

demand of Mortgagee shall cause such reports to be audited and certified by a Certified Public Accountant as in accordance with generally accepted accounting principles. In addition, Mortgagor shall furnish to Mortgagee within ninety (90) days following the end of each fiscal year financial statements (in form satisfactory to Mortgagee) of the Mortgagor and each of the Guarantors of the indebtedness hereby secured.

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1.11 CONDEMNATION. If all or any part of the Premises shall be damaged or taken through condemnation (which term shall include any damage or taking by any governmental authority and any transfer by private sale in lieu thereof, either temporarily or permanently), Mortgagee shall be entitled to all compensation, awards, and other payments or relief thereof and is hereby authorized, at its option, to commence, appear in and prosecute, in its own or Mortgagor's name, or compromise any claim in connection therewith. All such compensation, awards, damages, claims, rights of action and proceeds and the right thereto are hereby assigned to Mortgagee, who after deducting therefrom all its expenses, including attorney's fees, may without affecting the lien of this Mortgage, apply the same to the repair, restoration or replacement of the Premises of any damage resulting from said condemnation, or to the payment or reduction of the indebtedness secured hereby. Mortgagor agrees to execute such further assignment of any compensation, awards, damages, claims, rights of action and proceeds as Mortgagee may require. The payment to Mortgagee of any such condemnation proceeds shall in no event excuse or delay the payment of the indebtedness secured hereby or any installment thereof.

1.12 SECURITY AGREEMENT. As to that portion of the Premises (if any) which constitutes personal property, as opposed to real property or fixtures, this Mortgage and Security Agreement shall constitute a security agreement and Mortgagee as a secured party shall have all of the rights and remedies of a secured party under the Uniform Commercial Code in addition to the rights and remedies provided herein or in any other instrument evidencing or securing the Note or by applicable law. Nevertheless, to the full extent permitted by law, all parts of the Premises shall be deemed to be real property or fixtures and a part of the freehold, and not personal property.

1.13 OBLIGATIONS VALID. Mortgagor covenants and warrants that the Note, this Mortgage and the other instruments securing the Note or relating to the loan evidenced by the Note are valid, binding and enforceable in accordance with their terms and that the execution and delivery of said instruments and the performance by Mortgagor of Mortgagor's obligations thereunder, do not contravene any law or regulation or any other mortgage or any agreement, indenture, judgment, order or decree affecting Mortgagor or the Premises or to which Mortgagor may be bound.

1.14 IDENTITY OF MORTGAGOR. The identity of Mortgagor and the continued ownership of the Premises by Mortgagor is a material inducement to the making of the loan secured by this instrument. Therefore, Mortgagor agrees not to convey the Premises either voluntarily or by operation of law nor to encumber the Premises nor secure secondary financing on the Premises without the written consent of Mortgagee. No approval by Mortgagee of any such conveyance or transfer shall waive this provision or Section 2.01(g) below as to subsequent conveyance or transfer.

## ARTICLE II

2.01 EVENT OF DEFAULT. The term "default" or "event of default" wherever used in this indenture, shall mean any one or more of the following events:

(a) Should the Note or any other indebtedness secured hereby, or any part thereof or interest or charge thereon not be paid after, when and as the same shall become due and payable.

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