

sufficient to pay in full the then unpaid balance of the said indebtedness, with the accrued interest thereon, Mortgagor shall, within ten (10) days after the application of the award or proceeds as aforesaid pay such deficiency to Mortgagee. For the purposes of this Section "substantially all of the Premises" shall be deemed to have been taken if the portion of the premises not so taken cannot be so repaired or reconstructed as to constitute a complete, rentable structure(s) capable of producing a fair and reasonable net annual income sufficient, after the payment of all operating expenses thereof, to retire the obligation per the terms of the Note(s) secured hereby.

7.4 Partial Taking - Mortgagee's Election. If at any time during the term of this Mortgage title to less than the whole or substantially all of the Premises shall be taken as aforesaid, then Mortgagee will elect, within thirty (30) days after receipt of notice of such taking, whether to have the proceeds of the award applied to reduction of the unpaid principal balance of the indebtedness secured hereby or to have such proceeds made available to Mortgagor for the repair and reconstruction necessary to restore the Premises. If Mortgagee elects to have the award or proceeds applied to reduce the unpaid principal balance, said proceeds shall, promptly after receipt by Mortgagee, be applied by Mortgagee, first, to pay the actual cost, fees and expenses, if any, incurred in connection with the collection of the award, and, second, to reduction of the indebtedness secured hereby in inverse order of payments provided for in the Note. If Mortgagee elects to have the proceeds of the award used for repair and restoration, all of the award or proceeds collected by Mortgagee shall be applied first to pay the actual cost, fees and expenses, if any, incurred in connection with the collection of the award, and the balance shall be paid over toward the cost of demolition, repair and restoration, substantially in the same manner and subject to the same conditions as those provided in Section 6.6 hereof with respect to insurance proceeds and other monies. Any balance of such award proceeds remaining in the hands of Mortgagee after payment of such costs of demolition, repair and restoration as aforementioned, shall be retained by Mortgagee and applied in reduction of the indebtedness secured hereby in inverse order of payments as set forth in the Note. In the event that such costs shall exceed the net award amount collected by Mortgagee, Mortgagor shall pay the deficiency, on demand.

7.5 Abandonment: Failure of Mortgagor to Respond to Offer, etc. If the Premises is abandoned by Mortgagor or if after notice to Mortgagee and/or Mortgagor that the condemnor offers to make an award or settle a claim for damages, Mortgagor fails to respond to the offer and fails to advise Mortgagee within thirty (30) days of the date of such notice, then Mortgagee is authorized to collect and apply the proceeds at the Mortgagee's option either to restoration or repair of the Premises or to the sums secured by this Mortgagee.

7.6 Application of Proceeds. In the event that the principal balance secured hereby is reduced under the provisions of Sections 7.4 or 7.5 hereof, the application of such proceeds to principal shall not extend or postpone the due date of the monthly installments or change the amount of such installments as provided in the Note(s) secured by this Mortgage unless the Mortgagee agrees otherwise in writing.

7.7 Expenses. In the case of any taking covered by the provisions of this Article VII, Mortgagor and Mortgagee shall be entitled to reimbursement from any award or awards of all reasonable costs, fees and expenses incurred in the determination

0735

4328-17-2