

any kind affecting the indebtedness secured hereby, this Mortgage and Security Agreement or the interest created herein or the Collateral, including, but not limited to, any action to foreclose this Mortgage and Security Agreement or to enforce payment of the Note secured hereby and any condemnation action involving the Collateral or any action to protect the security hereof; and any such amounts paid by First National shall be added to the indebtedness secured by the lien of this Mortgage and Security Agreement.

SECTION 6. DEFAULTS.

Any one or more of the following events shall be an "Event of Default" under this Mortgage and Security Agreement: (a) if and when an Event of Default shall occur under the Loan Agreement, (b) if and when the Borrowers or either of them shall breach any covenant or agreement in this Mortgage and Security Agreement or (c) if any warranty or representation of the Borrowers in this Mortgage and Security Agreement shall have been false or misleading when made in any material respect.

SECTION 7. BANK'S RIGHTS.

The Borrowers agree that when any Event of Default has occurred and is continuing:

(a) First National shall have the rights, duties and remedies of a mortgagee/secured party, and the Borrowers shall have the rights and duties of a mortgagor/debtor, under the laws