

3.07 Application of Payments Received by Mortgagee

Upon receipt of the payments due under the Wrap Note, the Mortgagee shall apply such payments to the payments required under the Underlying Note and Underlying Mortgage and the Mortgagee shall be entitled to retain all amounts in excess of such payments. In the event Mortgagee shall default on the payments on the Underlying Note and Mortgage, Mortgagor may make such payments and shall be entitled to offset such payments against the sums due Mortgagee hereunder.

3.08 Disposition of Insurance Proceeds

Unless Mortgagee and Mortgagor otherwise agree in writing, and subject to the rights of the mortgagee under the Prior Mortgage, insurance proceeds shall be applied to the restoration or repair of the Premises damaged, provided such restoration or repair is economically feasible and the security of this Mortgage is not thereby impaired. If such restoration or repair is not economically feasible, or if the security of this Mortgage would be impaired, the insurance proceeds shall be applied to the sums secured by this Mortgage. If the Premises is abandoned by Mortgagor, or if Mortgagor fails to respond to Mortgagee within thirty (30) days from the date notice is mailed by Mortgagee to Mortgagor that the insurance carrier offers to settle a claim for insurance benefits, Mortgagee is authorized to collect and apply the insurance proceeds at Mortgagee's option either to the restoration or repair of the Premises or to the sums secured by this Mortgage.

Unless Mortgagee and Mortgagor otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the monthly installments required under the Notes. If under the terms hereof the Premises is acquired by Mortgagee, all right, title and interest of Mortgagor in and to any insurance policies and in and to the proceeds thereof resulting from damage to the Premises prior to the sale or acquisition shall pass to Mortgagee to the extent of the sums secured by this Mortgage immediately prior to such sale or acquisition.

3.09 Condemnation.

Subject to the rights of the mortgagee under the Underlying Mortgage, at the election of Mortgagee, the proceeds resulting from a condemnation of all or part of the Premises shall be applied against the indebtedness secured hereby.

3.10 No Alteration of Underlying Mortgage and Note

It is the intent of the parties hereto that the terms, conditions and provisions of this Mortgage cannot and will not change, alter or modify any of the provisions, covenants and agreements of the Underlying Mortgage and Note and all the covenants and provisions of this Mortgage are subordinated, junior and inferior to all the covenants and provisions of the Underlying Mortgage and Note.

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