

policy shall be delivered to Mortgagee at closing. Such policy shall provide that it is non-cancellable without thirty (30) days' prior written notice to Mortgagee. Red Roof further agrees to review the values of the Mortgaged Property annually with its insurance specialist and to increase the amount of such insurance as is necessary, so that at all times the amount of such insurance shall be equal to at least the greater of (a) eighty percent (80%) of the full replacement value of the Mortgaged Property or (b) the outstanding indebtedness due under the Note. In the event of any sums becoming due under any of said policies, the same may be collected by Mortgagee and, at its option, applied either upon principal or interest due or to become due under this Mortgage, and the obligations secured hereby, or all or a portion of such sums may be released to Red Roof upon its having repaired and replaced and paid for all damages covered by such insurance; provided, however, if the Mortgaged Property shall not have been damaged to such an extent in the judgment of Mortgagee, that it is impracticable to rebuild or repair, then, in such event and upon request of Red Roof, the latter option shall apply. In the event any sums are so released to Red Roof, no part thereof shall be treated as a payment upon any obligation secured by this Mortgage.

Red Roof further agrees to carry and maintain public liability insurance with a reliable insurance company or companies licensed to do business in the State of South Carolina, covering occurrences that may arise on the Mortgaged Property as a result of the operations on such property, in amounts not less than Five Hundred Thousand Dollars