

days prior to the expiration date of such policy, and will lodge with Mortgagee, as further security for said indebtedness, all original policies therefor, with standard non-contributory mortgagee clauses attached in favor of and acceptable to Mortgagee. However, if, pursuant to this Mortgage, Mortgagor shall have deposited with Mortgagee before the due date thereof sums sufficient to pay said premiums, the same shall be paid by Mortgagee.

In event of loss, Mortgagee is authorized to adjust, collect and compromise, in its discretion, all claims thereunder and to execute and deliver on behalf of Mortgagor all necessary proofs of loss, receipts, vouchers, releases and acquittances required by the insurance companies; and Mortgagor agrees to sign, upon request of Mortgagee, all receipts, vouchers and releases for such purpose. Each insurance company is hereby authorized and directed to make payment under such insurance, including return of unearned premiums, directly to Mortgagee instead of to Mortgagor and Mortgagee jointly, and Mortgagor appoints Mortgagee, irrevocably, as Mortgagor's attorney-in-fact to endorse any draft therefor. All insurance proceeds, less the actual costs, fees and expenses, if any, incurred in connection with the adjustment of the loss, shall be payable to Mortgagee, and, if Mortgagor is in default hereunder, Mortgagee may elect to apply such proceeds to any part of the indebtedness secured hereby and in any order (notwithstanding that the said indebtedness may not then be due and payable) or to apply such proceeds to the repair and restoration of the Mortgaged Property or any part thereof.

In the event of the happening of any casualty, of any kind or nature, ordinary or extraordinary, foreseen or unforeseen (including any casualty for which insurance was not obtained or obtainable), resulting in damage to or destruction of the Mortgaged Property or any part thereof, Mortgagor will give immediate written notice thereof to Mortgagee, and, unless Mortgagee shall have the right to elect to apply such insurance proceeds to the payment of the indebtedness secured hereby and so elects, Mortgagor will promptly, at Mortgagor's sole cost and expense, whether or not the insurance proceeds, if any, shall be sufficient for the purpose, commence, and diligently continue, to restore, repair, replace, rebuild or alter the Mortgaged Property, as nearly as possible to its value, condition and character immediately prior to such damage or destruction. In that event, Mortgagee shall hold the insurance proceeds and disburse them to Mortgagor or contractors as the restoration work progresses, provided that: (a) the plans and specifications for the restoration shall be subject to Mortgagee's prior written approval; (b) disbursement shall be made from time to time in an amount not exceeding the cost of the work completed since the last disbursement, upon receipt of satisfactory evidence of the stage of completion and of performance of the work in a good and workman-like manner in accordance with the plans and specifications; (c) Mortgagee shall, prior to the commencement of restoration, be provided with mechanics' lien insurance (if available) and an acceptable completion or surety bond insuring satisfactory completion of the restorations; (d) no mechanics' or materialmen's

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