

and to the Trustee, as their respective interests may appear. Any proceeds less than \$10,000 are to be paid to the Borrower.

Section 3.08. All policies insuring the Project and Jolliffe Hall shall contain, if obtainable, the standard mortgage clause customarily used in the State of Kansas and shall be deposited with the Trustee.

In case of any default by the Borrower in fulfilling its covenants with respect to maintaining any of the insurance policies required under Section 3.07, the Trustee may, at its option, effect such insurance in the name of the Borrower, or in the name of the Trustee and all money paid by the Trustee as premiums upon such insurance shall be repaid to it by the Borrower upon demand, with interest at the rate of five per cent (5%) per annum and, if not so repaid, shall be secured by the lien of this Indenture in priority to the indebtedness evidenced by the Bonds issued hereunder. But the Trustee shall be under no obligation to extend such credit to the Borrower.

Upon the happening of any loss or damage covered by any such policies from one or more of the causes to which reference is made in (a) of Section 3.07 (except in the case of a loss resulting from damage to or destruction of property which amounts to less than \$10,000), the Borrower shall make due proof of loss containing a power of attorney in favor of the Trustee to endorse all drafts drawn for the payment thereof to the order of the Trustee, and to sign receipts therefor, and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the Trustee.

Section 3.09. In the event of any loss or damage to or destruction of the Project or Jolliffe Hall, the Borrower will forthwith repair or reconstruct the damaged or destroyed portion thereof to the satisfaction of the Trustee and will apply the proceeds of the fire and extended coverage insurance policies covering such loss solely for that purpose. If any proceeds received by the Trustee by reason of any particular loss under the fire and