

such proceeds as aforesaid, Mortgagee may execute such endorsements or transfers for and in the name of Mortgagor and Mortgagor hereby irrevocably appoints Mortgagee as Mortgagor's agent and attorney-in-fact so to do. After deducting from said insurance proceeds all of its expenses incurred in the collection and administration of such sums, including attorneys' fees, Mortgagee may apply the net proceeds or any part thereof, at its option, (i) to the payment of the Indebtedness, whether or not due and in whatever order Mortgagee elects, (ii) to the completion, repair and/or restoration of the Premises and City Project (after completion of improvements thereon and acceptance of possession thereof by Mortgagor), and/or (iii) for any other purposes or objects for which Mortgagee is entitled to advance funds under this Mortgage, all without affecting the security interest created by this Mortgage; and any balance of such moneys then remaining shall be paid to Mortgagor or the person or entity lawfully entitled thereto. Mortgagee shall not be held responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure.

(c) Notwithstanding the foregoing, upon written request of Mortgagor or any successor of Mortgagor approved by Mortgagee, and so long as no Default exists hereunder or under the Note and so long as Mortgagee shall first be given satisfactory proof:

(i) that there exists a fund comprised of such net proceeds and such other moneys, if necessary, which in the reasonable judgment of Mortgagee shall be sufficient to restore the Premises to their condition and value immediately prior to such loss (or taking) and to pay operating expenses, taxes, debt service and other so-called "carrying costs" for any period in which the stabilized income from the Premises shall be less than such carrying costs;

(ii) that the Premises after restoration shall, in the reasonable judgment of Mortgagee, generate a stabilized income sufficient to pay all such carrying costs;