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SECTION 3. GRANT OF SECURITY INTEREST.

The Company does hereby convey, warrant, mortgage, pledge, assign and grant to the County, its successors and assigns, and the County does hereby accept, a first security interest in and to all and singular of the Company's right, title and interest in and to the Premises.

Subject to the provisions of Section 4 of this Mortgage and Security Agreement, the Company does hereby further convey, warrant, mortgage, pledge, assign and grant to the County, its successors and assigns, and the County does hereby accept, a first security interest in and to all and singular of the Company's right, title and interest in and to any and all obligations which are purchased with the proceeds of the Bond and the Company Note [said securities constituting a part of the "Construction Fund" (as defined in the Loan Agreement)] during the Construction Period (as defined in the Loan Agreement), and all replacements or substitutions and proceeds of those obligations.

The County, its successors and assigns shall have and hold the Collateral forever; provided, always, however, that this security interest is granted upon the express condition that if the Company shall pay or cause to be paid all amounts payable under the Company Note, the Loan Agreement and this Mortgage and Security Agreement, then the security interest hereby granted shall cease and be discharged; otherwise this security interest shall remain in full force and effect.

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