

- A. Further, Mortgagor(s) hereby assign, transfer and set over to Southland Life Insurance Company of Dallas, Texas, its successors and assigns (herein called the "Assignee") Policy No. 77-781374 issued by the Southland Life Insurance Company (herein called the "Insurer") and any supplementary contracts issued in connection therewith (said policy and contracts being herein called the "Policy"), upon the life of Harold D. Lonnecker, Box 8555, Greenville, South Carolina and all claims, options, privileges, rights, title and interest therein and thereunder (except as provided in Paragraph C hereof), subject to all the terms and conditions of the Policy and to all superior liens, if any, which the Insurer may have against the Policy. The Mortgagor by this instrument jointly and severally agree and the Assignee by the acceptance agrees to the conditions and provisions herein set forth.
- B. It is expressly agreed that, without detracting from the generality of the foregoing, the following specific rights are included in this assignment and pass by virtue hereof:
1. The sole right to collect from the Insurer the net proceeds of the Policy when it becomes a claim by death or maturity;
 2. The sole right to surrender the Policy and receive the surrender value thereof at any time provided by the terms of the Policy and at such other times as the Insurer may allow;
 3. The sole right to obtain one or more loans or advances on the Policy, either from the Insurer or, at any time from other persons, and to pledge or assign the Policy as security for such loans or advances;
 4. The sole right to collect and receive all distributions or shares of surplus, dividend deposits or additions to the Policy now or hereafter made or apportioned thereto, and to exercise any and all options contained in the Policy with respect thereto; provided, that unless and until the Assignee shall notify the Insurer in writing to the contrary, the distributions or shares of surplus, dividend deposits and additions shall continue on the plan in force at the time of this assignment; and
 5. The sole right to exercise all nonforfeiture rights permitted by the terms of the Policy or allowed by the Insurer and to receive all benefits and advantages derived therefrom.
- C. It is expressly agreed that the following specific rights, so long as the Policy has not been surrendered, are reserved and excluded from the assignment and do not pass by virtue hereof:
1. The right to designate and change the beneficiary;
 2. The right to collect from the Insurer any disability benefit payable in cash that does not reduce the amount of insurance;
 3. The right to elect any optional mode of settlement permitted by the Policy or allowed by the Insurer; but the reservation of these rights shall in no way impair the right of the Assignee to surrender the Policy completely with all its incidents or impair any other right of the Assignee hereunder, and any designation or change of beneficiary or election of a mode of settlement shall be made subject to this Assignment and to the rights of the Assignee hereunder.
- D. This assignment is made and the Policy is to be held as collateral security for any and all liabilities of the Mortgagor and specifically the indebtedness described herein or any of them, to the Assignee, either now existing or that may hereafter arise in the ordinary course of business between any of the Mortgagor(s) and the Assignee (all of which liabilities secured or to become secured are herein called "Liabilities").

