

in such forms and amounts and against such risks as are customary for companies engaged in similar businesses and owning and operating similar properties.

(b) Upon written request, copies or certificates of the insurance required by this Section, each bearing notations evidencing payment of the premiums or other evidence of payment satisfactory to the Bank, shall be delivered by Lessee to the Bank.

(c) Policies of insurance shall provide for ten days notice of cancellation or non-renewal to the County and the Bank and shall name the County and the Lessee as insureds as their respective interests may appear, provided, however, that the Bank shall also be named as a party insured pursuant to a standard mortgagee clause as its interests may appear, and provided further that while any amount remains unpaid on the Note, all such insurance proceeds shall be payable as provided in Section 7.1 hereof.

SECTION 6.4. Application of Net Proceeds of Insurance. The Net Proceeds of casualty insurance carried pursuant to the provisions of Section 6.3 hereof shall be paid and applied as provided in Section 7.1 hereof and the Net Proceeds of liability insurance carried pursuant to the provisions of Section 6.3 hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

SECTION 6.5. Advances by the County or the Bank. In the event the Lessee shall fail to maintain the insurance coverage required by this Agreement or shall fail to keep the Project in as reasonably safe condition as its operations will permit, or shall fail to keep the Building in good repair and good operating condition, the County or the Bank may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or make the required repairs, renewals and replacements; and all amounts so advanced therefor by the County or the Bank shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the Penalty Rate, the Lessee agrees to pay.

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 7.1. Damage and Destruction. (a) Subject to Section 11.1 hereof, if prior to full payment of the Note the Project is damaged by fire or other casualty the Lessee (i) will promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition thereof as existed prior to the event causing such damage or destruction with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not adversely affect the use of the Project for the purpose for which it is intended, and (ii) shall apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from such claims for losses. All Net Proceeds of insurance resulting from such claims for losses shall be paid to the Lessee and the Mortgagee.

(b) In the event said Net Proceeds are not sufficient to pay in full the costs of such repair, rebuilding or restoration, the Lessee will nonetheless complete said work and will pay that portion of the costs thereof in excess of the amount of said Net Proceeds.

(c) The Lessee shall not, by reason of the payment of such excess costs (whether by direct payment thereof or advances to the County or Bank therefor), be entitled to any reimbursement from the County, or the holder of the Notes, or any abatement or diminution of the rents payable under Section 5.3 hereof.

(d) Any balance of such Net Proceeds remaining after payment of all the costs of such repair, rebuilding or restoration shall be applied against the principal payments on the Notes, pro rata, in inverse order of their maturity. If the Notes have been fully paid all Net Proceeds will be paid to the Lessee.

SECTION 7.2. Condemnation. Subject to Section 11.1 hereof, in the event that title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Lessee shall be obligated to continue to make the rental payments specified in Section 5.3 hereof. The County, the Lessee and the Bank shall cause the Net Proceeds received by them or any of them from any award made in such eminent domain proceedings, to be paid to and held by the Lessee, to be applied in one or more of the following ways as shall be determined by the Lessee:

(a) To the restoration by the Lessee of the Project to substantially the same condition thereof as existed prior to the exercise of the said power of eminent domain.

(b) To the acquisition, by construction or otherwise, in the name of the County of improvements consisting of a building or buildings, facilities, machinery, equipment or other properties suit-

able for the Lessee's operations at the Project (which improvements shall be deemed a part of the Project and available for use and occupancy by the Lessee without the payment of any rent other than as herein provided to the same extent as if such other improvements were specifically described herein and demised hereby); provided, that such improvements shall be acquired by the County subject to no liens or encumbrances, other than Permitted Encumbrances.

(c) To payment to the Bank for application against principal payments on the Note, pro rata, in the inverse order of their maturity.

Within ninety days from the date of entry of a final order in any eminent domain proceedings granting condemnation, the Lessee shall notify the County and the Bank in writing as to which of the ways specified in this Section the Lessee wishes to apply the condemnation award. If the alternatives provided by either (a) or (b) above have been chosen by the Lessee, any balance of the Net Proceeds of the award in such eminent domain proceedings remaining after such application shall be paid to the Bank to be applied against principal payments on the Note, pro rata, in inverse order of their maturity. If the Notes have been fully paid, all Net Proceeds will be paid to the Lessee.

The County shall cooperate fully with the Lessee in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and shall, to the extent it may lawfully do so, permit the Lessee to litigate in any such proceeding in the name and behalf of the County. In no event shall the County voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the written consent of the Lessee.

SECTION 7.3. Condemnation of Lessee-Owned Property. The Lessee shall also be entitled to the Net Proceeds of any condemnation award or portion thereof for damage to or taking of its own property not included in the Project (except for damages for the value of its leasehold estate under this Agreement which shall be disposed of pursuant to Section 7.2 hereof).

ARTICLE VIII

SPECIAL COVENANTS

SECTION 8.1. No Warranty of Condition of Suitability by the County. The County makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Lessee's purposes or needs.

SECTION 8.2. County's and Bank's Right of Access to the Project. The Lessee agrees that the County, the Bank and the duly authorized agents of each of them shall have the right at all reasonable times to enter upon the Leased Land and to examine and inspect the Project. The Lessee further agrees that the County, the Bank and their or either of their duly authorized agents shall have such rights of access to the Project as may be reasonably necessary for the proper maintenance of the Project in the event of failure by the Lessee to perform its obligations under Section 6.1 hereof.

SECTION 8.3. Lessee to Maintain its Corporate Existence; Conditions Under Which Exceptions Permitted. The Lessee agrees that during the Lease Term it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it, provided, that the Lessee may, without violating the agreement contained in this Section, consolidate with or merge into a corporation, or permit one or more corporations to consolidate with or merge into it, or sell or otherwise transfer to a corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided that the surviving, resulting or transferee corporation, as the case may be, expressly assumes in writing all of the obligations of the Lessee herein and qualifies to do business in South Carolina.

SECTION 8.4. Qualification in South Carolina. The Lessee warrants that it is and throughout the Lease Term it will continue to be duly qualified to do business in South Carolina.

SECTION 8.5. Release of Certain Land. In addition to the rights granted by Section 11.2 hereof, the parties hereto reserve the right at any time and from time to time to amend this Agreement for the purpose of effecting the release of and removal from this Agreement and the leasehold estate created hereby of any part (or interest in such part) of the Leased Land with respect to which the County proposes to grant an easement or convey fee title to a railroad, public utility or public body in order that railroad, utility services or roads may be provided for the Project; provided, that if at the time any such amendment is made any amount is outstanding and unpaid upon the Note there shall be deposited with the Bank the following: