

WHEREAS, Bankers Trust of South Carolina ("the Bank"), has purchased the First Bond and agreed to purchase the Second Bond upon receipt from the County of adequate security for payment of all amounts payable under the both Bonds; and

WHEREAS, the County has loaned to Span-America Medical Systems, Inc., a South Carolina corporation (the "Company") the proceeds from the issuance and sale of the First Bond and has agreed to loan to the Company the proceeds, upon the issuance and sale of the Second Bond upon the fulfillment of certain terms and conditions;

NOW, THEREFORE, KNOW ALL MEN, that in consideration of \$1.00 in hand paid at and before the execution and delivery of these presents and in consideration of the purchase of the Bonds and for the better securing of the payment of all amounts payable in accordance with the terms of the Bonds and for the better securing of the payment of any other amounts herein specified, the County and the Bank agree as follows:

SECTION 1. SECURITY INTEREST.

The County does hereby convey, warrant, mortgage, pledge, assign and grant to the Bank as holder of the Bonds and its successors and assigns, and to any subsequent registered owner of the Bonds, and the Bank does hereby accept, a first security interest in all and singular of the County's right, title and interest in, to or arising under the following:

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