

of the Property and shall pay to the Lender, with the principal of the loan, the sum of the Property taxes and other charges assessed against the Property.

If the Property is damaged by Borrower or if any other cause renders the Property damaged, Borrower shall be obligated to make an award or settlement for the damage. Lender, with the approval of the State of California, is authorized to claim and apply the proceeds of Lender's action after destruction or damage of the Property to the sums secured by this Mortgage.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the monthly installments referred to in paragraph 11 hereof or change the amount of such installments.

**10. Borrower Not Released.** Extension of the term of payment or modification of the sums secured by this Mortgage granted by Lender to any successor interest in Borrower shall not constitute release or discharge of the liability of the original Borrower and Borrowers successors in interest. Lender shall retain the right to commence proceedings against such successor or refuse to extend time for payment or discharge in whole or in part of the sums secured by this Mortgage by reason of any demand made by the original Borrower and Borrowers successors in interest.

**11. Forbearance by Lender Not a Waiver.** Any forbearance by Lender, in exercising any right or remedy hereunder or otherwise afforded by applicable law, shall not be a waiver of or relief from the exercise of any right or remedy hereunder. The payment of insurance or the payment of taxes or other liens or charges by Lender shall not constitute a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Mortgage.

**12. Remedies Cumulative.** All remedies provided in this Mortgage, in addition to any other right or remedy under this Mortgage or afforded by law, are cumulative and may be exercised concurrently, independently or successively.

**13. Successors and Assigns Bound; Joint and Several Liability; Options.** The covenants and agreements herein contained shall bind and the rights hereunder shall inure to the respective successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17 hereof. All covenants and agreements of Borrower shall be joint and several. The covenants and readings of the paragraphs of this Mortgage are for convenience only and are not intended to interpret or define the provisions hereof.

**14. Notice.** Any notice to Borrower provided hereunder in this Mortgage shall be given by mailing such notice by certified mail addressed to Borrower at the Property Address stated below, except for notices required under paragraph 18 hereof to be given to Borrower in the manner prescribed by applicable law. Any notice provided for in this Mortgage shall be deemed to have been given to Borrower when given in the manner designated herein.

**15. Uniform Mortgage; Governing Law; Severability.** This form of mortgage and its uniform covenants for national use and nonuniform provisions with limited variations have been approved by the Department of Consumer Security, Department of Real Property. This Mortgage shall be governed by the law of the State in which the Property is located. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such provision or clause shall be null and void as to that portion of this Mortgage or the Note which can be given effect without the nullification of the remaining provisions of the Mortgage and the Note are declared to be severable.

**16. Borrower's Copy.** Borrower shall be furnished a copy of this Mortgage at the time of execution or after recordation hereof.

**17. Transfer of the Property; Assumption.** If a fee simple interest in the Property or an interest therein is sold or transferred by Borrower without Lender's prior written consent, including, but not limited to, sales or assignments subordinate to this Mortgage, for the creation of a purchase money security interest for long-term purposes, or a transfer by devise, descent or by operation of law upon the death of a grantor, or in the event of any leasehold interest of three years or less not containing an option to purchase, Lender may, at Lender's option, declare the sums secured by this Mortgage to be immediately due and payable. Lender shall have a waived and irrevocable option to accelerate the sums secured by this Mortgage and the person to whom the Property is to be sold or transferred shall agree in writing that the proceeds of such sale shall be applied to the sums secured by this Mortgage and that the interest payable on the sums secured by this Mortgage shall be at such rate as Lender shall determine. If Lender has waived the option to accelerate provided in this paragraph 17 and if Borrower's successor in interest has assumed a written assumption agreement accepted in writing by Lender, Lender shall release Borrower from all obligations under this Mortgage and the Note.

If Lender exercises such option to accelerate, Lender shall demand of Borrower, in accordance with paragraph 14 hereof, such amount of principal and interest as may be due from the date the sums are mailed within which Borrower may pay the sums so demanded due. If Borrower fails to pay such sums within the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by paragraph 18 hereof.

**NON UNIFORM COVENANTS.** Borrower and Lender further covenant and agree as follows:

**18. Acceleration; Remedies.** Except as provided in paragraph 17 hereof upon Borrower's breach of any covenant or agreement of Borrower in this Mortgage, including the covenants to pay when due any sums secured by this Mortgage, Lender may, to acceleration, shall mail notice to Borrower as provided in paragraph 14 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than thirty days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and sale of the Property. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may foreclose this Mortgage by judicial proceeding. Lender shall be entitled to collect in such proceeding all expenses of foreclosure, including, but not limited to, reasonable attorney's fees, and costs of documentary evidence, abstracts and title reports, all of which shall be additional sums secured by this Mortgage.

**19. Borrower's Right to Reinstate.** Notwithstanding Lender's acceleration of the sums secured by this Mortgage, Borrower shall have the right to have any proceedings begun by Lender to enforce this Mortgage discontinued at any time prior to entry of a judgment enforcing this Mortgage if: (a) Borrower pays Lender all sums which would be then due under this Mortgage, the Note and notes securing Future Advances, if any, had no acceleration occurred; (b) Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Mortgage; (c) Borrower pays all reasonable expenses incurred by Lender in enforcing the covenants and agreements of Borrower contained in this Mortgage and in enforcing Lender's remedies as provided in paragraph 18 hereof, including, but not limited to, reasonable attorney's fees; and (d) Borrower takes such action as Lender may reasonably require to assure that the lien of this Mortgage, Lender's interest in the Property and Borrower's obligation to pay the sums secured by this Mortgage shall continue unimpaired. Upon such payment and cure by Borrower, this Mortgage and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

**20. Assignment of Rents; Appointment of Receiver.** As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property, provided that Borrower shall, prior to acceleration under paragraph 18 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.

Upon acceleration under paragraph 18 hereof or abandonment of the Property, Lender shall be entitled to have a receiver appointed by a court to enter upon, take possession of and manage the Property, and to collect the

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