

on the one part, and the taxing Authority on the other part, as to the legality or regularity of any such imposition, the Lumber Company is hereby given full power, at its option, and at the Mortgagor's expense to intervene in such controversy and to institute and/or maintain any proceedings it deems appropriate relative thereto. The Mortgagor expressly exercises the option to have the interests of itself and of the Lumber Company in the mortgaged property assessed and taxed together, without separate valuation, to the first party hereto as the mortgagor, the same as if the mortgaged property were unincumbered, and it hereby expressly waives any right of offset or deduction which, under the laws of South Carolina, it has or may have against any of the bonds issued hereunder.

4. The Mortgagor will keep all plants, facilities and equipment (at any time covered hereby) in good working condition and supplied with motive power and will make all needful repairs, additions, renewals and replacements, so that the same shall always be fit for their intended use; and to that end any worn out, useless, or obsolete equipment (which has first been superseded by new or improved equipment suitable for the purpose and fully paid for and free from all liens except the lien hereof) may be removed from the premises described herein and disposed of free from the lien hereof.

5. The Mortgagor will keep insured against loss by fire, to the largest possible percent of their insurable value (not less than 90% thereof), such of its buildings (other than fireproof structures expressly excepted in writing by the Lumber Company in its discretion), facilities and equipment at any time covered hereby as are equally thus insured by parties engaged in like business, failing which the Lumber Company, at its option and at the mortgagor's expense may take out such insurance. The Mortgagor will always provide and maintain such fire protection facilities and keep the mortgaged premises in such condition that, in judgment of the Lumber Company, full and adequate insurance at low rates may always be

(Next Page)