

defect in respect of which such title insurance proceeds shall have been paid and then, at the election of the Bank, be paid to the Bank and applied first against any accrued and unpaid interest and then against the principal installments of the Note in the inverse order of maturity or, if the Bank shall not so elect, to the Company.

Section 3. Maintenance and Modification of the Mortgaged Property by the Company. The Company agrees that during the Loan Term it will, at its own expense, keep the Buildings and the Equipment in good repair and in good operating condition, making from time to time all necessary repairs thereto and renewals and replacements thereof. The Company may, also at its own expense, make or cause to be made from time to time any additions, modifications or improvements to the Mortgaged Property it may deem desirable for its business purposes that do not materially adversely affect the use of the Mortgaged Property for the purpose for which it is intended. Subject to the provisions of Section 14 hereof, such additions, modifications and improvements so made by the Company shall become a part of the Mortgaged Property.

(B) The Company will not permit any mechanics', materialmen's or other liens to be established or remain against the Mortgaged Property for labor or materials furnished in connection with any additions, modifications, improvements, repairs, renewals or replacements made by it in accordance with this Section; provided, that if the