

SECTION 8. DEPOSITS FOR TAXES.

In order to assure the payment of Taxes as and when the same shall become due and payable so long as an Event of Default shall have occurred and shall be continuing hereunder:

(a) The Developer shall deposit with the Trustee on the first business day of each and every calendar month, following such Event of Default, an amount equal to one-twelfth of the Taxes to become due upon the Premises between one and 13 months after the date of such deposit; provided that in the case of the first such deposit, there shall be deposited in addition an amount which, when added to the aggregate amount of monthly deposits to be made hereunder with respect to Taxes to become due and payable within thirteen months after such first deposit, will provide (without interest) a sufficient fund to pay such Taxes, one month prior to the date when they are due and payable. The amounts of such deposits (herein generally called "Tax Deposits") shall be based upon the Surety's estimate as to the amount of Taxes giving due regard for the Taxes payable in preceding years. The Developer shall promptly upon the demand of the Surety make additional Tax Deposits as the Surety may from time to time require due to (i) failure of the Surety to require, or failure of the Developer to make, Tax Deposits in previous months, (ii) underestimation of the amounts of Taxes, (iii) the particular due dates and amounts of Taxes, or (iv) application of the Tax Deposits pursuant to Section 8(c) hereof.

(b) The Trustee will, out of the Tax Deposits, upon the presentation to the Trustee by the Developer of the bills therefor, pay the Taxes or will, upon the presentation of receipted bills therefor, reimburse the Developer for such payments made by the Developer. If the total Tax Deposits on hand shall not be sufficient to pay all of the Taxes when the same shall become due, then the Developer shall pay to the Trustee on demand the amount necessary to make up the deficiency.

(c) The Trustee shall apply any Tax Deposits on hand to any of the Indebtedness Hereby Secured, in such order and manner as the Surety may elect. When the Indebtedness Hereby Secured has been fully paid, any remaining Tax Deposits may be applied to pay any indebtedness outstanding and unpaid under the Second Mortgage Documents. All Tax Deposits are hereby pledged as additional security for the Indebtedness Hereby Secured, and shall be held by the Trustee irrevocably to be applied for the purposes for which made as herein provided, and shall not be subject to the direction or control of the Developer.

SECTION 9. PROCEEDS OF INSURANCE.

The Developer will give the Co-Mortgagees prompt notice of any loss or damage to the Premises, and:

(a) In case of loss or damage covered by any of the Insurance Policies, the Developer is hereby authorized to settle and adjust any claim under such Insurance Policies with the consent of the the Co-Mortgagees; provided that the Co-Mortgagees shall, and are hereby authorized to, collect and receipt for any such insurance proceeds. Each insurance company which has issued an Insurance Policy is hereby authorized and directed to make payment for all losses covered by an

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