.

3.05 STOCK OPTIONS. The Employee will be entitled to options to acquire 200,000 share of Company's common stock ("Common Stock") pursuant to the Company's 1997 Share Incentive Plan.

3.06 TERMINATION WITHOUT CAUSE. In the event this Agreement is terminated other than pursuant to (x) Section 4.03 hereof or (y) the voluntary termination by the Employee for other than Good Cause (as hereinafter defined) (i) the Employers shall pay to the Employee an amount equal to two times (a) the total annual compensation payable under Section 3.01 of this Agreement and (b) the additional compensation, if any, under Section 3.02 of this Agreement earned by the Employee for the preceding fiscal year (together with the payments provided in Section 3.06(iii) below, the "Severance Payment"), (ii) all of the Employee's options to purchase Common Stock owned outright or contingently shall immediately vest and become

immediately exercisable, (iii) the Employers will provide health benefits to the Employee and the Employee's dependents at Employers' expense for the two year period following such termination, and (iv) the Employers shall have no further liability or obligation to the Employee for compensation hereunder except as provided above. The payments made by the Employers to the Employee under Section 3.06 shall be paid in monthly installments over a two year period beginning on the date that termination of this Agreement becomes effective. Notwithstanding any provision hereof to the contrary, if the Employee is terminated for "cause" pursuant to Section 4.03 hereof, or if the Employee resigns for other than Good Cause, then the Employee will not entitled to any severance pursuant to this Section 3.06 and the Employers' sole obligation to the Employee

shall be to paid the compensation due to the Employee under Section 3.01 through the date of termination and the compensation earned under Section 3.02 through the last full fiscal quarter prior to such termination. The term "Good Cause" means the occurrence of any of the following events without the written consent of Employee: (i) the forced relocation, without the consent or approval of Employee, of the principal place of business of Employee's employment to a place that is more than 50 miles from Houston, Texas, or (ii) any removal of Employee from his position as Managing Director of the Company, or a material and adverse change in Employee's work environment, or (iii) the assignment to Employee of any duties or responsibilities inconsistent with Employee's duties and responsibilities as a Managing Director of the Company.

3.07 SAVINGS CLAUSE. If by reason of section 280G of the Code any payment or benefit received or to be received by Employee (whether payable pursuant to the terms of this Agreement ("Contract Payments") or any other plan, arrangements or agreement with the Employers or an Affiliate (as defined below) (collectively with the Contract Payments, "Total Payments") would not be deductible (in whole or part) by the Employers, an Affiliate or other person making such payment or providing such benefit, then the Severance Payments shall be reduced (to zero if necessary) and, if Severance Payments are reduced to zero, other Contract Payments shall be reduced (to zero if necessary) and, if Contract Payments are reduced to zero, other Total Payments shall be reduced (to zero if necessary) until no portion of the Total Payments is not deductible by reason of section 280G of the Code. For purposes of this limitation, (a) no portion of the Total Payments the receipt or enjoyment of which Employee shall have effectively waived in writing prior to the date of payment of the Severance Payments shall be taken into account; (b) no portion of the Total Payments shall be taken into account which in the opinion of tax counsel selected by the Employers' independent auditors and acceptable to Employee does not constitute a "parachute payment" within the meaning of section 280G(b)(2) of the Code (without regard to subsection (A)(ii) thereof); (c) the Severance Payments (and, thereafter, other Contract Payments and other Total Payments) shall be reduced only to the extent

necessary so that the Total Payments (other than those referred to ion clauses (a) and (b) of Section 3.06(i) in their entirety constitute reasonable compensation for services actually rendered within the meaning of section 280G(b)(4) of the Code, in the opinion of the tax counsel referred to in clause (b), and (d) the value of any noncash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Corporation's independent auditors in accordance with the principles of sections 280G(d)(3) and (4) of the Code. For purposes of this Section 3.07, the term "Affiliate means the Employers' successors, any Person whose actions result in a Change in Control or any corporation affiliated (or which, as a result of the completion of the transactions causing a Change in Control shall become affiliated) with the Employers within the meaning of section 1504 of the Code.

