

e. Upon default of Lessor under the terms of this lease or option, Lessee shall be entitled at its option, to specific performance of said option or to damages for breach thereof. Lessee shall have, and Lessor hereby grants to Lessee, a first mortgage in the principal amount of the purchase price over the property to secure payment by Lessor of said damages.

3. Lessor covenants and agrees that, upon performance by Lessee of the terms and conditions of this lease, Lessee may peaceably and quietly enjoy the demised premises. Lessor shall not sell, transfer, encumber or otherwise dispose of the property or any interest in the property during the term of this Agreement.

4. Lessee shall hold Lessor harmless against any and all liability arising out of Lessee's use of the demised premises.

5. Upon expiration of the lease term, unless Lessee exercises its option to purchase, Lessee shall quit and surrender to Lessor the demised premises.

6. All notices and payments to be given or made hereunder to Lessor shall be given or made to

Bankers Trust, Trust Department
P. O. Box 608
Greenville, South Carolina 29602

All notices for Lessee shall be given to

Thermo-Kinetics Industries, Inc.
P. O. Box 6747
Greenville, South Carolina 29606

7. If all or any part of the premises shall be condemned or otherwise taken by right of eminent domain, then Lessee shall have the option of terminating this Agreement. If Lessee elects not to terminate then the option purchase price shall be reduced by the entire amount of the condemnation award to Lessor.

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