

(c) the Mortgagor, without the prior written consent of the Mortgagee,

(i) will not purchase or contract to purchase fixed assets at prices aggregating more than twenty-five thousand dollars (\$25,000.00) in amount during any twelve month period computed from the first day of April, 1945;

(ii) will not redeem any of its presently issued Class A Common Stock, except as the Mortgagor may be required to do pursuant to the resolutions adopted by its stockholders at a meeting thereof held August 11, 1941;

(iii) will not issue any presently unissued shares of capital stock, or make any changes in its capital structure;

(iv) will not make any secured or unsecured loans to any affiliated companies, or to any officers or employees, which aggregate in excess of five thousand dollars (\$5,000.00) in amount, provided that this shall not prohibit the Mortgagor from making advance payments for merchandise which it may purchase from any corporations or firms affiliated with it;

(v) will not pay any dividends on any of its shares of capital stock, except dividends on its Class A Common Stock from earnings subsequent to November 30, 1944, not exceeding thirty-three and one-third per cent. (33-1/3%) of the Mortgagor's net earnings in any fiscal year after deducting taxes and depreciation;

(vi) will not increase the salary of any officer or employee whose salary presently is in excess of twelve thousand dollars (\$12,000.00) per annum, and

(vii) will not encumber any of its assets, or permit any of them to become encumbered or subject to any lien, except purchase money mortgages and conditional sale contracts.

Section 14. Reimbursement for Expense. The Mortgagor will forthwith reimburse the Mortgagee, upon demand, for all expenses, including attorneys' reasonable fees, incident to the enforcement, protection and preservation of all the rights and claims of the Mortgagee under said promissory note and this mortgage. The amount of any such expenses shall be added to the principal amount of said promissory note, and shall be secured by this mortgage.

Section 16. Absolute Events of Default. Said promissory note shall become immediately due and payable, without notice or demand, (a) upon the appointment of a receiver or liquidator, whether voluntary or involuntary, for the Mortgagor or for any of its property; (b) the filing of a petition under any Chapter of the Bankruptcy Act, as amended, by or against the Mortgagor, or (c) the making of an assignment for the benefit of the Mortgagor's creditors.

Section 17. Other Events of Default. The Mortgagee is authorized at its option, to declare all outstanding installments of said promissory note immediately due and payable upon the happening of any of the following events, which, together with those set forth in Section 16 hereof, are herein called "Events of Default", provided that the Events of Default set forth in the following subdivisions "(c)" to "(h)", inclusive, shall not have been cured by the Mortgagor withⁱⁿ five (5) days after the Mortgagee's mailing of registered notice thereof to the Mortgagor.

(a) Default in the payment of any installment of principal or interest on said promissory note for a period of thirty (30) days;

(b) Default in the payment of any tax or assessment continuing for thirty (30) days after the same becomes due and payable, provided, however, this shall not apply where the Mortgagor has secured an extension of time for payment or is given the right to make payment in installments, nor in any case where it shall in good faith contest the validity of any tax, assessment or lien;

(c) Non-performance by the Mortgagor of any agreement, covenant, warranty or condition of said promissory note or of this mortgage on the part of the Mortgagor to be performed;

(d) The Mortgagor's sale, lease, transfer or pledge (or the making of any agreement therefor) (i) of its interest in the Mortgaged Property or any part thereof, or (ii) of its assets or property, as an entirety, or (iii) (except in the ordinary course of business) of any part of its assets or property, not included in the Mortgaged Property, without in any such case having first obtained the written consent of the Mortgagee);

(e) The reorganization or merger or consolidation of the Mortgagor (or the making of any agreement therefor) in any manner deemed by the Mortgagee to affect its rights adversely;

(f) The Mortgagor's failure duly to account, to the satisfaction of the Mortgagee, at such time or times as the Mortgagee may require, for any of the Mortgaged Property, or the proceeds thereof delivered or caused to be delivered to the Mortgagor by the Mortgagee or otherwise coming into the possession or control of the Mortgagor;

(g) The entry of a judgment against the Mortgagor and its failure to appeal therefrom or to pay the same within twenty (20) days after such entry, or the levying of an