

16. Application of Assigned Moneys. 16.1. Prior to Default.

If and so long as no Event of Default shall have occurred and be continuing, the Mortgagee shall apply all moneys received by it pursuant to section 15 as follows:

- (a) each installment of base rent shall be applied to the payment of the installments of principal and interest becoming due in respect of the Note on the first day of the month following the specified due date of such installment of base rent;
- (b) all additional rent shall be applied to the reimbursement of the Mortgagee for the payment or advance in respect of which such additional rent was paid;
- (c) all awards on account of Takings other than a Total Taking shall be applied as provided in Article 17 of each of the Leases;
- (d) the award on account of a Total Taking, all amounts paid by a Lessee under a Lease pursuant to Article 17 of such Lease upon the termination of such Lease in the event of a Total Taking, all insurance proceeds on account of a Total Destruction, and all amounts paid by a Lessee under a Lease pursuant to Article 15 of such Lease upon the termination of such Lease in the event of a Total Destruction, shall be applied to the prepayment of required installments of principal under the Note in their inverse order of maturity;
- (e) all insurance proceeds on account of damage to or destruction of the Property other than a Total Destruction payable to the Mortgagor pursuant to a Lease or otherwise shall be applied to the restoration of the Property and the payment of rent as provided in Article 15 of each Lease, and, to the extent applied to the payment of rent, shall be applied as provided in paragraph (a) above; and
- (f) all other moneys, if any, received by the Mortgagee pursuant to section 15 shall be remitted by the Mortgagee, after payment in full of all amounts of principal, and interest at the time due and payable on the Note, to the Mortgagor or as the Mortgagor may direct.

For the purpose of this section 16, the following terms shall have the following meanings:

"Taking": a condemnation by public authority of all or any part of the Property.

"Total Destruction": the destruction of or damage to the Property in whole or in part by any cause whatsoever as to which the Board of Directors of the Lessee shall have elected not to repair or restore the Property but to terminate the Lease in question pursuant to Article 15 thereof.

"Total Taking": a Taking of the whole of the Property or a Taking of a portion thereof, whether of a temporary or permanent nature, as to which the Board of Directors of the Lessee under the Lease in question, in its reasonable discretion, shall have determined that the balance of the Property remaining is not useful for its purposes and shall have terminated the Lease in question pursuant to Article 17 thereof.