

37. Casualty losses and condemnation. Anything hereinbefore contained to the contrary notwithstanding: (a) In case of casualty to any portion of the Mortgaged Premises resulting in damage or destruction, all insurance moneys paid to the mortgagee, less the actual costs, fees and expenses (if any) incurred in connection with the adjustment of the loss, and provided no default exists pursuant to the terms of this Wraparound Mortgage, shall first be applied to satisfy the lien of the Purchase Money Mortgage, and thereafter shall be made available to the mortgagor from time to time towards the cost of restoration progresses. Such payments shall be made on the certification of any independent, reputable licensed architect of the mortgagor or of the then owner of the Mortgaged Premises showing the amounts actually expended or incurred in connection with such restoration. This provision shall be further conditioned on proof satisfactory to the mortgagee being submitted to the mortgagee in writing prior to the request for release of any proceeds, that the cost of such restoration will not exceed the net amount of the insurance proceeds actually collected; and if it shall be determined that the cost of restoration will be in excess of the net amount of such proceeds then, and in that event, the mortgagor agrees to deposit with the mortgagee sufficient funds (or security therefor reasonably acceptable to the mortgagee) which, when added to the net insurance proceeds collected, shall be adequate to pay for the complete restoration. The parties further agree that if the amount of the net insurance proceeds received by the mortgagee from the insurance carrier, plus any additional funds paid by the mortgagor, is in excess of the actual amount necessary to effect such restoration, then after the completion of such restoration, any balance remaining in the hands of the mortgagee shall be applied by the mortgagee to the payment of principal due under this Wraparound Mortgage at maturity, but no such principal payments shall operate to reduce the obligation of the mortgagor to make the constant monthly payment due and payable under this Wraparound Mortgage. The provisions of this subparagraph (a) are subject to the rights of the holder of the Purchase Money Mortgage. Prior to release of funds under this subparagraph (a) or subparagraph (b), mortgagor shall submit proof satisfactory to mortgagee that there are no claims for mechanics liens.

(b) In the event of any partial taking of any of the Mortgaged Premises in condemnation or by right of eminent domain, mortgagee agrees, provided the mortgagor is not in default in the performance of any of the covenants and agreements contained herein, to make the net award paid to the mortgagee, less all expenses incurred in effecting collection of such award payable in such condemnation or eminent domain proceedings, available from time to time as work progresses to the mortgagor or then owner of the Mortgaged Premises for the purpose of restoring the improvements on the Mortgaged Premises to a complete architectural unit, such award to be made available in the same manner and under the same conditions as

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