

related property (hereinafter "Equipment") shall be acquired in whole or in part from the proceeds of the Note and installed in the Project. If no Default under this Agreement shall have happened and be continuing, in any instance where the Corporation in its discretion determines that any item of Equipment has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Corporation may remove such item of Equipment from the Project and sell, trade-in, exchange or otherwise dispose of it (as a whole or in part) without consent of either the Issuer or the Lender therefor if the value of such Equipment (as measured by its original cost) is equal to or less than \$5,000. In all other cases the Corporation shall either:

(a) Substitute and install in the Project other machinery, equipment or related property having equal or greater utility (but not necessarily having the same function) in the operation of the Project for the purpose for which it is intended, all of which substituted machinery, equipment or related property shall be free of all liens and encumbrances (other than Permitted Encumbrances) and shall become a part of the Project; or

(b) Not make any such substitution and installation, provided (i) that in the case of the sale of any such Equipment to anyone other than a related person or in the case of the scrapping thereof, the Corporation shall pay to the Lender as prepayment of the Note, the proceeds from such sale or the scrap value thereof, as the case may be, (ii) that in the case of the trade-in of such Equipment for other machinery, equipment or related property not to be installed in the Project, the Corporation shall pay to the Lender as prepayment of the Note the amount of the credit received by it in such trade-in, or (iii) that in the case of the sale of any such Equipment to a related person other than Curtron Manufacturing or in the case of any other disposition thereof, the Corporation shall pay to the Lender, as prepayment of the Note or the Loan, as directed by the Lender, an amount equal to the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting practice.

In the event any removal of machinery, equipment or related property under this section causes damage to existing buildings or structures included in the Project the Corporation shall restore the same or repair such damage at its sole expense.

The removal from the Project of any portion of the Equipment pursuant to this section shall not entitle the Corporation to any abatement or diminution of the amounts payable under Section 4.01 hereof except to the extent of any payments made hereunder.