

account thereof shall be promptly applied to or towards the repair or restoration of the property so damaged in such manner as the First Parties and the Trustee shall mutually agree.

**MAJOR LOSS.** In the event of any major or total loss or damage to said property (as such major loss is hereinafter defined) the parties of the first part shall immediately notify the Trustee in writing, and within thirty (30) days after the receipt of such notice, the Trustee shall elect whether said proceeds shall be applied towards the restoration of such improvements or towards the payment of said bonds and coupons, and said proceeds shall be applied accordingly; and if said Trustee shall not make such an election and give written notice thereof to the parties of the first part, said proceeds shall be applied by the Trustee, at the option of the parties of the first part, to the restoration of the property destroyed or damaged, or to the payment of said bonds and coupons.

**DEFINITION OF MINOR LOSS AND MAJOR LOSS.** If the damage to said property be of such a nature and extent that the amount of insurance collectible on account thereof does not exceed twenty five per cent (25%) of the total amount of insurance required under the terms of this mortgage, deed of trust, covering the risk in question, then such damage shall be considered and held to be a minor loss or damage; but if the amount of such collectible insurance exceeds twenty five per cent (25%) of such total insurance, then such damage shall be considered a major or total loss.

If the proceeds of insurance are applied to the repair or restoration of the property damaged or destroyed, but such proceeds are not sufficient to pay for the entire cost of such repair or restoration, then First parties agree, before any of such proceeds shall be expended toward such restoration or repair, to deposit with the Trustee or to expend in or about such repair or restoration such an additional amount of money as may be necessary to complete such work. In the event said proceeds be more than sufficient to so repair or restore said property thus damaged, such excess, at the option of the Trustee may be applied by the Trustee to the payment of such outstanding bonds as it may determine, or same may be applied in the manner set out in the next succeeding paragraph.

**PROCEEDS APPLIED TO BONDS.** If applied to the payment of said bonds and coupons, said proceeds, less the costs and expense of collecting the same, and a reasonable compensation to the Trustee, shall be applied by the Trustee to the payment thereof in the same manner as that hereinafter provided for the application thereto of the proceeds of a sale of the mortgaged property on foreclosure, and in such event the Trustee may publish a notice, similar in all respects to the notice described in Section VI hereof, except that the place of payment shall be the office of the Trustee, specifying the date upon which said payment or payments shall be made, and thereupon it shall be the duty of all bondholders to present their bonds at the office of the Trustee, St. Louis Union Trust Company, on or before the date so specified, for either full or partial payment, as the case may be. In the case of only a partial payment on account of the principal of each bond, interest shall cease from and after the said date upon that portion of the principal so paid or to be paid, and the principal of all outstanding bonds shall be treated as proportionately reduced, whether or not all of said bonds are then presented and said payments actually made; and in the case of a full payment of said bonds, interest thereon shall cease entirely from and after said date upon all of the outstanding bonds whether then presented or not, and said bonds shall thereupon become due and payable for all purposes and said property may be released from the lien thereof in the same manner provided in section XX hereof.

If the damage shall be other than a minor one, any repair or restoration thereof shall be made under the supervision of an architect satisfactory to the Trustee, and the proceeds of loss paid on proper certificates of said architect as the work of restoration progressed.