

purchaser of the Premises shall succeed to all rights of Mortgagor in and to such policies, including the right to the refund of unearned premiums and to dividends thereunder, and Mortgagee may, at Mortgagee's election, assign and deliver the policies to such purchaser without any warranty or representation, express or implied, and without recourse. In the event of damage to or destruction of the Premises or any part thereof, Mortgagee may adjust, settle or compromise claims under such policies, and the proceeds therefrom shall be paid to Mortgagee. Mortgagee, at Mortgagee's option and in Mortgagee's sole discretion, may either (i) apply the proceeds or any part thereof to payment of the Indebtedness, in such order as Mortgagee may determine, or (ii) require Mortgagor to repair, replace or reconstruct the Premises or any part thereof and disburse the proceeds to Mortgagor to be applied against the costs and expenses thereof as incurred or paid by Mortgagor, pursuant to a disbursement procedure, and under such other terms and conditions, as shall be acceptable to Mortgagee.

1.08 Inventory of Personal Property. Upon request of Mortgagee, Mortgagor shall deliver to Mortgagee an inventory describing and showing the make, model, serial number and location of all fixtures and personal property used in the management, maintenance and operation of the Premises with a certification by Mortgagor that said inventory is a true and complete schedule of such fixtures and personal property used in the management, maintenance and operation of the Premises and that such items specified in the inventory constitute all of the fixtures and personal property required in the management, maintenance and operation of the Premises, and that such items are owned by Mortgagor free and clear of any security interests, liens, conditional sales contracts or title retention arrangements, other than the lien and security interest of this Mortgage.

1.09 Condemnation. Notwithstanding any injury or damage to, or loss of, the Premises or any part thereof as a result of the exercise of the right of eminent domain, Mortgagor shall continue to pay the Indebtedness. All sums paid or payable to Mortgagor by reason of any injury or damage to, or loss of, the Premises or any part thereof as a result of the exercise of the right of eminent domain shall be delivered to Mortgagee and Mortgagee, at Mortgagee's option and at Mortgagee's sole discretion, may either (i) apply the sum or any part thereof to payment of the Indebtedness, in such order as Mortgagee may determine, or (ii) require Mortgagor to repair, replace or reconstruct the Premises or any part thereof and disburse such sums to Mortgagor to be applied against the costs and expenses thereof as incurred or paid by Mortgagor pursuant to a disbursement procedure, and under such other terms and conditions, as shall be acceptable to Mortgagee.

1.10 Financial Information. Mortgagor shall maintain complete and accurate books of account and other records with respect to all receipts derived from, and all expenses, costs and payments relating to, the Premises. Mortgagor shall deliver to Mortgagee, within sixty (60) days after the close of each calendar year, with respect to the Premises, a copy of Mortgagor's balance sheet as of the end of each such calendar year and a statement of profit and loss for the period then ending, together with such supporting schedules as shall be required by Mortgagee, prepared according to generally accepted accounting principles and signed by an independent Certified Public Accountant.