

at its sole option may require the Mortgagor to repair and restore the damaged improvements to substantially the same condition as existed immediately prior to the casualty, whether or not the insurance proceeds shall be sufficient for such purpose. In the event the Mortgagee elects to require the repair and restoration of the improvements, all insurance monies received by Mortgagee on account of such damage or destruction, less the actual costs, fees and expenses, if any, incurred in connection with the adjustment of the loss, shall be applied to the cost of such repair, and, unless Mortgagor is in default hereunder, shall be paid out from time to time as the repairs progress upon the written request of Mortgagor to Mortgagee accompanied by a certificate signed by the architect or engineer in charge of the repairs, dated not more than thirty (30) days prior to such request, setting forth the following:

(a) that the sum then requested either has been paid, or is justly due to contractors, subcontractors, materialmen, engineers, architects or other persons who have rendered services or furnished materials necessary or appropriate for the repairs therein specified, and giving a brief description of such services and materials and the several amounts so paid or due to each of said persons in respect thereof, and stating that no part of such expenditures has been or is being made the basis for any previous or then pending request for the withdrawal of insurance money, and that the sum then requested does not exceed the reasonable cost of the services and materials described in the certificate;

(b) that, except for the amount, if any, stated in such certificate to be due for services or materials, there is no outstanding indebtedness known to the persons signing such certificate, after due inquiry, which is then due for labor, wages, materials, supplies or services in connection with such repairs which, if unpaid, might become the basis of a mechanic's, laborer's, materialman's, supplier's or vendor's or other lien upon such repairs or upon the property or any part thereof, except such as are permitted under this Mortgage; and

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