

2. So long as Mortgagor is not in default hereunder and under the Note, Mortgagee shall pay the debt service of principal and interest as and when due under the terms of the FEC Mortgage and the promissory note secured thereby from the proceeds received as payments due under the Purchase Money Wraparound Note. In the event Mortgagee does not pay said debt service according to the terms thereof, Mortgagor shall be entitled to make such payments directly and to receive a credit therefor against the amounts otherwise due Mortgagee.

3. Mortgagor shall keep the Premises protected and in good order, repair and condition at all times, promptly replacing any part thereof which may become lost, destroyed or unsuitable for use, and shall keep the Premises, and the interests incident to the ownership, possession and operation thereof, insured in an amount equal to the insurable value thereof, but not less than an amount equal to the sum of the unpaid principal balance secured hereby. All insurance policies shall contain no co-insurance clauses, shall otherwise be in a form and with companies satisfactory to Mortgagee, shall provide for thirty (30) days' prior written notice to Mortgagee in the event of cancellation or material alteration and shall be for the benefit of and payable in case of loss to Mortgagee. Subject to the terms of the Prior Mortgages regarding application of insurance proceeds, all amounts recoverable under any such policy are hereby assigned to Mortgagee. In the event that insurance proceeds payable for any event of casualty damage or loss to any portion of the Premises shall total less than \$250,000.00, Mortgagee shall hold all proceeds and awards received by it and shall release them after repair or replacement of that portion of the Premises damaged or destroyed by such casualty loss or damage; provided, however, that Mortgagee shall not be obligated to release any such insurance proceeds or awards and shall be entitled to apply such insurance proceeds or awards against the indebtedness secured thereby, unless Mortgagor has complied with all of the following conditions:

(i) Mortgagee shall have approved the plans and specifications according to which the repair or replacement is to be constructed, which approval shall not be unreasonably withheld.

(ii) Mortgagee shall have approved the construction contract with the contractor who is to perform the repair or replacement, which approval shall not be unreasonably withheld.

(iii) Mortgagor shall have furnished Mortgagee with mechanic and materialmen lien waiver affidavits from the contractor or subcontractors performing any of such repair or replacement, and all suppliers of materials to the repair or replacement of the damaged or destroyed portion of the Premises;

(iv) Mortgagor shall furnish Mortgagee, if Mortgagee so requests, with a survey of the Premises prepared by a registered surveyor after completion of the repair or replacement of the damaged or destroyed portion of the Premises;

(v) There shall be no unsatisfied recorded liens or other encumbrances of record against the Premises arising out of such repair or replacement.

In the event that insurance proceeds payable for any event of casualty damage or loss to any portion of the Premises shall be \$250,000 or more, then the amount collected by Mortgagee may, at the option of Mortgagee, be used in any one or more of the following ways: (i) applied upon the debt secured hereby, whether such debt or any part thereof then be matured or unmatured; (ii) used to fulfill any of Mortgagor's covenants and agreements