

1.03. INSURANCE.

(a) Prior to completion of the improvements on the Premises, Borrower shall maintain in full force and effect All Risks Builders Risk Insurance as required by the Loan Agreement. After completion, Borrower shall keep the improvements upon the Premises constantly and satisfactorily insured with an insurance company or companies to be approved by Lender, until the Note is paid, against loss by fire and the risks covered under the Extended Coverage Endorsement, in an amount equal to the greater of the outstanding balance due on the Note or one hundred percent (100%) of the replacement costs of the improvements, with an eighty percent (80%) coinsurance clause, said coverage to be endorsed with a Replacement Cost Endorsement, the amount reviewed annually and increased if necessary so as to provide coverage at all times in an amount necessary to restore the improvements to the condition existing just prior to the destruction or damage. Such policies shall be deposited with and made payable to Lender by attachment of the Standard Mortgagee Clause for further securing of said Note, and the proceeds thereof shall at the option of the Lender be applied in payment of the indebtedness secured by this Mortgage.

(b) Borrower shall cause to be carried on the Premises public liability insurance in amounts of not less than One Million Dollars (\$1,000,000.00) per claim for bodily injury and not less than Three Hundred Thousand Dollars (\$300,000.00) per claim for property damage.

(c) In case of the pending expiration of any policy, a renewal thereof with receipt for the premium on same shall be delivered to the Lender fifteen (15) days before the time of such expiration. In the event of loss, Borrower shall give immediate notice by mail to the Lender who may make proof of loss if not promptly made by the Borrower, but the Lender shall have no obligation to make such proof of loss. If the Borrower shall fail to pay any fire or other insurance premiums, or shall fail to pay for any necessary repairs, the Lender shall have the right to pay the same, and every payment so made by Lender shall be immediately reimbursed by Borrower and shall bear interest from the date thereof until paid at the interest rate specified in the Note. Failure of the Borrower to effect such insurance or to pay any fire or other insurance premiums, and/or the failure of the Borrower to repay the Lender for any advances, shall constitute a default hereunder.

(d) Each of the insurance policies required hereunder shall contain an endorsement that such policy may not be cancelled except upon not less than ten (10) days prior written notice to the Lender.

(e) Borrower shall further maintain such other insurance as the Lender may reasonably request.