

"Investor Institution") which shall, on Mortgagee's behalf, keep such proceeds invested in full faith and credit obligations of the United States government having maturities of 270 days or less. All fees and expenses of the Investor Institution for investing such proceeds shall be paid out of income earned on such proceeds. The Investor Institution, upon the direction of Mortgagee, shall apply such proceeds and all income remaining from the investment thereof after such fees and expenses have been paid, as hereinafter provided in Section 1.05(b).

(b) Insurance proceeds received by Mortgagee on account of any damage to or destruction of the Improvements or any part thereof (less the costs, fees and expenses incurred by Mortgagee in the collection thereof, including without limitation adjuster's fees and expenses and attorneys' fees and expenses) and all income earned on such proceeds in accordance with Section 1.05(a) (such remaining insurance proceeds and income earned thereon being hereinafter together called "Net Insurance Proceeds") shall be applied as follows:

(i) Mortgagee may elect to (a) retain the Net Insurance Proceeds and apply them first to the prepayment of the Note, second to the payment of any other indebtedness that is secured by this Mortgage and third, to the extent proceeds remain after the foregoing payments, to Mortgagor, or (b) allow the Mortgagor to restore the Improvements. Mortgagee's election to allow Mortgagor to restore the Improvements is subject to the following provisions of this Section 1.05(b). Mortgagor shall furnish to Mortgagee evidence reasonably satisfactory to Mortgagee of the total cost of restoration, replacement or rebuilding of the Improvements as nearly as possible to its value, condition, and character immediately prior to such damage or destruction (such restoration, replacement and rebuilding, together with any temporary repairs and property protection pending completion of the work, being herein called "Restoration") and evidence reasonably satisfactory to the Mortgagee that it has available and will upon Mortgagee's direction deposit with the Investor Institution the total amount of money which, when added to the Net Insurance Proceeds, shall be sufficient to pay the cost of Restoration. If the Lease or the Improvements Lease has terminated or if the cost of Restoration exceeds Net Insurance Proceeds, then Mortgagor shall have no obligation to so restore the Improvements and Mortgagee shall pay all insurance proceeds received by it (and income earned thereon) first to the prepayment of the Note, second to the payment of any other indebtedness that is