

suffer any waste, impairment or deterioration of THE MORTGAGED PROPERTY or of any part thereof.

(b) Except as otherwise provided in this Mortgage, no Building Equipment or other personal property forming a part of THE MORTGAGED PROPERTY shall be removed, demolished or altered, without the prior written consent of the Mortgagee. The Mortgagor shall have the right, without such consent, to remove and dispose of, free from the lien of this Mortgage, (i) such Building Equipment as from time to time may become worn out or obsolete, provided that either (x) simultaneously with or prior to such removal, any such equipment shall be replaced with other equipment of equal utility and of a value at least equal to that of the replaced equipment and free from any Security Agreement, and by such removal and replacement the Mortgagor shall be deemed to have subjected such Building Equipment to the lien of this Mortgage or (y) any net cash proceeds received from such disposition shall be paid over promptly to the Mortgagee to be applied to the last installments due on the indebtedness hereby secured, without any charge for prepayment; and (ii) such Building Equipment as from time to time is no longer properly required by the Mortgagor for the effective operation of THE MORTGAGED PROPERTY, provided that the aggregate book value thereof to the Mortgagor shall not exceed ten thousand dollars (\$10,000) in any one fiscal year of the Mortgagor.

(c) The Mortgagee may enter upon and inspect THE MORTGAGED PROPERTY at any reasonable time during the life of this Mortgage.

(d) If any part of THE MORTGAGED PROPERTY shall be lost, damaged or destroyed by fire or any other cause, the Mortgagor will give immediate written notice thereof to the Mortgagee and shall promptly restore THE MORTGAGED PROPERTY to the equivalent of its original condition regardless of whether or not there shall be any insurance proceeds therefor. The obligation of the Mortgagor in this paragraph is conditioned upon the Mortgagee making available to the Mortgagor the proceeds of insurance or condemnation as the case may be for such purposes under reasonable safeguards for the protection of the Mortgagee. Notwithstanding the foregoing, if the proceeds of insurance required to be maintained by the Mortgagee pursuant to paragraph 1.04.2 hereof are less than ninety percent (90%) of the reasonable costs of such restoration, the Mortgagor may within sixty (60) days of any such loss, damage or destruction, prepay without premium or penalty the entire then outstanding principal balance of the Note together with interest thereon accrued to the date of prepayment.

(e) If any work required to be performed under this paragraph involves an estimated expenditure of more than one percent of the original principal amount of the Note, no such work shall be undertaken until plans and specifications therefor, prepared by an architect or engineer satisfactory to the Mortgagee, have been submitted to and approved in writing by the Mortgagee.

1.07 Transfer of Property. The Mortgagor may sell, convey or transfer all of THE MORTGAGED PROPERTY free and clear of this mortgage without the prior written consent of the Mortgagee, at any time, provided that there shall be paid to the holder of the Note at its option and within five (5) days of any such sale, conveyance or transfer the sum of One Hundred Thousand Dollars (\$100,000) as a prepayment of the principal balance of the Note concurrently with such sale, transfer or conveyance, Mortgagee shall execute and deliver to Mortgagor a written release of discharge in recordable form without penalty or charge and in a text provided by Mortgagor, to evidence the release or discharge of this mortgage. The Mortgagor shall not lease or further encumber all or any interest in or any part of THE MORTGAGED PROPERTY without the prior written consent of the Mortgagee which

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