

payable under any such insurance policies without any liability to Mortgagor whatsoever in respect of such adjustments. Any monies received as payment for any loss under any such insurance shall be paid over to Mortgagee to be applied at the option of Mortgagor either to the prepayment of the Note, without premium, in such order as Mortgagee may elect, or shall be disbursed to Mortgagor under stage payment terms satisfactory to Mortgagee for application to the cost of restoration of the Improvement or Chattels so damaged or destroyed; provided, however, that if there shall have occurred an Event of Default or Prospective Event of Default, the application of said insurance proceeds shall be at the sole discretion of Mortgagee. All repairs, replacements and restoration of the Improvement or Chattels so damaged or destroyed shall be effected with reasonable promptness and shall be of a value at least equal to the value of the Improvement or Chattels so damaged or destroyed.

(b) Mortgagor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Section 1.08, unless Mortgagee is included thereon as a named insured with loss payable to Mortgagee under a standard mortgagee endorsement of the character above described. Mortgagor shall immediately notify Mortgagee whenever any such separate insurance is taken out, specifying the insurer thereunder and full particulars as to the policies evidencing the same.

SECTION 1.09. In the event of the passage, after the date of this Mortgage, of any law of any State where the Premises are located deducting from the Land for the purpose of taxation of any lien thereon, or changing in any way the laws now in force