

and all interest accrued thereon shall become due and payable at the option of the Mortgagee.

Mortgagor will keep the buildings and other improvements now or hereafter on the premises insured against loss or damage in accordance with the requirements of the Loan Agreement. In the event of a transfer of the premises, including a transfer by foreclosure or deed in lieu of foreclosure, the Mortgagor's interest in the insurance policies referred to above shall automatically be transferred to the successor in title to Mortgagor's interest in the premises. The Mortgagee may, at its option, pay any such insurance premiums, taxes, assessments, levies or charges against the premises of which payment, amount and validity thereof the official receipt shall be conclusive evidence; and any amounts so expended shall immediately become debts due by the Mortgagor, shall bear interest at the same rate of interest payable under the Note secured hereby, and shall be secured by this Mortgage. If the Mortgagor fails or refuses to keep the premises so insured, the Mortgagee may obtain such insurance without prejudice to its right to foreclose hereunder by reason of such default. In the event of loss, the Mortgagor will give immediate notice by mail to the Mortgagee, who may make proof of loss if not made promptly by the Mortgagor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Mortgagee as its interest may appear instead of the Mortgagor and the Mortgagee jointly. The proceeds of any insurance, or any part thereof, may be applied by the Mortgagee, at its option, either to the reduction of the indebtedness secured hereby or to the restoration or repair of the premises damaged. The insurance policies shall provide for notice to Mortgagee to be sent to FIRST UNION CAESAR CORPORATION, First Union Plaza, Charlotte, North Carolina 28288.

If Mortgagor defaults in the payment of any tax, lien, assessment, charge or any utility charge, whether public, private, levied or assessed against the premises; in the payment of any insurance premiums; fails to keep the premises in repair; commits, suffers or permits waste; fails in

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