3. INSURANCE. Mortgagor shall continually maintain hazard insurance of such types and amounts and in such companies as Mortgagee may from time to time reasonably require on the improvements now or hereafter located on the premises and shall promptly pay all premiums therefor when due. All insurance policies and renewals thereof shall be held by Mortgagee subject to the rights of the holder of the first mortgage lien, if any, and have attached thereto loss payable clauses in favor of and in a form acceptable to Mortgagee. In the event of loss, Mortgagor shall give immediate notice thereof by mail to Mortgagee, who may make proof of loss. Each insurance company is hereby directed to make payment for such loss directly to Mortgagee (instead of to Mortgagor and Mortgagee jointly), and the insurance proceeds, or any part thereof, may be applied by Mortgagee, at its option, to the debt hereby secured or for the repair or restoration of the premises. If the insurance proceeds are applied to the debt, it will be treated as a prepayment as set forth in said Note or in such other manner as Mortgagee may determine. In the event of foreclosure of this Mortgage or other transfer of title to the premises in extinguishment of the indebtedness secured hereby, all right, title and interest of Mortgagor, in any insurance policies then in force shall pass to the Mortgagee.

4. REPAIRS. Mortgagor will keep the premises in as good order and repair as they are now (reasonable wear and tear excepted) and will not commit or permit any waste or any other state of facts whereby the value of the premises might be impaired.

5. COMPLIANCE WITH LAWS. Mortgagor shall promptly comply with any applicable legal requirements of the State of South Carolina or other governmental entity, agency or instrumentality relating to the use or condition of the premises.

6. CONDEMNATION AWARD. Any award for the taking of, or damages to, all or any part of the premises or any interest thereon the lawful exercise of power of eminent domain, shall be payable to Mortgagee who may apply the sums so received to the debt hereby secured as a prepayment or in such other manner as Mortgagee may determine.

7. PAYMENTS BY MORTGAGEE. If Mortgagor shall be in default in the timely performance of any obligation under this Mortgage or the Note hereby secured or in the timely performance of any obligation imposed by a prior mortgage or other prior lien or any note thereby secured or otherwise, Mortgagee at its option may expend for the account of Mortgagor such sums as may be necessary to cure any such default. Further, Mortgagee may, at its option, expend for the account of Mortgagor such sums, expenses and fees as may become necessary or be incurred for the protection of the premises, for the protection of the lien of this Mortgage and for the maintenance and execution of this Mortgage. Any amounts so expended shall be deemed principal advances secured by this Mortgage, shall bear interest from the time expended at the rate prescribed in the Note hereby secured and shall be due and payable on demand. However, Mortgagee shall be under no obligation to do any of the foregoing, and its failure to do so shall not be construed as a waiver of any default hereunder.

8. TRANSFER OF THE PROPERTY — ASSUMPTION OF OBLIGATION. If all or any part of the property or an interest therein is sold or transferred by Mortgagor without Mortgagee's prior written consent, excluding (a) the creation of a lien or encumbrance subordinate to this Mortgage, (b) the creation of a purchase money security interest for household appliances, (c) a transfer by devise, descent or by operation of law upon the death of a joint tenant or (d) the grant of any household interest of three years or less not containing an option to purchase, Mortgagee may, at Mortgagee's option for any reason, declare all the sums secured by this Mortgage to be immediately due and payable.

9. MORTGAGOR'S CONTINUING OBLIGATION. The Mortgagor shall remain liable for full payment of the principal and interest on the Note (or any advancement or obligation) secured hereby, notwithstanding any of the following:

(a) The sale of all or a part of the premises, (b) the assumption by another party of the Mortgagor's obligations hereunder, (c) the forbearance or extension of time for payment or performance of any obligation hereunder, whether granted to Mortgagor or a subsequent owner of the property, and (d) the release of all or any part of the premises securing said obligations or the release of any party who assumes payment of the same. None of the foregoing shall in any way affect the full force and effect of the lien of this Mortgage or impair Mortgagee's right to a deficiency judgment (in the event of foreclosure) against Mortgagor or any party assuming the obligations hereunder.

10. WAIVER OF HOMESTEAD. The Mortgagor does hereby expressly waive, release and discharge his homestead exemption as allowed by the laws of the State of South Carolina until the entire amount owed hereunder is paid in full.

11. DEFAULT. Failure to make payments or perform any acts required by this instrument or the Note which it secures shall constitute default by the Mortgagor.

12. RENTS. The Mortgagor does hereby assign and transfer to the Mortgagee all the rents and profits accruing from the premises hereinabove described as additional security for the payment of said indebtedness, retaining however, the right to collect said rents as long as no installment payment secured hereby is more than one (1) month in arrears. But if any installment is more than one (1) month in arrears or if the Mortgagor is in default in any other provision of this Mortgage, the Mortgagee may, provided the premises herein are occupied by a tenant or tenants, without further proceedings take over the property herein described and collect said rents and profits and apply the net proceeds thereof, after paying the cost of collection, to the payment of taxes, insurance premiums, interest and principal without liability to account for anything more than the rents and profits actually collected.

13. DEFINITIONS. As used herein the terms "Mortgagor", "Mortgagee" and other terms shall refer to the singular, plural, neuter, masculine and feminine as the context may require and shall include, be binding upon and inure to the benefit of their respective heirs, successors, legal representatives and assigns.

14. ADJUSTABLE INTEREST RATE PROVISIONS. The Deed of Trust Note which this Deed of Trust secures contains the following provisions:

Changes in the rate of interest and in the amount of monthly installments shall be subject to the following terms and conditions:

Change Dates:

The rate of interest I will pay may change on the first day of December, 19 84, and on the first day every three months thereafter, except that the interest rate will not change during the last 11 months of this loan. Each date on which the rate of interest could change is called a "Change Date."

The Index:

The "Index" is the weekly average auction rate on U.S. Treasury Bills with a maturity of 13 weeks, as made available by the Federal Reserve Board. If the Index is no longer available, you will choose a new index which is based on comparable information and will give me notice of this choice.

The Current Index Value: