

In case of any sale of the Collateral pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement and Conditional Assignment, the principal of the Bond, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Bond and any claims for interest matured and unpaid thereon.

The proceeds and avails of any sale of the Collateral and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment to the Bank of the amount then owing or unpaid on the Bond for principal and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and owing or unpaid upon the Bond with application to be made first to unpaid interest thereon, and next to unpaid principal thereof; such application to be made upon presentation of the Bond, and upon the notation thereof of the payment, if