

shall be assigned to Liberty Life as security for the note secured by this mortgage. In the event of the death of John H. Hudson, Jr. the insurance proceeds shall be applied to the balance due on the note secured by this mortgage. Should the insurance proceeds exceed the balance due on the note secured by this mortgage, such excess shall be paid to the beneficiary of the policy or such other person or persons as may have an interest therein.

5. The mortgagor warrants and covenants that it will provide to the mortgagee ~~certified~~ <sup>John H.</sup> annual financial statements of Hudson Studios, Inc. and John H. Hudson, Jr., Associates, Inc., or the corporate successors of the same.

6. The mortgagee agrees that the mortgagor has its permission to make all necessary changes to the building, including the addition and/or removal of non-load bearing interior partitioning walls to make possible the installation of equipment and operation for the mortgagor. This approval by the mortgagee covers the proposed initial renovation as outlined in the report and recommendations of Mr. Michael McMillian, A.I.A., dated March 13, 1968, as revised March 18, 1968. Such renovations must include the mechanical and electrical recommendations as outlined on these reports. The mortgagee will be furnished a letter from Mr. Michael McMillian confirming that these recommendations will not structurally damage the building. Upon completion of these renovations, the remaining \$50,000 of loan proceeds will be advanced to the borrower. \$30,000 of the loan proceeds will be advanced when the electrical renovations and additions have been completed and \$20,000 when the mechanical renovations and revisions have been

*John H.*