

to the date when they are due and payable. The amounts of such deposits (herein generally called "Tax Deposits") shall be based upon the Surety's estimate as to the amount of Taxes giving due regard for the Taxes payable in preceding years. The Developer shall promptly upon the demand of the Surety make additional Tax Deposits as the Surety may from time to time require due to (i) failure of the Surety to require, or failure of the Developer to make, Tax Deposits in previous months, (ii) underestimation of the amounts of Taxes, (iii) the particular due dates and amounts of Taxes, or (iv) application of the Tax Deposits pursuant to Section 8(c) hereof.

(b) The Surety will, out of the Tax Deposits, upon the presentation to the Surety by the Developer of the bills therefor, pay the Taxes or will, upon the presentation of receipted bills therefor, reimburse the Developer for such payments made by the Developer. If the total Tax Deposits on hand shall not be sufficient to pay all of the Taxes when the same shall become due, then the Developer shall pay to the Surety on demand the amount necessary to make up the deficiency.

(c) The Surety may, at its option, without being required so to do, apply any Tax Deposits on hand to any of the Indebtedness Hereby Secured, in such order and manner as the Surety may elect. When the Indebtedness Hereby Secured has been fully paid, any remaining Tax Deposits may be applied to pay any remaining indebtedness outstanding and unpaid under the Second Mortgage Documents. All Tax Deposits are hereby pledged as additional security for the Indebtedness Hereby Secured, and shall be held by the Surety irrevocably to be applied for the purposes for which made as herein provided, and shall not be subject to the direction or control of the Developer.

Compliance by the Developer with the requirements for deposits for Taxes under the First Mortgage, as long as in effect, will satisfy the obligations of the Developer under this Section.

SECTION 9. PROCEEDS OF INSURANCE.

The Developer will give the Surety prompt notice of any loss or damage to the Premises, and:

(a) Subject to Section 9 of the First Mortgage, as long as in effect, in case of loss or damage covered by any of the Insurance Policies, the Developer is hereby authorized to settle and adjust any claim under such Insurance Policies with the consent of the Surety; provided that the Surety shall, and is hereby authorized to, collect and receipt for any such insurance proceeds. Each insurance company which has issued an Insurance Policy is hereby authorized and directed to make payment for all losses covered by an Insurance Policy to the Surety alone, and not to the Surety and Developer jointly.

(b) Unless the Indebtedness Hereby Secured has been paid in full and whether or not sufficient insurance proceeds are made available to the Developer, the Developer hereby covenants to restore, repair, replace or rebuild the Premises, to be of at least equal value, and of substantially the same character, as prior to such loss or damage, all to be effected in accordance with plans, specifications and procedures to be first submitted to and approved by the Surety, and the Developer

0.344

4328-17-2