

use, and shall keep the Premises, and the interests incident to the ownership, possession and operation thereof, insured in an amount equal to the insurable value thereof, but not less than an amount equal to the sum of the unpaid principal balance secured hereby. All insurance policies shall contain no co-insurance clauses, shall otherwise be in a form and with companies satisfactory to Mortgagee, shall provide for thirty (30) days' prior written notice to Mortgagee in the event of cancellation or material alteration and shall be for the benefit of and payable in case of loss to Mortgagee. Subject to the terms of the Prior Mortgages regarding application of insurance proceeds, all amounts recoverable under any such policy are hereby assigned to Mortgagee. In the event that insurance proceeds payable for any event of casualty damage or loss to any portion of the Premises shall total less than \$250,000.00, Mortgagee shall hold all proceeds and awards received by it and shall release them after repair or replacement of that portion of the Premises damaged or destroyed by such casualty loss or damage; provided, however, that Mortgagee shall not be obligated to release any such insurance proceeds or awards and shall be entitled to apply such insurance proceeds or awards against the indebtedness secured thereby, unless Mortgagor has complied with all of the following conditions:

(i) Mortgagee shall have approved the plans and specifications according to which the repair or replacement is to be constructed, which approval shall not be unreasonably withheld.

(ii) Mortgagee shall have approved the construction contract with the contractor who is to perform the repair or replacement, which approval shall not be unreasonably withheld.

(iii) Mortgagor shall have furnished Mortgagee with mechanic and materialmen lien waiver affidavits from the contractor or subcontractors performing any of such repair or replacement, and all suppliers of materials to the repair or replacement of the damaged or destroyed portion of the Premises;

(iv) Mortgagor shall furnish Mortgagee, if Mortgagee so requests, with a survey of the Premises prepared by a registered surveyor after completion of the repair or replacement of the damaged or destroyed portion of the Premises;

(v) There shall be no unsatisfied recorded liens or other encumbrances of record against the Premises arising out of such repair or replacement.

In the event that insurance proceeds payable for any event of casualty damage or loss to any portion of the Premises shall be \$250,000 or more, then the amount collected by Mortgagee may, at the option of Mortgagee, be used in any one or more of the following ways: (i) applied upon the debt secured hereby, whether such debt or any part thereof then be matured or unmatured; (ii) used to fulfill any of Mortgagor's covenants and agreements contained herein as Mortgagee may determine; (iii) used to replace or restore the Premises to a condition satisfactory to Mortgagee; or (iv) released to Mortgagor. Nothing contained herein shall obligate Mortgagee to see to the proper application of any funds released to Mortgagor pursuant hereto. Subject to the terms of the Prior Mortgage regarding application of insurance proceeds, Mortgagee is hereby irrevocably appointed by Mortgagor as attorney-in-fact of Mortgagor to assign any policy without accounting to Mortgagor for any unearned premium thereon, in the event of the foreclosure of this mortgage, a sale of the Premises under the powers hereinafter granted, or a conveyance by Mortgagee in lieu of any such foreclosure or sale under power. Notwithstanding anything to the contrary contained in this