The Mortgagor covenants that he is lawfully served, absolute, that he has good right and lawful authority to premises are free and clear of all liens and ensumbrances to warrant and forever defend all and singular the premises the Mortgagor and all persons whomsever lawfully claims.

The Mortgagor covenants and agrees as follows:

- 1. That he will promptly pay the principal of and interest on note, at the times and in the manner therein provided. Priviled or in an amount equal to one or more monthly payment on the first day of any month prior to maturity; provided, however the exercise such privilege is given at least thirty (80) days prior to that in the event the debt is paid in full prior to maturity and at that time the visions of the National Housing Act, he will pay to the Mortages and insurance per centum (1%) of the original principal amount thereof, except that in no even the mium exceed the aggregate amount of premium charges which would have had continued to be insured until maturity; such payment to be applied by the tion to the Federal Housing Commissioner on account of mortgage insurance.
- 2. That, together with, and in addition to, the monthly payments of province and interest payd under the terms of the note secured hereby, he will pay to the Mortgages, on the lost are of class whom until the said note is fully paid, the following sums:
  - (a) If this mortgage and the note secured hereby are insured under the previsions of the stational Housing Act and so long as they continue to be so insured, one-twellth (A) of the simulation mortgage insurance premium for the purpose of putting the Mortgages in funds with select to discharge its obligation to the Federal Housing Commissioner for nortgage insurance premiums pursuant to the provisions of Title VI of the National Housing Act, as unsubsequently mortgage insurance premiums, credit to the account of the Mortgages all payments made under the provisions of this subsection which the Mortgages has not become obligated to pay to the Federal Housing Commissioner.
  - (b) A sum equal to the ground rents, if any, next due, plus the premiums that will next become dae and payable on policies of fire and other hazard insurance covering the mortgaged property, plus taxes and assessments next due on the mortgaged property (all as estimated by the Mortgagee) less all sums already paid therefor divided by the number of months to elarge before one month prior to the date when such ground rents, premiums, taxes and assessments will become delinquent, such sums to be held by Mortgagee in trust to pay said ground rents, premiums, taxes and special assessments.
  - (c) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the note secured hereby shall be added together and the aggregate amount thereof shall be paid by the Mortgagor each month in a single payment to be applied by the Mortgagee to the following items in the order set forth:
    - (I) premium charges under the contract of insurance with the Federal Housing Commissioner;
    - (II) taxes, special assessments, fire and other hazard insurance premiums;
    - (III) interest on the note secured hereby; and
    - (IV) amortization of the principal of said note. Any deficiency in the amount of such aggregate monthly payment, shall, unless made good by the Mortgagor prior to the due date of the next such payment, constitute an event of default under this mortgage. The Mortgagee may collect a "late charge" not to exceed two cents  $(2\phi)$  for each dollar (\$1) of each payment more than fifteen (15) days in arrears to cover the extra expense involved in handling delinquent payments.
- 3. If the total of the payments made by the Mortgagor under (b) of paragraph 2 preceding shall exceed the amount of payments actually made by the Mortgagee for taxes or assessments or insurance premiums, as the case may be, such excess shall be credited by the Mortgagee on subsequent payments to be made by the Mortgagor. If, however, the monthly payments made by the Mortgagor under (b) of paragraph 2 preceding shall not be sufficient to pay taxes and assessments and insurance premiums, when the same shall become due and payable, then the Mortgagor shall pay to the Mortgagee any amount necessary to make up the deficiency, on or before the date when payment of such taxes, assessments, or insurance premiums shall be due. If at any time the Mortgagor shall tender to the Mortgagee, in accordance with the provisions of the note secured hereby, full payment of the entire indebtedness represented thereby, the Mortgagee shall, in computing the amount of such indebtedness, credit to the account of the Mortgagor all payments made under the provisions of (a) of paragraph 2 hereof which the Mortgagee has not become obligated to pay to the Federal Housing Commissioner, and any balance remaining in the funds accumulated under the provisions of (b) of paragraph 2 hereof. If there shall be a default under any of the provisions of this mortgage resulting in a public sale of the premises covered hereby, or if the property is otherwise acquired after default, the Mortgagee shall apply, at the time of the commencement of such proceedings, or at the time the property is otherwise acquired, the balance then remaining in the funds accumulated under (b) of paragraph 2 preceding, as a credit against the amount of principal then remaining unpaid under the note secured hereby, and shall properly adjust any payments which shall have been made under (a) of paragraph 2.
- 4. That he will pay all taxes, assessments, water rates, and other governmental or municipal charges, fines, or impositions, for which provision has not been made hereinbefore, and in default thereof the Mortgagee may pay the same; and that he will promptly deliver the official receipts therefor to the Mortgagee. If the Mortgagor fails to make any payments provided for in this section or any other payments

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