

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements of the parties hereto, it is agreed that:

1. In the event the above described Lease Agreement and S. S. Lease are cancelled by Phillips, Phillips shall, in the absence of title defect as hereinafter described, pay to Lender an amount equal to the principal balance remaining unpaid on the mortgage loan above described plus accrued interest at the initial interest rate, and Lender shall assign, transfer and deliver to Phillips the mortgage note and mortgage described above without payment to Lender of unaccrued interest or any other penalty.

2. No obligation shall be imposed upon Phillips under this agreement if:

- (a) There has been any additional advancement, extension of time or any other change made without Phillips' consent in the terms and provisions of the note or mortgage or deed of trust described above since their execution; or
- (b) Phillips' full, complete and peaceful possession of the leased premises or right therein is terminated because Lessor did not have unencumbered, merchantable title to the leased premises subject only to said S. S. Lease and Lease Agreement, at the time the above described mortgage was recorded as required above.

3. Lender covenants that it will require the Lessor under the above-described lease to keep all improvements on the leased premises insured for their full insurable value with loss payable to Lender, and in the event the Lessor fails or refuses to repair or rebuild, and Phillips elects to do so pursuant to paragraph 10 of the Lease Agreement, Lender will cause the proceeds of the insurance to be paid to Phillips for that purpose. If Phillips elects to cancel under said paragraph 10, Lender will apply the proceeds of insurance on the indebtedness secured by the above-described mortgage.

4. So long as said lease and said assignment of rentals thereunder to Lender are in effect and any part of said loan is outstanding and remains unpaid, Phillips will pay the rentals stipulated in Paragraph 3 of the Lease and will claim no right of offset, credit, counterclaim or other deduction from said rentals.