

- (i) Such management company has, as a full-time employee, at least one Certified Property Manager (CPM - member of the Institute of Real Estate Management); and
- (ii) Such management company has during the five (5) calendar years immediately preceding the calendar year of the proposed transaction, managed apartment projects containing, cumulatively, at least two thousand (2,000) units.

The management agreement described in subsection 11.16(b)(1)(C) hereinabove, after consent by the Mortgagee, shall continue to be in effect and shall meet the aforesaid requirements until such time as this Mortgage is cancelled and satisfied of record, and failure of the then owner of the Mortgaged Property to comply with such condition at any time shall be an Event of Default under this Mortgage. Said management agreement, subject to Mortgagee's approval as above provided, may be replaced before or simultaneously with its expiration by a management agreement meeting the aforesaid requirements. Further, the conditions of this subsection shall apply to all subsequent proposed Dispositions.

(2) Such purchaser, assignee or transferee shall assume the obligations of Mortgagor under this Mortgage, and all of the other Security Documents and shall execute and deliver to Mortgagee such instruments and documents as Mortgagee may reasonably require in order to evidence such assumption, and such purchaser, assignee or transferee shall pay Mortgagee a loan assumption fee equal to one percent (1%) of the Indebtedness.

(3) If the Guaranty is in effect at such time, the Guarantors shall reaffirm their continuing and uninterrupted liability under the Guaranty notwithstanding such Disposition, and shall execute and deliver to Mortgagee such documents and instruments as Mortgagee may reasonably require in order to evidence such reaffirmation.

11.17 Applicable Law. The Security Documents shall be governed by and construed according to the laws of the State of South Carolina, except to the extent United States Federal law permits Mortgagee to contract for, charge or receive a greater amount of interest than is allowed by South Carolina law.

11.18 Subrogation. If any or all of the amounts advanced by Mortgagee to Mortgagor have been used to extinguish, extend or renew any indebtedness heretofore existing against the Mortgaged Property, then, to the extent of such funds so used, the Indebtedness and this Mortgage shall be subrogated to all of the rights, claims, liens, titles and interests heretofore existing against the Mortgaged Property to secure the indebtedness so extinguished, extended or renewed, and the former rights, claims, liens, titles and interests, if any, are not waived, but rather, are continued in full force and effect in favor of Mortgagee and are merged with the lien and security interest created herein as cumulative security for the repayment of the Indebtedness and the satisfaction of the Obligations.