

appropriate proceedings, contest the validity, applicability or amount of any asserted tax or assessment and pending such contest Mortgagor shall not be deemed in default hereunder if on or before the due date of the asserted tax or assessment Mortgagor establishes an escrow acceptable to Mortgagee in an amount adequate to cover the payment of such tax or assessment with interest, costs and penalties.

Mortgagor will keep the buildings and other improvements now or hereafter on the premises insured against loss or damage in accordance with the requirements of the Loan Agreement. The Mortgagee may, at its option, pay any such insurance premiums, taxes, assessments, levies or charges against the premises of which payment, amount and validity thereof the official receipt shall be conclusive evidence; and any amounts so expended shall immediately become debts due by the Mortgagor, shall bear interest at the same rate of interest payable under the Notes secured hereby, and shall be secured by this Mortgage. If the Mortgagor fails or refuses to keep the premises so insured, the Mortgagee may obtain such insurance without prejudice to its right to foreclose hereunder by reason of such default. In the event of loss, the Mortgagor will give immediate notice by mail to the Mortgagee, who may make proof of loss if not made promptly by the Mortgagor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Mortgagee as its interest may appear instead of the Mortgagor and the Mortgagee jointly. The proceeds of any insurance, or any part thereof, may be applied by the Mortgagee, at its option, either to the reduction of the indebtedness secured hereby or to the restoration or repair of the premises damaged. The insurance policies shall provide for notice to Mortgagee to be sent to the Mortgagee at 2302 Meadowview Road, Post Office Box 7016, Greensboro, North Carolina 27407.

If Mortgagor defaults in the payment of any tax, lien, assessment, charge or any utility charge, whether public or private, levied or assessed against the premises; the payment of any insurance premiums; fails to keep the premises in repair; commits, suffers or permits waste; fails in the performance or observance of any other covenant, condition or term of this Mortgage; fails in the performance or observance of any covenant, condition or term of the Loan Agreement or any other agreement or document executed and delivered in connection with the indebtedness secured hereby or if there be commenced any action at law or equity or any proceeding affecting the title to the premises, Mortgagee at its option may pay said tax, lien, assessment, charge, utility charge or premium, make such repairs, take such steps as are necessary to prevent or cure such waste or default and may appear in any such necessary action as Mortgagee deems advisable in Mortgagee's reasonable discretion, and for any of said purposes, Mortgagee may, but shall not be obligated to, advance such sums of money as it deems necessary. All advances made by Mortgagee in connection therewith shall be secured hereby, and shall, upon demand, immediately be repaid by Mortgagor to Mortgagee with interest thereon at the rate of interest per annum provided in the Notes secured hereby. Mortgagee shall be the sole judge, in the exercise of reasonable discretion, of the legality, validity and priority of such tax, lien, assessment, charge, claim and premium; of the necessity for any such action and of the amount necessary to be paid in satisfaction thereof. Mortgagee, subject to the right, if any, of tenants or subtenants in lawful possession or the legal right thereto, is hereby empowered to enter and to authorize others to enter upon the premises or any part thereof for the purpose of performing or observing any such default, covenant, condition or term, without thereby becoming liable to Mortgagor or to any person in possession holding under Mortgagor.