

adequate security for payment of all amounts payable under the Bond; and

WHEREAS, the County has agreed to loan to Span-America Medical Systems, Inc., a South Carolina corporation (the "Company") the proceeds from the issuance and sale of the Bond upon receipt by the County of the Company's secured note committing it to pay when due all amounts payable under the Bond and also upon receipt by the County from the Company of adequate security for payment of these amounts;

NOW, THEREFORE, KNOW ALL MEN, that in consideration of \$1.00 in hand paid at and before the execution and delivery of these presents and in consideration of the purchase of the Bond and for the better securing of the payment of all amounts payable in accordance with the terms of the Bond and for the better securing of the payment of any other amounts herein specified, the County and the Bank agree as follows:

SECTION 1. SECURITY INTEREST.

The County does hereby convey, warrant, mortgage, pledge, assign and grant to the Bank as holder of the Bond and its successors and assigns, and to any subsequent registered owner of the Bond, and the Bank does hereby accept, a first security interest in all and singular of the County's right, title and interest in, to or arising under the following:

(a) That certain secured note dated on or about September 19, 1983 in the principal face amount of \$1,000,000 executed by the

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