

ARTICLE VII

DAMAGE TO OR DESTRUCTION OF PROJECT

Section 7.1. Duty to Restore or Rebuild. If at any time during the life of this Agreement the Project is damaged or destroyed by fire or other casualty, Grantor shall, unless Grantor prepays the Note as provided for in Article V of the Loan Agreement, proceed with due diligence to repair, restore, rebuild or replace said damaged or destroyed Facilities as nearly as practicable in the circumstances to the condition as they were in immediately prior to such damage or destruction, with such alterations and additions as Grantor may determine and as will not impair the capacity or character of the Project as originally intended as expressed in Section 4.2 of the Loan Agreement.

Section 7.2. Use of Insurance Monies Upon Exercise of Option to Prepay Note. In the event that such damage or destruction occurs before the Bonds and interest thereon have been paid in full and Grantor shall have elected to exercise an option to prepay the Note, all of the insurance monies collected by Grantee on account of such damage or destruction on the policy or policies of insurance maintained by Grantor pursuant to Article III hereof shall, concurrently with the prepayment of the Note by Grantor, be paid over to Grantee and deposited in the Bondholders' Account.

Section 7.3. Use of Insurance Monies if Option to Prepay Not Exercised. In the event that such damage or destruction occurs before the Bonds and interest thereon have been paid in full and Grantor does not prepay the Note as aforesaid, said insurance money collected by Grantee shall be deposited in the Insurance and Condemnation Proceeds Fund to be paid by Grantee to Grantor upon receipt by Grantee of the certificates and other instruments described in Sections 4.3, 4.4, and 4.5 of the Loan Agreement, and subject to the provisions of Section 4.6 thereof, except that the term "Insurance and Condemnation Proceeds Fund" shall be substituted for "Construction Fund" wherever that term appears. All plans and specifications for any construction work in connection therewith shall be filed with Grantee, and together with the architects or engineers by whom they were prepared, and the general contractors by whom and the contracts under which said

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