

(a) If (i) all of the Mortgaged Property is taken, (ii) so much of the Mortgaged Property is taken, or the Mortgaged Property is so diminished in value, that the remainder thereof cannot (in Mortgagee's judgment) continue to be operated profitably for the purpose for which it was being used immediately prior to such taking or diminution, (iii) an Event of Default shall have occurred, or (iv) the Mortgaged Property is partially taken or diminished in value and (in Mortgagee's judgment) need not be rebuilt, restored or repaired in any manner, then, in any such event, the entirety of the sums so paid to Mortgagee shall be applied by it in the order recited in Paragraph 8.2 hereinbelow; or

(b) If Mortgagee so elects, in Mortgagee's sole discretion, and (i) only a portion of the Mortgaged Property is taken and the portion remaining can (in Mortgagee's judgment), with rebuilding, restoration or repair, be profitably operated for the purpose referred to in Paragraph 8.1(a)(ii) hereinabove, (ii) none of the other facts recited in Paragraph 8.1(a) hereinabove exists, (iii) Mortgagor shall deliver to Mortgagee plans and specifications for such rebuilding, restoration or repair acceptable to Mortgagee, which acceptance shall be evidenced by Mortgagee's written consent thereto, and (iv) Mortgagor shall thereafter commence the rebuilding, restoration or repair and complete same, all in substantial accordance with the plans and specifications and within three (3) months after the date of the taking or diminution in value, and shall otherwise comply with Paragraph 4.8 hereinabove, then such sums shall be paid to Mortgagor to reimburse Mortgagor for money spent in the rebuilding, restoration or repair; otherwise, same shall be applied by Mortgagee in the order recited in Paragraph 8.2 hereinbelow.

8.2 Application of Proceeds. All proceeds received by Mortgagee with respect to a taking or a diminution in value of the Mortgaged Property shall be applied to the following in the order of priority that Mortgagee, in its sole discretion, may determine:

(a) First, to reimburse Mortgagee for all costs and expenses, including reasonable attorneys' fees, incurred in connection with collection of the said proceeds;

(b) Thereafter, the balance, if any, shall, if Mortgagee so elects, be applied in the order of priority recited in Paragraphs 7.8(b) through 7.8(d) hereinabove; provided, however, that if such proceeds are required under Paragraph 8.1(b) hereinabove to be applied to the rebuilding, restoration or repair of the Mortgaged Property, the provisions of Paragraph 4.8 hereinabove shall determine the conditions precedent for utilizing such proceeds for such purpose.

Article 9

SECURITY AGREEMENT

9.1 Security Interest. This Mortgage shall be construed as a mortgage on the Mortgaged Property, and it shall also constitute and serve as a "Security Agreement" on personal property within the meaning of, and shall constitute until this Mortgage shall terminate, as provided in Article 2 hereinabove, a first and prior security interest under the Uniform Commercial Code as enacted in the State of South Carolina with respect to the Personalty, Fixtures, Construction Contracts, Plans, Leases and Rents.