

destruction, less the actual cost, fees and expenses, if any incurred in connection with adjustment of the loss, shall be released by Mortgagee to be applied to payment (to the extent of actual restoration performed) of the cost of the aforesaid Restoration, including the cost of temporary repairs or for the protection of property pending the completion of permanent Restoration. If the insurance proceeds are so made available by Mortgagee for Restoration, any surplus which may remain out of said proceeds after payment of the cost of Restoration shall, at the option of Mortgagee, be applied to the indebtedness secured hereby or be paid to any party entitled thereto and under the conditions that Mortgagee may require. Insurance proceeds released for Restoration shall at Mortgagee's option be paid out from time to time as such Restoration progresses or at one time upon completion of such Restoration subject to the following conditions:

(a) that the Mortgagor is not then in default under any of the terms, covenants and conditions hereof or under the Note nor any leases assigned to Mortgagee; and

(b) that the Mortgagee shall first be given satisfactory proof that all Property, Improvements and Personal Property affected by the loss or damage have been fully restored, or that by the expenditure of such proceeds will be fully restored, free and clear of all liens except as the the lien of this Mortgage; and

(c) that in the event such proceeds shall be insufficient to restore or rebuild the said Property, Improvements and Personal Property, the Mortgagor shall either (i) deposit promptly with the Mortgagee funds which, together with the insurance proceeds, shall be sufficient to restore and rebuild the same, or (ii) provide other assurance satisfactory to Mortgagee of such restoration or rebuilding; and

(d) that in the event the Mortgagor shall fail within a reasonable time to restore or rebuild or cause to be restored or rebuilt the said Property, Improvements and Personal Property, the Mortgagee, at its option, may restore or rebuild same or cause same to be restored or rebuilt for or on behalf of the Mortgagor and for such purpose may do all necessary acts.

In the event any of the said conditions are not or cannot be satisfied, then the alternate disposition of such proceeds as provided hereof shall again become applicable. Under no circumstances shall the Mortgagee become personally liable for the fulfillment of the terms, covenants and conditions contained in any of the leases with respect to the matters referred to in this paragraph nor obligated to take any action to restore the Premises. The Mortgagee shall not be obligated to see to the proper application of any funds released hereunder, nor shall any amount so released or used be deemed a payment on any indebtedness secured hereby.

If any of the said conditions are not satisfied, and if Mortgagee is unwilling to waive that condition and thereby to make said proceeds so available, the Mortgagor shall have the right to prepay, without penalty, the balance of the indebtedness secured hereby which remains unpaid after application of the proceeds or awards therto.

6.7 Payment of Deposited Funds. Upon (i) completion of all the Restoration in a good workmanlike manner and substantially in accordance with the plans and specifications therefor, if any, and (ii) receipt by Mortgagee of satisfactory

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