

ARTICLE III

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CONSTRUCTION FUND

SECTION 3.01. Creation of Construction Fund. There is hereby created and established with the Depository a special and separate trust fund of the Issuer to be known and designated as the "Greenville County, South Carolina, Industrial Development Construction Fund (Keystone Consolidated Industries, Inc. Project)." The Issuer shall pay to the Depository the proceeds from the sale by the Issuer of the Note, and the Depository shall deposit the same in the Construction Fund. The Depository is authorized to charge a fee for handling the Construction Fund. Such fee shall be paid by the Corporation.

SECTION 3.02. Application of Moneys in Construction Fund. The moneys in the Construction Fund, until applied in payment of any item of the Cost of the Project, shall be held in trust by the Depository and, pending such application, shall be subject to a lien and charge in favor of the Holders of the Note and for the further security of such Note until paid out as herein provided.

SECTION 3.03. Requisitions. Prior to making the initial disbursement from the Construction Fund, the Corporation shall supply the Depository with the following items which must in all respects be approved by the Lender:

(i) the Plans and Specifications and any contracts requested by the Lender;

(ii) all applicable governmental authorizations and permits;

(iii) a current survey of the premises, certified to the Lender and the title insurer showing the boundaries of the premises, all easements and rights of way, the proposed building line and all streets and roadways abutting the premises;

(iv) a certification from approved architects and engineers that the Plans and Specifications have been approved and are acceptable to each of them;

(v) copies of all insurance policies required by this Agreement; and

(vi) 100% performance and payment bonds naming the Lender and the Corporation as co-obligees.

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