

- (I) toward the alteration, reconstruction, repair or restoration of the Mortgaged Property or any portion thereof, in which event Mortgagee must give its prior written approval to all plans and specifications for the alteration, reconstruction, repair or restoration of the Mortgaged Property; or
- (II) as a payment on account of Mortgagor's Liabilities, without a prepayment penalty (without affecting the amount or time of subsequent installment payment required to be made by Mortgagor to Mortgagee under the Note), whether or not then due or payable;

or

- (ii) deliver the same to Mortgagor.

(c) The provisions of Paragraph 4.1(B)(b) notwithstanding, the proceeds of such insurance shall be released to Mortgagor, on such terms as Mortgagee shall determine to protect the amount and validity of the lien granted hereunder, for the purpose of repairing or restoring the Mortgaged Property, provided (i) there is no Event of Default hereunder at such time; and (ii) such proceeds, together with other funds of Mortgagor, are sufficient to fully repair or restore the Mortgaged Property.

(d) All insurance proceeds at any time or times hereafter disbursed to or for the benefit of the Mortgagor in any way, manner or respect affecting, arising from or relating to, the Mortgaged Property, or any portion thereof, are hereby assigned to Mortgagee as additional security for the payment of the Mortgagor's Liabilities (and for such purpose the Mortgagor hereby grants to Mortgagee a security interest therein).

4.2 (A) Mortgagor shall deposit with Mortgagee on the first (1st) day of each month hereafter until Mortgagor's Liabilities are fully paid, a sum equal to one-twelfth 1/12 of (i) one hundred percent (100%) of the total annual impositions, levies, taxes and assessments arising with respect to the Mortgaged Property for the most recent ascertainable tax year and (ii) the total amount of annual premiums for all policies required to be obtained and maintained by Mortgagor pursuant to this Mortgage with respect to the Mortgaged Property. Subject to the provisions of this Paragraph and provided that Mortgagor is not in default in the timely payment of any installment of principal, Interest or other monies due or declared due under the Note and is not in default under the Other Agreements and there is no Event of Default hereunder, Mortgagee shall pay, when and to whom due and payable under applicable contracts or law, to and including the Maturity Date all of the aforesaid impositions, levies, taxes, assessments and premiums. Upon occurrence of a default under the Note or the Other Agreements, or an Event of Default hereunder, Mortgagee shall not be obligated to make such payments, but, at its sole election and in its sole discretion, may make any or all of such payments. Any such payments made by Mortgagee, together with interest thereon at the Default Rate from the date of Mortgagee's payment(s) thereof until repaid