

4. Use of the Proceeds of Insurance or Award.

(a) In case of loss or damages covered by any of the Policies and in case of an Award for any Taking, the following provisions shall apply:

(i) In the event of a Casualty that does not exceed ten percent (10%) of the FMV (defined below) of the Premises and Improvements, Trustor may settle and adjust any claim without the consent of Beneficiary and agree with the insurance company or companies on the amount to be paid upon the loss; provided that such adjustment is carried out in a competent and timely manner. In such case, Trustor is hereby authorized to collect and receive any such insurance proceeds. As used in this Paragraph 4, the term "FMV" means the fair market value of the Premises and Improvements as set forth in the appraisal relied upon by Beneficiary as of the date hereof or any subsequent Qualifying Appraisal. As used in this Deed of Trust, the term "Qualifying Appraisal" means an appraisal report of the Premises and Improvements prepared by an appraiser licensed in the State where the Premises are located and who has at least five years' experience in appraising property similar to the Premises and Improvements in the county where the Premises are located, satisfies the criteria for appraisals that may be relied upon by national banks under applicable Federal laws, rules and regulations, contains both an "as-is" and a "stabilized value" estimate, and is otherwise reasonably satisfactory to Beneficiary.

(ii) In the event of a Casualty that exceeds ten percent (10%) but does not exceed fifteen percent (15%) of the FMV of the Premises and Improvements, then and in that event Beneficiary may settle and adjust any claim, provided, however, that any final agreement with the insurance company or companies of the amount to be paid for the Casualty shall be subject to the approval of Trustor as hereinafter provided, such approval not to be unreasonably withheld, delayed or conditioned. In any such case, the proceeds under the Policies shall be due and payable solely to Beneficiary and held in escrow by Beneficiary in accordance with the terms of this Deed of Trust. Trustor shall have the right to participate in the settlement discussions with the applicable insurance company or companies and Beneficiary shall keep Trustor apprised of all settlement offers and discussions and the results thereof. Beneficiary shall provide ten (10) business days advance written notice to Trustor of the terms and amount of any proposed final agreement on any such claim (such proposed final amount, the "Beneficiary Approved Settlement Amount"). If Trustor disapproves of Beneficiary's settlement of the claim on such terms and at such amount, Trustor must furnish written notice of such disapproval (any such notice, an "Arbitration Notice") to Beneficiary within ten (10) business days after Trustor's receipt of Beneficiary's notice, such notice of disapproval by Trustor to state Trustor's election to implement the arbitration procedure set forth in this Paragraph 4 below. Trustor's failure to furnish notice of disapproval prior to the expiration of such ten (10)