

ARTICLE VIII

DAMAGE, DESTRUCTION AND CONDEMNATION

8.01.

Unless the Company

shall elect to exercise its option to purchase pursuant to the provisions of Article XV hereof, if prior to full payment of the bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project is destroyed or is damaged (in whole or in part) by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section hereof resulting from such destruction or damage is not greater than \$5,000, the Company, (i) shall promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition thereof as existed prior to the event causing such destruction or damage, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Company and as will not impair operating effectiveness or capacity or the character of the Project as a warehouse and distribution facility, and (ii) will apply for such purpose so much as may be necessary of any proceeds of insurance resulting from such claims for losses. All proceeds of insurance resulting from such claims for losses not in excess of \$5,000 shall be paid to the Company.

Unless the Company shall elect to exercise its option to purchase pursuant to the provisions of Article XV hereof, if prior to full payment of the bonds (or provision for payment

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