

payment of the remaining and secured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the debt which is not secured or not fully secured by the lien of this Mortgage.

SECTION 33. LOAN LEGAL.

The Developer declares, represents, warrants, certifies and agrees that the proceeds of the First Secured Note will be used solely for the purposes specified in the Loan Agreement and the Act, and that the Loan and all interest, fees, charges and other payments made or required to be made with respect thereto under the First Secured Note and the other Loan Documents does not violate any usury or other law of the State of South Carolina. The Loan is a business loan and is an exempted transaction under the Truth in Lending Act, 12 U.S.C. Section 1601 et. seq., and does not, and when disbursed will not, violate the provisions of the usury consumer credit or other laws of any state which may have jurisdiction.

SECTION 34. INSPECTION OF PREMISES AND RECORDS.

The Co-Mortgagees and their respective representatives and agents shall have the right at all reasonable times to inspect, after reasonable notice, the Premises and all books, records and documents relating thereto at all reasonable times, and access thereto shall be permitted for that purpose. The Developer shall keep and maintain full and correct books and records showing in detail the income and expenses of the Premises and, within 10 days after demand therefor by either Co-Mortgagee to permit either Co-Mortgagee or their respective agents to examine such books and records and all supporting vouchers and data at any time and from time to time on request at its offices at the address hereinafter identified or at such other location as may be mutually agreed upon.

SECTION 35. FINANCIAL STATEMENTS.

The Developer shall, within 120 days after the end of each fiscal year of the Developer, furnish to the Co-Mortgagees financial and operating statements of the Premises for such fiscal year, including, but without limitation, a balance sheet and supporting schedules, detailed statement of income and expenditures and supporting schedules, all prepared in accordance with modified cash principles of accounting consistently applied. In addition the Developer shall provide the Co-Mortgagees with such other financial statements and certifications as may be required by the Commitment and the Reimbursement Agreement. Such financial and operating statements shall be prepared and certified in such manner as may be acceptable to the Co-Mortgagees and the Co-Mortgagees may, by notice in writing to the Developer, require that the same be certified and prepared pursuant to audit, by a firm of independent certified public accountants satisfactory to the Co-Mortgagees in which case such accountants shall state whether, during the course of their audit, they discovered or became aware of any information which would lead them to believe that a Default exists.

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