

contractor to repair or rebuild, as herein contemplated, shall provide for at least a 10 per cent holdback of funds based on the contract prices of labor and materials incorporated in the work and of materials suitably stored at the site thereof until all work is completed pursuant to said contract.

(b) Upon the requirements of (a) above being met and approval thereof being given by the Lender, then all fire and other casualty loss proceeds from insurance policies shall be placed in escrow with a mutually acceptable escrow agent under an escrow agreement to be executed between Borrower and Lender, on condition that the Borrower simultaneously supplement, if necessary, said loss proceeds by paying to the escrow agent any and all amounts over and above the loss proceeds from insurance which are necessary to pay entirely the approved and accepted contract or bid for the repairs or restoration to be made pursuant to said plans and specifications.

(c) The escrow agreement, to be entered into, shall provide, among other things, that the escrow agent shall pay out the funds held in escrow to the contractor pursuant to the terms of the approved contract as work progresses thereunder, subject to the holdback provision in the approved contract, and that the escrow agent shall disburse such holdback of funds only after the contract is completed in all respects pursuant to said plans and specifications and upon

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