

1.4. **Payment of Note.** The Mortgagor shall promptly and punctually pay all principal and interest on the Note, together with any modification or renewals thereof, according to the true intent and meaning thereof.

1.5. **Performances of Loan Agreement.** Mortgagor shall perform, observe and comply with all provisions of any construction loan agreement entered into by and between Mortgagor and Mortgagee (the "Loan Agreement").

1.6. **Maintenance, Repair and Inspection.** The Mortgagor covenants to keep the Property in good operating order, repair and condition and shall not commit or permit any waste thereof. Mortgagor shall make all repairs, replacements, renewals, additions and improvements and shall complete and restore promptly and in good workmanlike manner any building or improvements which may be constructed, damaged, or destroyed thereon, and pay when due all costs incurred thereof. Mortgagor shall not remove any of the Property, demolish any of the Property, or materially alter such Property without the prior written consent of the Mortgagee. Mortgagor agrees to permit and shall permit Mortgagee or its agents the opportunity to inspect the Property, including the interior of any structures, at any reasonable time.

1.7. **Expenses.** Mortgagor agrees to pay or reimburse Mortgagee for all costs, charges and expenses, including reasonable attorneys' fees and disbursements, and costs incurred or paid by Mortgagee in any action which is threatened, pending or completed or proceeding or dispute which affects or might affect this Mortgage, the Note, or the Property or any part thereof. The amounts so incurred or paid by Mortgagee, together with interest thereon at the Default Rate as hereinafter defined from the date incurred until paid by Mortgagor, shall be added to the indebtedness and secured by the lien of this Mortgage.

1.8. **Compliance with Laws.** The Mortgagor shall comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property or the operation thereof, and shall pay all fees or charges of any kind in connection therewith.

1.9. **Insurance.** Mortgagor agrees to keep all improvements and fixtures which are now or hereafter part of the Property insured by such company or companies as Mortgagee may reasonably approve for the full insurable value thereof against all risks including, if coverage is available, flood and earthquake. Such insurance will be payable to Mortgagee as the interest of Mortgagee may appear pursuant to the New York standard form of mortgagee clause or such other form of mortgagee clause as may be required in South Carolina and will not be cancelable by either the insurer or the insured without at least thirty (30) days prior written notice to Mortgagee. Any indemnity payment or policy proceeds received by Mortgagee from any such policy of insurance may, at the option of Mortgagee, (i) be applied by Mortgagee to payment of any sum secured by this Mortgage in such order as Mortgagee may determine or (ii) be applied in a manner determined by Mortgagee to the replacement repair or restoration of the portion of the Property damaged or destroyed or (iii) be released to Mortgagor upon such conditions as Mortgagee may determine or (iv) be used for any combination of the foregoing. Mortgagor will keep the Property continuously insured as herein required and will deliver to Mortgagee the original of each policy of insurance required hereby. Mortgagor will pay each premium coming due on any such policy of insurance and will deliver to Mortgagee upon demand by Mortgagee proof of such payment at least thirty (30) days prior to the date such premium would become overdue or delinquent. Upon the expiration or termination of any such policy of insurance, Mortgagor will furnish to Mortgagee at least thirty (30) days prior to such expiration or termination the original of a renewal or replacement policy of insurance meeting the requirements hereof. If Mortgagor fails to insure the Property as herein required, Mortgagee may, but shall not be obligated to, after giving ten (10) days written notice to Mortgagor so insure the Property in the name of Mortgagor or in the name of Mortgagee or both, in such amounts as Mortgagee may deem necessary to protect its lien and the premiums for any such insurance obtained by Mortgagee shall be the obligation of Mortgagor. Upon foreclosure of this Mortgage, all right, title and interest of Mortgagor in and to any policy of insurance upon the Property which is in the custody of the Mortgagee, including the right to unearned premiums, shall vest in the purchaser of the Property at foreclosure, and Mortgagor hereby appoints Mortgagee as the attorney in fact of Mortgagor to assign all right, title and interest of Mortgagor in and to any such policy of insurance to such purchaser. This appointment is coupled with an interest and shall be irrevocable.

1.10. **Taxes and Assessments.** Mortgagor agrees to pay all taxes, assessments and other charges which constitute or are secured by a lien upon the Property and will deliver to Mortgagee proof of payment of the same not less than ten (10) days prior to the date the same become delinquent; provided, however, that Mortgagor shall be entitled by appropriate proceedings to contest the amount or validity of such tax, assessment or charge so long as the collection of the same by foreclosure of the lien upon the Property is stayed during the pendency of such proceedings and Mortgagor deposits with the authority to which such tax, assessment or charge is payable or with Mortgagee appropriate security for payment of the same, together with any applicable interest and penalties, should the same be determined due and owing.

