

Section 1.05 Insurance Proceeds. After the happening of any casualty to the Improvements and the Personal Property or any part thereof, the Company shall give prompt notice thereof to the Beneficiary.

(a) In the event of any damage or destruction of any Improvements, the Company shall have the option of applying all or part of the insurance proceeds in excess of \$10,000 to either (i) the restoration of such Improvements, or (ii) the payment of any indebtedness secured hereby (including prepayment of the Note without premium), and, if the amount payable is in excess of \$50,000 the Beneficiary shall have similar options with respect to insurance proceeds so payable, with any surplus to be paid to the Company or to whosoever may be legally entitled thereto.

(b) In the event of such loss or damage, all proceeds of insurance shall be payable to the Beneficiary (except losses of less than \$10,000 shall be payable to the Company), and the Company hereby authorizes and directs any affected insurance company to make payment of such proceeds directly to the Beneficiary. The Beneficiary shall have the right, and is hereby authorized and empowered by the Company, to join with the Company in settling, adjusting or compromising any claims for loss, damage or destruction under any policy or policies of insurance in excess of \$50,000.

Nothing herein contained shall be deemed to excuse the Company from restoring, repairing or maintaining the Improvements and the Personal Property as provided in Section 1.02, regardless of whether or not there are insurance proceeds available or whether any such proceeds are sufficient in amount, and the application or release by the Beneficiary of any insurance proceeds shall not cure or waive any default or notice of default under this Indenture or invalidate any act done pursuant to such notice.

Section 1.06 Assignment of Policies Upon Foreclosure. In the event of foreclosure of this Indenture or other transfer of title or assignment of the Trust Estate in extinguishment, in whole or in part, of the debt secured hereby, all right, title and interest of the Company in and to all policies of insurance required by Section 1.03 shall inure to the benefit of and pass to the successor in interest to the Company or the purchaser or grantee of the Trust Estate.