

restoration or rebuilding of buildings or improvements. Notwithstanding the foregoing, in the event this Mortgage is assigned to and accepted by Union, then after the date of said assignment and acceptance, said insurance proceeds shall be used to reimburse Mortgagor for the cost of the rebuilding or restoration of buildings or improvements on said Premises.

b. Insurance proceeds shall be made available in the manner and under the following conditions: (i) Mortgagor shall not be in default under the terms of this Mortgage; (ii) Mortgagee shall approve plans and specifications of such work before such work shall be commenced; (iii) Mortgagor shall provide suitable completion or performance bonds and Builder's All Risk Insurance; (iv) no insurer claims or asserts any defense against the Mortgagor or any Tenant of Mortgagor pursuant to the Insurance policy or policies covering the Premises; (v) there are sufficient funds upon deposit at all times with Mortgagee to complete rebuilding or restoration, as certified by an architect approved by Mortgagee; (vi) Mortgagee shall have the option of applying any surplus proceeds remaining after the completion of any restoration or rebuilding of the Premises to the indebtedness secured hereby; and (vii) upon such other conditions as would customarily be required by a local construction lender, or as are otherwise reasonable. The buildings and improvements shall be so restored or rebuilt so as to be of at least equal value and substantially the same character as prior to such damage or destruction. If the proceeds are made available by the Mortgagee to reimburse the Mortgagor for the cost of said rebuilding or restoration, any surplus which may remain out of said insurance proceeds after payment of such cost of rebuilding or restoration shall, at the option of the Mortgagee, be applied on account of the indebtedness secured hereby or be paid to Mortgagor.

1.07 Condemnation. The Mortgagor, immediately upon obtaining knowledge of the institution of any proceedings for the condemnation of the Premises or any portion thereof, shall notify Mortgagee of the pendency thereof. The Mortgagor hereby assigns, transfers and sets over unto the Mortgagee all compensation, rights of action, the entire proceeds of any award and any claim for damages for any of the Premises taken or damaged under the power of eminent domain or by condemnation or by sale in lieu thereof. Mortgagee may, at its option, commence, appear in and prosecute, in its own name, any action or proceeding, or make any compromise or settlement, in connection with such condemnation, taking under the power of eminent domain or sale in lieu thereof. After deducting therefrom all of its expenses, including attorneys' fees, the Mortgagee may elect to apply the proceeds of the award upon or in reduction of the indebtedness secured hereby, whether due or not, or hold said proceeds without any allowance of interest and make available for restoration or rebuilding of the Premises; provided, however, until such time as this Mortgage is assigned to and accepted by Union, Mortgagee shall have no obligation to apply said proceeds towards the restoration or rebuilding of the Premises unless Union and Holiday Inns, Inc. extend in writing their respective commitments for a period sufficient to permit the restoration or rebuilding of the Premises. In the event that the Mortgagee elects to make said proceeds available to reimburse Mortgagor for the cost of the rebuilding or restoration of the buildings or improvements on said Premises, such proceeds shall be made available in the manner and under the conditions that the Mortgagee may require in the manner provided under Section 1.06 above. If the proceeds are made available by the Mortgagee to reimburse the Mortgagor for the cost of said rebuilding or restoration, any surplus which may remain out of said award after payment of such cost of rebuilding or restoration shall at the option of the Mortgagee be applied on account of the indebtedness secured hereby or be paid to Mortgagor. Mortgagor agrees to execute such further assignments of any compensation, award, damages, right of action and proceeds, as Mortgagee may require.

1.08 Liens and Encumbrances. The Mortgagor shall not, without the Mortgagee's express written consent permit the creation of any liens or encumbrances on the Premises other than the lien of this Mortgage, and shall pay when due all obligations, lawful claims or demands of any person which, if unpaid, might result in, or permit the creation of, a lien or encumbrance on the Premises or on the rents, issues, income and profits arising therefrom, whether such lien would be senior or subordinate hereto, including, but without limiting the generality of the foregoing, all claims