

5.1.1. In the event of material loss or material physical damage (material loss or damage to be such loss as will require repairs or replacements at a cost in excess of Five Hundred Dollars) to the Property, the Mortgagor shall give immediate notice thereof by mail to the Mortgagee, and the Mortgagee may make proof of loss if the same is not made promptly by the Mortgagor.

5.1.2 If the Mortgagee elects, at its sole discretion, to utilize the proceeds of insurance policies for the repair, restoration or rebuilding of the Property, as aforesaid, Mortgagor shall, not more than ninety (90) days after the date of notice of such election, proceed with the construction and shall thereafter prosecute such work diligently so that the Property shall be restored in substantially the same condition for the purpose hereof as prior to such damage or destruction, but in compliance with all building codes and governmental rules and regulations which may have been developed or enacted since the original construction of the improvements. Mortgagee shall hold such insurance proceeds in trust, and shall pay such proceeds to Mortgagor, or at Mortgagee's option, to any contractors, subcontractors or suppliers as such repair, restoration or rebuilding proceeds, in such amounts and at such times as Mortgagee may determine. Mortgagor shall not suffer to be filed against the Property, or any part thereof, any mechanic's, materialman's, laborer's or other lien in connection with such work and shall pay all bills and other charges therefor when due. If there remains any surplus of cash in the hands of Mortgagee after the completion of such repairs, restoration, replacement or rebuilding, such surplus may be used and applied by Mortgagee to the prepayment of the principal installments of the Note in inverse order of their regular stated maturity.

5.2 Mortgagor shall maintain, at its own cost and expense, such liability and other insurance as Mortgagee may reasonably require, insuring Mortgagor and, at Mortgagee's option, Mortgagee against liability claims, damage and losses to persons and property arising by reason of its occupation and use of the Property or arising by reason of the continuance and operation of its business. Mortgagor shall provide Mortgagee with all such policies, or with certificates of the insurers or of an insurance agency satisfactory to Mortgagee showing that such policies are in force, ten (10) days prior to the expiration of said policies.

5.3 During the course of any construction or repair of the Property, Mortgagor shall maintain (i) builder's completed value risk insurance against "all risks and physical loss", including collapse and transit coverage during construction of such improvements, in non-reporting form, covering the total value of work performed and equipment, supplies and materials furnished, and such policy of insurance shall contain the "permission to occupy upon completion of work or occupancy" endorsement and shall cover Mortgagee's interests in the Property, (ii) workmen's compensation insurance (including employer's liability insurance if requested by Mortgagee) for all employees of Mortgagor engaged on or with respect to the Property in such amount as is reasonably satisfactory to Mortgagee, or, in such amounts as are established by law, and (iii) comprehensive public liability insurance to the extent any such other liability insurance of Mortgagor then in effect shall be insufficient under the circumstances.

5.4 In the event of foreclosure of this Mortgage or transfer of title to the Property by any other means, all right, title and interest of Mortgagor in and to any insurance policies then in force and premiums thereon shall pass to the purchaser or grantee.

5.5 No policy of insurance hereunder may be cancelled or the coverage thereof reduced in amount except upon thirty (30) days prior written notice from the insurer thereof to Mortgagee.

6. Mortgagor, immediately upon obtaining knowledge of the institution of any proceedings for the taking of the Property or any portion thereof by eminent domain, shall notify Mortgagee of the pendency of such proceedings. Mortgagee may participate in any such proceedings, and the Mortgagor from time to time shall deliver to Mortgagee all instruments required by it to permit such participation.

7. Mortgagor assigns to Mortgagee all awards for any taking by eminent domain, alteration of the grade of any street or other injury to or decrease in value of the Property, to the extent of any remaining unpaid indebtedness under the Note, and notwithstanding any such taking, Mortgagor shall continue to pay interest and principal at the rate provided in the Note until a sufficient amount has been paid to any balance of principal and interest remaining due thereon; any reduction in the principal sum set forth, shall be deemed to take effect only on the date of such receipt. Such award may (i) be applied, in such proportions and priority as Mortgagee in its sole discretion may elect, to the reduction of principal, whether or not then due and payable, or to any other sums included in the indebtedness or (ii) be paid to Mortgagor on such terms as Mortgagee may specify, without thereby waiving or impairing any equity or interest