

applied accordingly; and if said Trustees shall not make such an election and give written notice thereof to the party of the first part, said proceeds shall be applied by the Trustees at the option of the party of the first part, to the restoration of the property destroyed or damaged, or to the payment of said bonds and coupons.

DEFINITION OF MAJOR LOSS AND MINOR LOSS

If the damage to said property be of such a nature and extent that the amount of the insurance collectable on account thereof does not exceed 25 per cent, 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 collectable insurance exceeds twenty-five per cent, 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 party agrees, before any of such proceeds shall be extended towards such restoration or repair, to deposit with the Trustees, or to extend 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 may be applied by the Trustees to the payment of such outstanding bonds and interest coupons thereon as they become due.

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 Trustees, and the proceeds of loss paid on proper certificates of said architect as the work of restoration progresses.

In case of any loss covered by any policy of insurance, any appraisalment or adjustment of such loss, and any settlement or payment therefor, agreed to by the party of the first part, may be consented to and accepted by said Trustees, and said Trustees shall in no way be liable or responsible for the collection of any insurance in case of loss.

Provided, however, if any loss or losses covered by insurance shall occur at a time when first party shall be in default in the performance of any of ~~its~~ obligations hereunder, the amounts collected by the Trustees from the insurance companies on account of such loss or losses may be applied by the Trustees, at their option, toward the payment of all amounts then in default and towards remedying all of the defaults then in existence, anything in this section to the contrary notwithstanding, and the balance of such insurance proceeds, if any, shall then be applied by the Trustees to the purposes and in the manner hereinbefore authorized.

POSSESSION UNTIL DEFAULT

Section 12. Until default shall be made in any manner hereunder by the party of the first part, said first party shall be permitted to possess, use, and enjoy the properties hereby conveyed, and the income, rents, issues, and profits thereof.

DEFAULT Section 13. In case default shall be made by said first party (1) in the payment of any principal or interest or interest coupons, when due, of or on any bond secured or (2) in paying any general or special tax or taxes that may become a lien against the real estate and properties hereby conveyed, or (3) in the payment of re-payment or deposit of any other sums herein agreed to be paid or deposited by said first party, or (4) in the due performance or observance of any covenants or agreements herein agreed to be kept or performed by said first party, or (5) if any proceedings of any kind shall be commenced against said first party for the appointment of a receiver or assignee or a trustee in bankruptcy or for creditors' protection in any other form, then and in every such case the Trustees may