ARTICLE IV

TERMINATION

This Agreement shall terminate prior to the expiration of its Term upon the occurrence of any one of the following events:

4.01 DISABILITY. In the event that the Employee is unable fully to perform his duties and responsibilities hereunder to the full extent required by the Board of Trustees by reason of illness, injury or incapacity or otherwise results in employee being unable to meet the definition of "a qualified individual with a disability" found in Section 12.111 of the American with Disabilities Act (42 U.S.C.Section 12.111[8]), for ninety (90) consecutive days, during which time the Employee shall continue to be compensated as provided in Sections 3.01 and 3.02 hereof, this Agreement may be terminated by the Employers, and the Employers shall have no further liability or obligation to the Employee for compensation hereunder; provided, however, that Employee will be entitled to receive the payments prescribed under any disability benefits plan in which Employee was participating. In the event of any dispute between the Employers and the Employee under this Section 4.01 as to whether the Employee's employment may be terminated under this Section, the Employee shall submit to a physical examination by a licensed physician selected by the Employers, and the determination of such physician shall be binding on the Parties.

4.02 DEATH. In the event that the Employee dies during the Term, the Employers shall pay to his executors, legal representatives or administrators an amount equal to the installment of the Employee's compensation set forth in Section 3.01 for the month in which the Employee dies and in Section 3.02 hereof for the fiscal quarter in which the Employee dies, and thereafter the Employers shall have no further liability or obligation hereunder to the Employee's executors, legal representatives, administrators, heirs or assigns

or any other person claiming under or through the Employee; provided, however, that the Employee's executors, legal representatives and administrators will be entitled to receive and disburse to the proper persons the payments prescribed under any death or disability benefits plan in which Employee was participating.

4.03 CAUSE. Nothing in this Agreement shall be construed to prevent the termination of this Agreement by the Employers for "cause". For purposes of this Agreement, "cause" shall mean (i) the Employee's intentional or deliberate failure to perform or observe (other than by reason of illness, injury or incapacity) any of the material terms or provisions of this Agreement, including the failure of the Employee to follow the directions of the Board of Trustees, (ii) dishonesty, misconduct or action on the part of the Employee that is or is reasonably likely to be materially damaging or detrimental to the business of the Employers, (iii) conviction of a felony, or of any misdemeanor involving moral turpitude, (iv) insobriety or drug addiction that is materially

affecting or is likely to materially affect the Employee's ability to perform the services required of him hereunder, or (v) misappropriation of funds. Subject to applicable cure periods as set out in the next sentence, the Employee's employment may be terminated for cause at any time. Prior to terminating this Agreement on account of a cause described in clause (i) above (but not for any of the other enumerated "causes"), the Employers shall give the Employee thirty (30) days' written notice and an opportunity to cure such failure to the reasonable satisfaction of the Employers. Upon termination for cause, the Employers shall pay to the Employee the compensation due to the Employee under Section 3.01 through the date of termination and the compensation earned under Section 3.02 through the last full fiscal quarter prior to such termination. Following a termination for cause and payment of the amounts required under this Section, the Employers shall have no further duty or obligation to the Employee; provided, however, that the Employee shall continue to be bound by Article V.

ARTICLE V

PROPERTY RIGHTS

5.01 NON-COMPETITION. During the two years following the termination of his employment under this Agreement with either of the Employers for any reason (the "Non-Competition Period"), Employee shall not, directly or indirectly, either as an employee, employer, consultant, member, agent, lender, principal, partner, stockholder, corporate officer, director, or in any other individual or representative capacity, engage or participate in any business that is in competition with the business of either of the Employers, except as approved in writing by such Employer.

