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for the Mortgagor to assign and transfer said policies.

7. If the premises covered hereby, or any part thereof, shall be damaged by fire or other hazard against which insurance is held as hereinbefore provided, all insurance moneys paid to the Mortgagee shall be held, disbursed and applied by it as follows:

(a) The Mortgagee may use so much of the proceeds received from said insurance as shall be necessary to cure any default of the Mortgagor under this mortgage.

(b) If the United States of America remains as tenant and the Post Office Department continues occupancy of the mortgaged premises hereinabove described under the proposed lease referred to hereinabove, all such insurance proceeds not used or necessary to be used to cure any default of the Mortgagor hereunder shall, to the extent of such cost, be applied to the cost of the repair, rebuilding and restoration of the damaged building and the improvements thereon. In the event the Mortgagor does not proceed promptly and effectively with the repair, rebuilding or restoration of the damaged buildings and the improvements thereon, the Mortgagee shall have the right to apply and pay out said proceeds for this purpose in such manner and to such persons as it may elect in order to insure that the repair or replacement of the mortgaged premises