

4. Should the Assignor fail to make any payment or to do any act as herein provided, then the Assignor, but without obligation so to do and without notice to or demand on the Assignor and without releasing the Assignor from any obligation herein, may make or do the same, including specifically, without limiting its general powers, appearing in and defending any action purporting to affect the security hereof or the rights or powers of the Assignee and performing any obligation of the Lessor in the Lease contained, and in exercising any such powers paying necessary costs and expenses, employing counsel and incurring and paying reasonable attorneys' fees; and the Assignor will pay immediately upon demand all sums expended by the Assignee under the authority hereof, together with interest thereon at % per annum, and the same shall be added to said indebtedness and shall be secured hereby and by the Mortgage.

5. The whole of said indebtedness shall become due (a) upon the election by the Assignee to accelerate the maturity of the indebtedness pursuant to the provisions of the note or bond secured by the Mortgage, or of the Mortgage, or any other instrument which may be held by the Assignee as security for the indebtedness, or (b) at the option of the Assignee, after any attempt by the Assignor to exercise any of the rights described in Paragraph 2 or after any default by the Assignor hereunder and the continuance of such default for 10 days after notice and demand.

6. After any attempt by the Assignor to exercise any of the rights described in Paragraph 2 or after any default by the Assignor in the payment of said indebtedness or in the performance of any obligation of the Assignor herein or in the Mortgage or any other instrument securing said indebtedness, the Assignee, at its option, without notice, irrespective of whether Declaration of Default under any deed of trust has been delivered to the trustee thereunder, and without regard to the adequacy of security for the indebtedness hereby secured, either in person or by agent with or without bringing any action or proceeding, or by a receiver to be appointed by a court, may: enter upon, take possession of, and operate the premises; make, enforce, modify, and accept the surrender of leases; obtain and evict tenants; fix or modify rents; and do any acts which the Assignee deems proper to protect the security hereof until all indebtedness secured hereby is paid in full, and either with or without taking possession of the premises, in its own name, sue for or otherwise collect and receive all rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby in such order as the Assignee may determine. Any income received from the premises by the Assignee in excess of the amount necessary to meet all obligations of the Assignor secured hereby, including any accelerated indebtedness, and of the amount estimated by the Assignee to be necessary to meet such obligations for the subsequent 6 months' period shall be paid over by the Assignee to the Assignor promptly after the expiration of each 6 months' period following the date of such entry. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or waive, modify or affect any notice of default under the Mortgage or invalidate any act done pursuant to such notice.

7. The Assignor, without the prior written consent of the Assignee, will not cause or permit the leasehold estate under the Lease to merge with the Assignor's reversionary interest.

8. (a) The Assignor has not executed any prior assignment of any of its rights under the Lease; (b) the Assignor has not done anything which might prevent the Assignee from or limit the Assignee in operating under any of the provisions hereof; (c) the Assignor has not accepted rent under the Lease more than 30 days in advance of its due date; (d) so far as the Assignor knows, there is no present default by the Lessee under the Lease; and (e) the Lease is in full force and effect, unmodified except as set forth in Schedule A.

9. The Assignee shall not be obligated to perform or discharge any obligation under the Lease, or under or by reason of this Assignment, and the Assignor hereby agrees to indemnify the Assignee against and hold it harmless from any and all liability, loss or damage which it may or might incur under the Lease or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligation or undertaking on its part to perform or discharge any of the terms of the Lease; should the Assignee incur any such liability, loss or damage under the Lease or under or by reason of this Assignment, or in defense against any such claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, together with interest thereon at % per annum, shall be secured hereby and by the Mortgage, and the Assignor shall reimburse the Assignee therefor immediately upon demand.

10. This Assignment shall inure to the benefit of the successors and assigns of the Assignee and shall bind the Assignor's legal representatives, successors and assigns.

THE PARTIES AGREE that all notices, demands or documents which are required or permitted to be given or served hereunder shall be in writing and shall be deemed given when sent by registered mail addressed to the Assignor at the address furnished below, and to the Assignee,

at Post Office

Box 1268, Greenville, SC 29602; and that such addresses may be changed from time to time by either party by serving notice as above provided.

IN WITNESS WHEREOF, the Assignor has duly executed this Assignment the day and year first above written.

~~ADDRESS OF ASSIGNOR~~

K M FABRICS, INC.

*Anna S. Elder*

BY:

*Richard A. Hauer*

*Paul A. H. J.*

AND:

*Ronald L. Dinger*

WITNESSES

(CONTINUED ON NEXT PAGE)

0348

2325 RV-23