

satisfactory to the Mortgagees, but the Mortgagees shall not be obligated to see to the proper application of any amount paid over to the Mortgagor; (b) that not less than five (5) days prior to the expiration dates of each policy required of the Mortgagor pursuant to this Article, the Mortgagor will deliver to the Mortgagees a renewal policy or policies marked "premium paid" or accompanied by other evidence of payment satisfactory to the Mortgagees; and (c) that in the event of a foreclosure of this Mortgage the purchaser of the premises shall succeed to all the rights of the Mortgagor, including any right to unearned premiums, in and to all policies of insurance assigned and delivered to the Mortgagees pursuant to the provisions of this Article. All of this paragraph subject to the rights of Southland under its mortgage.

3. That no building or other property now or hereafter covered by the lien of this mortgage shall be removed, demolished or materially altered, without the prior written consent of the Mortgagees, except that the Mortgagor shall have the right, without such consent, to remove and dispose of, free from the lien of this mortgage, such equipment as from time to time may become worn out or obsolete, provided that either (a) simultaneously with or prior to such removal any such equipment shall be replaced with other equipment of a value at least equal to that of the replaced equipment, free from any title retention or security agreement or other encumbrance, and by such removal and replacement the Mortgagor shall be deemed to have subjected such equipment to the lien of this mortgage, or (b) any net cash proceeds received from such disposition shall be paid over promptly to the Mortgagees to be applied to the last instalments due on the indebtedness secured, without any charge for prepayment.

4. That the whole of the principal sum and the interest on all of the aforementioned four (4) promissory notes shall become immediately due at the option of the Mortgagee: (a) After default in the payment of any instalment of principal and/or of interest of any one of said four (4) promissory notes for thirty days; or (b) after default in the payment of any tax, water rate or assessment for ten (10) days after notice and demand; or (c) after default after notice and demand either in assigning or delivering the policies of insurance herein described or referred to or in reimbursing the Mortgagees for premiums paid on such insurance; or (d) upon the actual or threatened waste, removal or demolition of or material alteration to, any part of the premises, except as permitted by Article 3; or (e) upon default in keeping in