

The proceeds and avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment to the County of the amount then owing or unpaid on the Company Notes for principal, interest, any penalties or fines and all allowable collection expenses; and in case such proceeds shall be insufficient to pay in full the whole amount so due and owing or unpaid upon the Company Note, with application to be made, first to allowable collection expenses, second to any penalties or fines, third to unpaid interest, and fourth to unpaid principal in equal amounts of principal as to the First Company Note and the Second Company Note; such application to be made upon presentation of the Company Notes and upon the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) Third, to the payment of the amount, if any, then owing to the County and unpaid under the Loan Agreement and this Mortgage and Security Agreement; and

(d) Fourth, to the payment of the surplus, if any, to the Company or to whomsoever may be lawfully entitled to receive the same.

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