

\$250,000.00, and if the holders of the Prior Mortgages make available to Mortgagor the net proceeds of insurance for repair and/or reconstruction of the Premises, then so long as no default hereunder shall be continuing, Mortgagee will make the insurance proceeds available to Mortgagor for repair and/or reconstruction of the Premises, on the following terms and conditions:

(i) The work will be performed by a reputable general contractor satisfactory to the Mortgagee in the exercise of reasonable business judgment, pursuant to plans and specifications satisfactory to Mortgagee, in the exercise of reasonable business judgment.

(ii) The insurance proceeds will be held by Mortgagee (or an escrowee satisfactory to Mortgagee) in trust, to be disbursed periodically as the work progresses to the satisfaction of Mortgagee (or its representative) in amounts not exceeding 90% of the value of labor and materials incorporated into the work. The remaining 10% will be released to Mortgagor upon final completion of the work in accordance with the aforesaid plans and specifications, and upon a receipt of a release of liens and claims from all contractors and subcontractors engaged in the work.

(iii) If the entire insurance proceeds are not used for restoration, the excess proceeds will be applied on account of the indebtedness secured hereby, subject to the rights of the holders of the Prior Mortgages. If the cost of the work will exceed the available insurance proceeds, Mortgagor will deposit the amount of the excess with Mortgagee (or the aforesaid escrowee) to be disbursed prior to disbursement of the insurance proceeds. Subject to the rights of the holders of the Prior Mortgages, and notwithstanding the foregoing, if the damage or destruction is such that more than 70% of the apartment units on the Premises are destroyed or rendered untenable, Mortgagee may elect to apply the insurance proceeds on account of the indebtedness secured hereby. During any construction, repair, restoration or replacement of the Improvements, Mortgagor will cause any contractors and subcontractors (including Mortgagor if it acts as a contractor) to obtain and keep in effect workmen's compensation insurance to the full extent required by the laws of South Carolina and also which shall cover all employees of each contractor and subcontractor; upon demand, Mortgagor shall provide evidence satisfactory to Mortgagee that it is complying with this covenant.

(b) Mortgagor will at all times keep itself insured against liability for damages arising from any accident or casualty in or upon the Premises by maintaining comprehensive general public liability insurance in such amounts and with such companies as are approved by Mortgagee and Mortgagee will be named as a Certificate Holder of such policy. Mortgagor will deliver certified copies of all of the policies to be kept under this Article 3 to Mortgagee at its principal office, or at such other place as it may designate in writing, and will likewise deliver to Mortgagee certified copies of renewals of such policies stamped "Paid" by the agent or company issuing same.

(c) All insurance policies shall provide that such policies may not be cancelled or amended without at least 30 days' prior written notice to Mortgagee and that no act, omission or negligence of Mortgagor, or its agents, servants, employees or tenants which might otherwise result in a forfeiture of such insurance or any part thereof, shall in any way affect the validity or enforceability of such insurance insofar as Mortgagee is