

premium thereon. In case of loss, the Mortgagee is hereby authorized either (a) to settle and adjust any claim under such insurance policies without consent of the Mortgagor or (b) to allow the Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss. In either case, the Mortgagee is authorized to collect and receipt for any such insurance money. Such insurance money may, at the option of the Mortgagee, either be applied in reduction of the principal balance of the Note or any other sum secured hereby, whether due or not, or be held by the Mortgagee and used to reimburse the Mortgagor for the cost of repairing or restoring the improvements on the Property, except in the event that there is not in existence a default under the terms of this Mortgage or a termination of any Lease encumbering the property, or any default under any such Lease (after applicable grace periods contained in such Lease have expired), and the Mortgagor is required by the terms of any Lease to repair or restore the improvements, sufficient insurance proceeds shall be released by Mortgagee to reimburse Mortgagor for the cost (as evidenced by a certified construction statement) of repairing or restoring the damaged or destroyed improvements in accordance with plans and specifications submitted to and approved by the Mortgagee. If the cost of repairing or restoring the damaged or destroyed improvements is in excess of the available insurance proceeds, as determined by means of a certified construction statement, the amount of such excess shall be paid to the Mortgagee before any insurance proceeds are released by the Mortgagee. In the event that the insurance proceeds are in excess of the amount of money required to repair or restore said improvements, said excess, at the option of the Mortgagee, shall be released to the Mortgagor or applied in reduction of the period balance of the Note. Interest shall not be allowed on any insurance proceeds held by the Mortgagee pending completion of the repair or restoration of said buildings or improvements and such insurance proceeds may be commingled with the general corporate funds of Mortgagee.

The buildings and improvements shall be so repaired or rebuilt (when required hereunder) as to be of at least equal value and of substantially the same character as prior to such damage or destruction.

In case of loss after foreclosure proceedings have been instituted, the proceeds of any such insurance policy or policies, if not applied as aforesaid in rebuilding or restoring the buildings or improve-