

28. That the mailing of a written notice or demand addressed to the owner of record of the mortgaged premises, or directed to the said owner at the last address actually furnished to the Mortgagee, or directed to said owner at said mortgaged premises, and mailed by the United States Mails, shall be sufficient notice and demand in any case arising under this instrument and required by the provisions hereof or by law.

29. The holder of this Mortgage will not acquire any lien or other interest in the said premises (including, but not limited to real estate taxes and assessment liens) by subrogation or otherwise which is or may be prior to any right of the first Mortgage covering the premises or any extension, consolidations, modifications or supplements thereto, unless within thirty (30) days following written notice thereof, the first Mortgagee, its successors and assigns, shall fail or refuse to purchase or acquire by subrogation or otherwise, such prior lien or interest or shall fail within such period to commence necessary action and thereafter proceed with diligence to purchase or acquire the same.

30. The lien of this Mortgage shall be subject and subordinate to any and all advances in whatever amounts made by the holder of the first Mortgage covering the said premises, including any advance which may increase the indebtedness above the original principal amount and whenever made under any of the express provisions of the said first Mortgage and any extensions, consolidations, modifications and supplements thereto and intended to be secured thereby.

31. The holder of this Mortgage will make available to the holder of the first Mortgage covering the said premises the proceeds of all policies of insurance covering the said premises and the same shall be disbursed in accordance with the terms of the said first Mortgage or any extensions, consolidations, modifications or supplements thereto.

32. This Mortgage shall be subject and subordinate to any and all existing leases in effect covering the property and any or all subsequent leases of all or any part of the said premises and in any action to foreclose this Mortgage the said lessees will not be named as parties-defendant in the action.

33. The holder of this Mortgage shall execute, acknowledge and deliver upon demand at any time or times, and without charge, any and all agreements and instruments that the holder of any first Mortgage as consolidated, extended, modified or supplemented may reasonably require.

34. That all the covenants herein contained shall run with the land.

35. That concurrently with the execution and delivery to the Mortgagee of said Note secured hereby and the within Mortgage, there was also executed and delivered the following documents:

(a) Deed of Trust Note of even date herewith in the principal sum of \$ 944,310.00, made by Nalley Commercial Properties, Inc. payable to the order of Citizens Mortgage Investment Trust, secured by a Deed of Trust of even date therewith, to be recorded simultaneously herewith in various counties of the State of North Carolina, and constituting a second lien upon the real property more particularly described in said Deed of Trust.