5.02 SOLICITATION. During the two year period following the termination of this Agreement, the Employee agrees not to, directly or indirectly, call on or solicit, any person who or which during the Term was or had been an employee of either of the Employers.

5.03 CONFIDENTIAL INFORMATION. The Employee will not, during the Term of or after the termination of this Agreement, disclose any confidential information of the Employers to any person, firm, corporation, association or other entity for any reason or purpose whatsoever, nor shall the Employee make use of any such confidential information for his own purposes or for the benefit of any person, firm, corporation or other entity (except the Employers) under any circumstances during the Term, or after the termination, of this Agreement. Confidential information does not include any information which (i) is or becomes generally available to the public or (ii) is or becomes available to the Employee on a nonconfidential basis from a source other than either of the Employers, provided that such source is not and was not bound by a confidentiality agreement with or other obligation of secrecy to either of the Employers known to the Employee. Employee agrees that, upon termination of this Agreement or on demand of either of the Employers, at any time, he shall immediately deliver all such

printed or written material and copies thereof to the applicable Employer.

5.04 REASONABLENESS OF RESTRICTIONS. The Employee agrees that (a) the covenants contained in Sections 5.01, 5.02 and 5.03 hereof are necessary for the protection of each of the Employer's business goodwill and trade secrets, (b) a portion of the compensation paid to Employee under this Agreement is paid in consideration of the covenants herein contained, the sufficiency of which consideration is hereby acknowledged, (c) Employee is not, and under this Agreement, will not be engaged in a common calling, and (d) if the scope of any restriction contained in Sections 5.01, 5.02 or 5.03 is too broad to permit enforcement of such restriction to its full extent, then such restriction shall be enforced to the maximum extent permitted by law, and the parties hereto hereby consent that such scope may be judicially modified accordingly in any proceeding brought to enforce such restriction.

5.04 ENFORCEMENT. The Employee acknowledges that the restrictions contained in Sections 5.01, 5.02 and 5.03 hereof are reasonable and necessary to protect the legitimate interests of each of the Employers and their affiliates, that the Employers would not have entered into this Agreement in the absence of such restrictions, and that any violation of any provision of those Sections will result in irreparable injury to each of the Employers. The Employee also acknowledges that each of the Employers shall be entitled to preliminary and permanent injunctive relief, which rights shall be cumulative and in addition to any other rights or remedies to which such

Employer may be entitled.

5.05 COPY OF COVENANTS. Until the expiration of the applicable restrictions, the Employee will provide, and either of the Employers similarly may provide, a copy of the covenants contained in Sections 5.01, 5.02 and 5.03 of this Agreement to any business or enterprise which the Employee may directly or indirectly own, manage, operate, finance, join, control or participate in the ownership, management, operation, financing, or control of, or serve as an officer, director, employee, partner, principal, agent, representative, consultant, lender or otherwise, or with which he may use his name or permit his name to be used.

ARTICLE VI

GENERAL PROVISIONS

6.01 NOTICES. Any notices to be given hereunder by either Party to the other may be effected either by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested:

If to the Employers:

If to the Employee:

Mailed notices shall be addressed to the Parties at the addresses set forth above, but each Party may change his address by written notice in accordance with this Section 6.01. Notices delivered personally shall be deemed communicated as of the date of actual receipt; mailed notices shall be deemed communicated as of ten (10) days after mailing.

6.02 ENTIRE AGREEMENT. This Agreement supersedes any and all other agreements, either oral or in writing, between the Parties hereto with respect to the employment of the Employee by the Employers, and contains all of the covenants and agreements between the Parties with respect to such employment in any manner whatsoever.

6.03 CERTAIN ACKNOWLEDGMENTS. The Employee by his execution and delivery of this Agreement represents to each of the Employers as follows:

(i) That Employee has been advised by the Employers to have this Agreement reviewed by an attorney representing the Employee, and the Employee has either had this Agreement reviewed by such attorney or has chosen not to have this Agreement reviewed

because the Employee, after reading the entire Agreement, fully and completely understands each provision and has determined not to obtain the services of an attorney.

