

amounts so expended shall immediately become debts due by the Mortgagor, shall bear interest at the same rate of interest payable upon the indebtedness secured hereby pursuant to the Loan Agreement, and shall be secured by this Mortgage. If the Mortgagor fails or refuses to keep the premises so insured, the Mortgagee may obtain such insurance without prejudice to its right to foreclose hereunder by reason of such default. In the event of loss, the Mortgagor will give immediate notice by mail to the Mortgagee, who may make proof of loss if not made promptly by the Mortgagor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Mortgagee as its interest may appear instead of the Mortgagor and the Mortgagee jointly. The proceeds of any insurance, or any part thereof, may be applied by the Mortgagee, at its option, either to the reduction of the indebtedness secured hereby or to the restoration or repair of the real estate damaged. The insurance policies shall provide that they shall not be cancelled or terminated without at least thirty (30) days prior written notice to Mortgagee to be sent to Mortgagee at Post Office Box 7016, Greensboro, North Carolina 27407.

3. If Mortgagor defaults in the payment of any tax, lien, assessment, charge or any utility charge, whether public, private, levied or assessed against the real estate; in the payment of any insurance premiums; fails to keep the real estate in repair, commits, suffers or permits waste; fails in the performance or observance of any other covenant, condition or term of this Mortgage; fails in the performance or observance of any covenant, condition or term of the Loan Agreement or the Guaranty, or any other agreement or document executed and delivered in connection with the indebtedness secured hereby or if there be commenced any action at law or equity or any proceeding affecting the title to the real estate, Mortgagee at its option may pay said tax, lien, assessment, charge, utility charge or premium, make such repairs, take such steps as are necessary to prevent or cure such waste or default and may appear in any such necessary action as Mortgagee deems advisable in Mortgagee's sole discretion, and for any of said purposes, Mortgagee may, but shall not be obligated to, advance such sums of money as it deems necessary. All advances made by Mortgagee in connection therewith shall be secured hereby, and shall, upon demand, immediately be repaid by Mortgagor to Mortgagee with interest thereon at the rate of interest per annum provided for in the Loan Agreement. Mortgagee shall be the sole judge, in the exercise of reasonable discretion, of the legality, validity and priority of any such tax, lien, assessment, charge, claim and premium; and of the necessity for any such action and of the amount necessary to be paid in satisfaction thereof.

4. The Mortgagor will keep the real estate in good order, repair and condition, reasonable wear and tear excepted; and it will not commit or permit any waste. The Mortgagee shall have the right to inspect the real estate at all reasonable times, and access thereto shall be permitted for that purpose to Mortgagee or its authorized agents.

5. No delay or the forbearance by the Mortgagee in exercising any or all of its rights hereunder or rights otherwise afforded by law shall operate as a waiver thereof or preclude the exercise thereof during the continuance of any default as set forth herein or in the event of any subsequent default hereunder, and all such rights shall be cumulative. In case the Mortgagee voluntarily or otherwise shall become a party to any suit or legal proceedings or dispute of any kind to protect the real estate, to protect the lien of this Mortgage, or the interest created herein, including without limitation, any suit to enforce or foreclose this Mortgage and any condemnation action involving the real estate, the Mortgagee shall be