

the Lessee shall elect to exercise its option to purchase pursuant to, the provisions of Section 11.2 hereof) to the extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) and (b) hereof resulting from such destruction or damage is in excess of \$50,000, the Lessee shall promptly give written notice thereof to the Mortgagee. All Net Proceeds of insurance resulting from such claims for losses in excess of \$50,000 shall be paid to and held by the Mortgagee in a separate trust account. The Lessee shall proceed promptly to repair, rebuild, or restore the Project to substantially the same condition thereof as existed prior to the event causing such damage or destruction, 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 impair the value or the character of the Project as a facility for the uses described in Section 2.2(d) or such other uses as the Lessee may deem appropriate. The Mortgagee shall apply so much as may be necessary of the Net Proceeds of such insurance to payment of the costs of such repair, rebuilding, or restoration, either on completion thereof or as the work progresses.

(c) In the event the Net Proceeds are not sufficient to pay in full the costs of any such repair, rebuilding, or restoration, the Lessee shall nonetheless complete said work and shall pay that portion of the costs in excess of the amount of said Net Proceeds.

(d) The Lessee shall not, by reason of the payment of such excess costs made pursuant to Section 7.1(c), be entitled to any reimbursement from the County, the Mortgagee, or the holders or owners of the Note or any abatement or diminution of the rents payable under Section 5.3 hereof or the amounts payable under Section 5.4 hereof.