

ARTICLE VIIDAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1. Damage and Destruction. If prior to full payment of the Note the Project shall be damaged or partially or totally destroyed by fire, flood, windstorm or other casualty at any time during the Lease Term, there shall be no abatement or reduction in the rent payable by the Lessee under this Lease, and unless the Lessee shall elect to terminate the Lease Term as provided in Section 11.1 hereof the Lessee will promptly repair, rebuild or restore the property damaged or destroyed with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not adversely affect the use of the Project for the purposes for which it is intended.

Section 7.2. Condemnation. Unless the Lessee shall terminate the Lease Term in accordance with the provisions of Section 11.1 hereof, in the event that title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Lessee shall be obligated to continue to make the rental payments specified in Section 5.3 hereof. The County, the Lessee and the Assignee shall cause the Net Proceeds received by them or any of them from any award made in such eminent domain proceedings, to be paid to and held by the Assignee in a separate trust account, to be applied in one or more of the following ways as shall be directed in writing by the Lessee:

(a) To the restoration by the Lessee of the Project to substantially the same condition thereof as existed prior to the exercise of the said power of eminent domain.

(b) To the acquisition, by construction or otherwise, in the name of the County of improvements consisting of a building or buildings, facilities, machinery,