

of construction, contractor's liability and workmen's compensation insurance, in form and substance acceptable to mortgagee and in such amounts as mortgagee may from time to time reasonably specify. In the event the property is located within an area that has been appropriately identified as an area having "special flood hazards", mortgagor shall also provide and maintain in force a flood insurance policy or policies in all respects satisfactory to mortgagee. All such policies of insurance shall contain loss payable endorsements and such other appropriate endorsements as mortgagee may require, naming mortgagee as loss payee and requiring thirty (30) days written notice to mortgagee prior to cancellation, lapse of effectiveness or material change in coverage thereof, and such policies or certificates thereof shall be and remain deposited with mortgagee until such time as the Note shall have been paid in full in accordance with its terms. In the event that mortgagor does not deposit with mortgagee a new policy or certificate of insurance with evidence of payment of premium thereon for at least a twelve-month period at least thirty (30) days prior to the expiration of any expiring policy, then mortgagee may procure said insurance and mortgagor agrees to pay the premium thereon promptly on submission of statement. The mortgagee shall not be responsible for such insurance or the collection of any insurance monies, or for the insolvency of any insurer or insurance underwriter. Any and all unexpired insurance shall inure to the benefit of and pass to the purchaser of the property conveyed hereby at any foreclosure sale held hereunder.

(b) All insurance proceeds shall be paid, and are hereby assigned, to mortgagee and mortgagee shall have the option, in its sole discretion, of (i) applying all or any part of such insurance proceeds to any indebtedness secured hereby, without any prepayment premium or fee, in such order as mortga-