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and is bound by the terms of the Regulatory Agreement set forth in the Senior Mortgage. The net proceeds thus derived shall be distributed first, to the cost of maintenance and operation of the Mortgaged Premises; second, to the payment of the indebtedness, principal and interest (application to be made first to interest) with priority of payment reserved in the Senior Mortgagee; and third, to the extent of the balance thereof, if any, to the Mortgagor upon the payment of the aforesaid costs and the Indebtedness. The Mortgaged Premises shall be returned to Mortgagor in its then condition and Mortgagee shall not be liable to Mortgagor for any damage to or injury of the Mortgaged Premises for any decline in the value thereof or for insurance coverage thereon. Mortgagor hereby grants and acknowledges the right of Mortgagee, at its option, to the appointment, without notice of a receiver for the purposes set forth herein and hereby agrees not to oppose any application therefor.

(v) Subject to the rights of any prior mortgagee, Mortgagee may surrender the insurance policies maintained pursuant to the provisions hereof, or any part thereof, and receive and apply the unearned premiums as a credit on the Indebtedness, and, in connection therewith, Mortgagor hereby appoints Mortgagee as the agent and attorney-in-fact for Mortgagor to collect such premiums.

(vi) Mortgagee may apply any deposit or reserve, if any, required herein or by any agreement executed in connection with the Note, toward payment of the Indebtedness.

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