1.11. **Expenditures by Mortgagee.** If Mortgagor fails to make payment for restoration or repair of the Property, for insurance premiums or for taxes, assessments or other charges as required in this Mortgage, Mortgagee may, but shall not be obligated to, pay for the same, and any such payment by Mortgagee will be secured by this Mortgage and have the same rank and priority as the principal debt secured hereby and bear interest from the date of payment at the Default Rate, as defined. Payments made for taxes by Mortgagee shall be a first lien on the Property to the extent of the taxes so paid with interest from the date of payment, regardless of the rank and priority of this Mortgage. Mortgagor shall pay to Mortgagee in cash on demand an amount equal to any payment made by Mortgagee pursuant to this paragraph plus interest thereon as herein provided.

1.12. **Condemnation.** Mortgagor hereby assigns to Mortgagee the right to collect and receive any payment or award to which Mortgagor would otherwise be entitled by reason of condemnation or acquisition pursuant to power of eminent domain of any portion of the Property. Any such payment or award received by Mortgagee may, at the option of Mortgagee, (i) be applied by Mortgagee to payment of any sum secured by this Mortgage in such order as Mortgagee may determine; or (ii) be applied in a manner determined by Mortgagee to the replacement of the portion of the Property taken and to the repair or restoration of the remaining portion of the Property; or (iii) be released to Mortgagor upon such conditions as Mortgagee may determine; or (iv) be used for any combination of the foregoing purposes. No portion of an indemnity payment which is applied to replacement, repair or restoration of any portion of the Property or which is released to Mortgagor shall be deemed a payment against any sums secured by this Mortgage.

1.13. **Escrow.** Mortgagee may, in its sole discretion, require Mortgagor to deposit with Mortgagee, in addition to making regular payments of principal and/or interest, an amount sufficient to enable Mortgagee to pay when due all insurance premiums and real property taxes, which deposits shall be made in installments satisfactory to Mortgagee. Such deposits shall not be, nor be deemed to be, trust funds, but may be commingled with the general funds of Mortgagee. No interest shall be payable in respect thereof. Upon demand by Mortgagee, Mortgagor shall deliver to Mortgagee such additional monies as are necessary to enable Mortgagee to pay such premiums or taxes when due. In the event of a default under any of the terms, covenants and conditions in the Note, this Mortgage or any other instrument securing the Note to be kept, performed or observed by Mortgagor, Mortgagee may apply to the reduction of the sums secured hereby, in such manner as Mortgagee shall determine, any amount under this paragraph remaining to Mortgagor's credit and any return premium received from cancellation of any insurance policy by Mortgagee upon foreclosure of this Mortgage.

ARTICLE II

DEFAULT AND REMEDIES

2.1. **Default.** The occurrence of any of the following events shall be deemed a Default under this Mortgage:

(a) failure of Mortgagor to make any payment of principal or interest as required by the Note; (b) failure of Mortgagor to pay any other sum secured by this Mortgage upon demand; (c) an event of default under any instrument securing the Note or any instrument collateral to the Note, including but not limited to any Loan Agreement; (d) Breach of any warranties or representations given by the Mortgagor to Mortgagee; (e) failure of Mortgagor to observe or perform any covenant or agreement set forth in this Mortgage, or (f) commencement of any proceeding or other action seeking the entry of an order for relief against the Mortgagor, written admission by Mortgagor of an inability to pay the debts of Mortgagor as they mature, assignment of the assets of Mortgagor for the benefit of creditors, request or petition by Mortgagor for the appointment of a receiver, trustee or conservator of the assets of Mortgagor or for reorganization or liquidation of Mortgagor, or acquiescence by Mortgagor to any such request or opinion made by another person.

2.2. **Remedies.** Upon the occurrence of a Default as hereinabove defined, Mortgagee may, without notice to Mortgagor, declare all sums secured by this Mortgage immediately due and payable and may commence proceedings to collect such sums, foreclose this Mortgage and sell the Property. During the pendency of any such proceedings, Mortgagee shall be entitled to the appointment of a receiver to collect the rents and profits from the Property, without regard to the value of the Property or other security for the sums secured hereby or the sufficiency thereof for the payment of such sums. At foreclosure Mortgagee shall be entitled to bid and to purchase the Property and shall be entitled to apply the debt secured hereby, or any portion thereof, in payment for the Property. Upon the occurrence of a Default, Mortgagee shall also be entitled to the extent permitted by law to have a receiver appointed to enter upon and take possession of the Property and to collect all rents, revenues, products and income therefrom and apply the same as the court may direct. The expenses, including attorneys' fees, receiver's fees, and all other costs related to the receivership shall be secured by the Mortgage. The remedies provided to Mortgagee in this paragraph shall be in addition to and not in lieu of any other rights and remedies provided in this Mortgage or at law or in equity, all of which rights and remedies may be exercised by Mortgagee simultaneously or consecutively in any order without being deemed to have waived any right or remedy previously or not yet exercised. In the event the Property is comprised of more than one parcel of real property, Mortgagor hereby waives any right to require Mortgagee to foreclose or exercise any other remedies against the Property as a whole or against one portion prior to another.

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