

the Landlord in the event of cancellation. The Landlord and the Tenants shall be named as insureds as their interest may appear. In the event any damage occurs to the premises covered by proceeds of insurance prior to exercise of the option, then such insurance proceeds shall be paid to Landlord and applied upon the purchase price under the option in the event that Tenant then elects to exercise such option, which election must be made within thirty (30) days from the date of loss.

11. a. The property is encumbered by a mortgage to Carolina Federal Savings and Loan Association (now Security Federal Savings and Loan Association) having a present balance as of the date of this LEASE AND OPTION in the amount of Fifty Four Thousand Six Hundred Sixty-Three and 83/100 (\$54,663.83) Dollars. Such mortgage debt bears interest at the rate of Eight and One-Half (8 1/2%) per cent and requires monthly installments in the amount of Four Hundred Fifty Two and 13/100 (\$452.13) Dollars.

b. Landlord covenants that he will make the monthly installments upon the existing mortgage to Carolina Federal and keep such mortgage current in all respects.

12. Both parties covenant to take no action which would violate in any way the terms and conditions of the outstanding mortgage.

13. In the event that the Tenants deliver monthly payments to the Landlord pursuant to the terms and conditions of the within LEASE AND OPTION and the failure of the Landlord to make his monthly payments to the Mortgagee causes the aforesaid Mortgagee to add any type of late

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RECORDED

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