

3. INSURANCE: The Mortgagor will (a) keep the Improvements and the Fixtures insured against loss or damage by fire, flood (if the Premises are located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards and in which flood insurance has been made available under the Flood Disaster Protection Act of 1973, as amended) and such other hazards as the Mortgagee may require, in amounts, with insurers and under forms of policies (including a standard mortgagee clause unless otherwise required) reasonably satisfactory to the Mortgagee, (b) deliver all such policies and, at least 15 days prior to their expiration dates, all renewals thereof to the Mortgagee and (c) pay all premiums thereon. The Mortgagor will not permit any condition to exist on the Mortgaged Property which would wholly or partially invalidate the insurance thereon. The Mortgagor hereby assigns to the Mortgagee, subject to the rights of the First Mortgagee, all of its right, title and interest in and to all such policies, including any unearned premiums thereon, such assignment to take effect upon the occurrence of any "Event of Default" (as hereafter defined) under this Mortgage. The Mortgagor hereby irrevocably authorizes the Mortgagee to participate in the adjustment and compromise of any insurance claims with respect to the Improvements and the Fixtures or any part thereof under the insurance policies referred to in this paragraph and hereby irrevocably appoints the Mortgagee its attorney-in-fact to collect and receive any such proceeds from the insurers paying the same and to give receipts and acquittances therefor. Mortgagee, at Mortgagor's written request, shall make the same available to the Mortgagor in whole or in part for the purpose of repairing, restoring, rebuilding or replacing the damaged Improvements and Fixtures under the following terms and conditions. If Mortgagor elects to so restore, repair, rebuild or replace, the Mortgagor shall, at its sole cost and expense, repair, restore or reconstruct the Improvements and Fixtures to substantially their condition immediately prior to such damage or destruction regardless of whether or not the available insurance proceeds shall be sufficient to pay the cost thereof. All insurance proceeds shall be paid over to Mortgagee to be disbursed to Mortgagor upon appropriate requisition therefor certified by the Mortgagor and an independent licensed architect as to the cost and progress of the repair, restoration or reconstruction work either upon completion of such work or periodically as such work progresses. Any surplus of such insurance proceeds remaining after the completion of all payments for

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