(ii) The Employee either on his own or with the assistance and advice of his attorney has in particular reviewed Article V and understands and accepts that the restrictions imposed on the Employee by Article V are reasonable and necessary for the protection of the property rights of each of the Employers.

6.04 HEADINGS. The headings or titles to sections in this Agreement are intended solely for convenience, and no provision of this Agreement is to be construed by reference to the heading or title of any section.

6.05 AMENDMENT OR MODIFICATION; WAIVER. No provision of this Agreement may be amended, modified or waived unless such amendment, modification or waiver is authorized by the Board of Trustees and the Board of Directors and is agreed to in writing, signed by Employee and by an officer of each of the Employers (other than the Employee) thereunto duly authorized. Except as otherwise specifically provided in this Agreement, no waiver by any Party hereto of any breach by any other Party of any condition or provision of this Agreement to be performed by such other Party

shall be deemed a waiver of a similar or dissimilar provision or condition at the same or at any prior or subsequent time; nor shall the receipt or acceptance of the Employee's employment be deemed a waiver of any condition or provision hereof.

6.06 NO SET-OFF. There shall be no right of set-off or counterclaim, in respect of any claim, debt or obligation, against the payments or benefits to be made or provided for in this Agreement.

6.07 ASSIGNABILITY. The Employee shall not assign, pledge or encumber any interest in this Agreement or any part thereof without the express written consent of the Employers, this Agreement being personal to the Employee. This Agreement shall, however, inure to the benefit of the Employee's estate, dependents, beneficiaries and legal representatives. This Agreement shall not be assignable by each of the Employers without the written consent of the Employee.

6.08 GOVERNING LAW. This Agreement has been negotiated, executed and delivered in the State of Texas, and shall in all respects be interpreted, construed and governed by and in accordance with the internal substantive law of the State of Texas.

6.09 SEVERABILITY. Each provision of this Agreement constitutes a

separate and distinct undertaking, covenant and/or provision hereof. In the event that any provision of this Agreement shall finally be determined to be unlawful, such provision shall be deemed severed from this Agreement, but every other provision of this Agreement shall remain in full force and effect, and in substitution for any such provision held unlawful, there shall be substituted a provision of similar import reflecting the original intent of the Parties to the extent permissible under law.

6.10 ENFORCEMENT. In the event it becomes necessary for any Party to file suit to enforce this Agreement or any provision contained herein, the prevailing Party in such action shall be entitled to recover, in addition to all other remedies or damages, court costs, expenses of litigation and reasonable attorneys' fees incurred in such suit.

6.11 ARBITRATION. (a) Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, which cannot be settled by mutual agreement of the Employee and each of the Employers shall be settled by arbitration, with Houston, Harris County, Texas as the forum, in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered through such arbitration may be entered in any court having jurisdiction thereof.

(b) After the initiation of arbitration, the Parties shall attempt to agree upon an arbitrator. In the absence of such agreement, there shall be three arbitrators; one designated in writing by the Employee and one designated in writing by both of the Employers each within 30 days after arbitration has been

initiated and the third to be chosen by the two designated arbitrators within 40 days after arbitration has been initiated.

(c) Any decision by the arbitrators must be concurred by all the arbitrators.

(d) The award of the arbitrators shall be final and binding upon the Parties without appeal or review except as permitted by the arbitration laws of Texas. Application may be had by either Party to any court of general jurisdiction for entry and enforcement of judgement based on said award.

EXECUTED at Houston, Texas, as of the day and year first above written.

EMPLOYERS: AEGIS INVESTMENT TRUST

By:

Name: _____

Title: _____

AEGIS MORTGAGE CORPORATION

By: _____

Name: _____

Title: _____

EMPLOYEE:

_____