

ARTICLE II

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REPRESENTATIONS AND COVENANTS

SECTION 2.01. Representations by Corporation. The Corporation makes the following representations as a basis for the undertakings herein contained:

(a) The Corporation is a corporation duly organized and incorporated under the laws of the State of South Carolina, is qualified to do business in, and is in good standing in, the State of South Carolina, has power to enter into this Agreement and by proper action has duly authorized the execution and delivery of this Agreement; and

(b) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement are prevented or limited by, conflict with, result in a breach or contravention of or constitute a default under the Corporation's Articles of Incorporation or Bylaws, or any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Corporation is now a party or bound, or any existing law, rule, regulation, judgment, order or decree binding upon it, or will result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation prohibited under the terms of any such instrument or agreement.

SECTION 2.02. Maintenance of Corporate Existence; Qualification to do Business. The Corporation covenants that as long as the Note is outstanding the Corporation will maintain its separate corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it except with the prior written consent of the Lender. The Corporation warrants that it is duly qualified to do business in the State and covenants that it will continue to be so qualified so long as it owns the Mortgaged Property.

SECTION 2.03. Corporate Information. The Corporation agrees to furnish to the Lender:

(a) Within 120 days after the close of each calendar year an annual statement prepared by a certified public accountant in conformity with generally accepted

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