

The Mortgagor covenants that he is lawfully seized of the premises hereinabove described in fee simple absolute, that he has good right and lawful authority to sell, convey, or encumber the same, and that the premises are free and clear of all liens and encumbrances whatsoever. The Mortgagor further covenants to warrant and forever defend all and singular the premises unto the Mortgagee forever, from and against the Mortgagor and all persons whomsoever lawfully claiming the same or any part thereof.

The Mortgagor covenants and agrees as follows:

1. That he will pay the indebtedness as hereinbefore provided.
2. That, together with, and in addition to, the monthly payments of principal and interest payable under the terms of the note secured hereby, he will pay to the Mortgagee, on the first day of each month until the said note is fully paid, the following sums:
 - (a) If this mortgage and the note secured hereby are insured under the provisions of the National Housing Act and so long as they continue to be so insured, one-twelfth ($\frac{1}{12}$) of per centum ($\frac{1}{12}$ %) of the original principal amount of the said note for the purpose of putting the Mortgagee in funds with which to discharge the Mortgagee's obligation to the Federal Housing Administrator for mortgage insurance premiums pursuant to the provisions of Title II of the National Housing Act and Rules and Regulations thereunder. The Mortgagee shall, on the termination of its obligation to pay mortgage insurance premiums, credit to the account of the Mortgagor all payments made under the provisions of this subsection which the Mortgagee has not become obligated to pay to the Federal Housing Administrator;
 - (b) A sum equal to one-twelfth ($\frac{1}{12}$) of one-half of one per centum ($\frac{1}{24}$ %) of the amount of principal then remaining unpaid under the said note as a service charge, which sum is more particularly to cover the expenses of handling the monthly payments on account of taxes, assessments, and fire and other hazard insurance hereinafter provided for, and to cover the other servicing costs in connection with this mortgage and the note secured hereby;
 - (c) An installment of the taxes and special assessments levied or to be levied against the premises covered by this mortgage; and an installment of the premium or premiums that will become due and payable to renew such insurance on the premises covered hereby against loss by fire or other hazard as may reasonably be required by the Mortgagee in amounts and in a company or companies satisfactory to the Mortgagee. The installments shall be equal respectively to the estimated premium or premiums for such insurance and taxes and assessments next due (as estimated by the Mortgagee) less all installments already paid therefor, divided by the number of months that are to elapse before one month prior to the date when such premium or premiums and taxes and assessments will become due. The Mortgagee shall hold these monthly payments in trust to pay such premium or premiums and taxes and assessments when due.
 - (d) All payments mentioned in the three 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 Administrator;
 - (ii) service charge as set forth in subsection (b) above;
 - (iii) taxes, special assessments, fire and other hazard insurance premiums;
 - (iv) interest on the note secured hereby; and
 - (v) 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.
3. If the total of the payments made by the Mortgagor under (c) 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 of the same nature to be made by the Mortgagor. If, however, the monthly payments made by the Mortgagor under (c) 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 Administrator, and any balance remaining in the funds accumulated under the provisions of (c) 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, the Mortgagee shall be, and hereby is, authorized and empowered to apply, at the time of the commencement of such proceedings, the balance then remaining in the funds accumulated under (c) of paragraph 2 preceding, as a credit against the amount of principal then remaining unpaid under said note, 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 for taxes, assessments, or the like, the Mortgagee may pay the same, and all sums so paid shall bear interest at the rate of six per centum (6%) per annum from the date of such advance and shall be secured by this mortgage.
5. That he will keep the premises in as good order and condition as they are now and will not commit or permit any waste thereof, reasonable wear and tear excepted.