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:

(1) An amount sufficient to pay the ground rents, if any, taxes, special assessments, fire and other hazard insurance premiums, mortgage insurance premium if this instrument and the note secured hereby are insured [illegible] mortgage insurance premiums as the Secretary of Housing and Urban Development may require, and

(I) If and so long as said note of even date herewith and this instrument are insured under the provisions of the National Housing Act, an amount [illegible] one-twelfth (1/12) of the annual mortgage insurance premium (as defined in said Act and in the regulations thereunder) to be paid by the Mortgagee to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder, or

(II) If and so long as said note of even date herewith and this instrument are not insured under the provisions of the National Housing Act, an amount equal to one-twelfth (1/12) of [illegible] shall be in an amount equal to one-twelfth (1/12) of [illegible] as the Mortgagee may require in accordance with prudent mortgage lending practices (but in no event shall [illegible] be required in accordance with prudent mortgage lending practices);

(2) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due 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 elapse before one month prior to the date when such ground rents, premiums, taxes and special assessments will become delinquent, such sums to be held by the Mortgagee in trust to pay said ground rents, premiums, taxes and special assessments, and

(3) All payments mentioned in the preceding subsections of this paragraph and the payments of principal and interest payable 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 Secretary of Housing and Urban Development, or monthly charge (in lieu of mortgage insurance premium) as the case may be;

(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 any such aggregate monthly payment shall constitute an unsecured promissory note of the Mortgagor, which shall be made good by the Mortgagor prior to the due date of the next such payment, in which event the Mortgagee may collect a "late charge" not to exceed the lesser of four cents (4¢) for each dollar ($1.00) thereof or five dollars ($5.00) on any payment not 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 (1) 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, at the option of the Mortgagee, shall be credited on subsequent payments to be made by the Mortgagor, or refunded to the Mortgagor. If, however, the monthly payments made by the Mortgagor under (1) of paragraph 2 preceding shall not be sufficient to pay taxes and assessments and insurance premiums, which the same shall become due and payable, then the Mortgagor shall pay to the Mortgagee any amount necessary to make up the deficiency, one month 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 (1) of paragraph 2 hereof which the Mortgagee has not become obligated to pay to the Secretary of Housing and Urban Development, and any balance remaining in the funds accumulated under the provisions of (1) 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 (1) 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 (3) 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 mortgage, or any other payments for taxes, assessments, or the like, the Mortgagee may pay the same, and all such payments shall be added to and become a part of the debt at the rate set forth in the note secured hereby from the date of such advance and shall be secured by this mortgage.

5. That he will keep the premises in good repair and in such condition as they are now and will not commit or permit any waste thereof, reasonable wear and tear excepted.

6. That he will keep the improvements now existing or hereafter erected on the mortgaged property insured as may be required from time to time by the Mortgagee against loss by fire and other hazards, casualties and contingencies in such amounts and for such periods as may be required by the Mortgagee and will pay promptly, when due, any premiums on such insurance or renewals thereof, in the amount in which has not been made hereinbefore. All insurance shall be carried in companies approved by the Mortgagee and the policies and renewals thereof shall be held by the Mortgagee and have attached thereto loss payable clauses in favor of and in form acceptable to the Mortgagee. In event of loss Mortgagor will give immediate notice by mail to the Mortgagee, who may make proof of loss if not made promptly by Mortgagor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Mortgagee instead of to the Mortgagor and Mortgagee jointly, and the insurance proceeds, or any part thereof, may be applied by the Mortgagee at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In event of foreclosure of this mortgage or other transfer of title to the Mortgaged premises in extinguishment of the indebtedness secured hereby, all right, title and interest of the Mortgagor in and to insurance policies then in force shall pass to the purchaser or grantee.

7. That he will [illegible] the rents, issues and profits of the said premises from and after any default hereunder, and all of the rents, issues and profits of the said premises are hereby assigned to the Mortgagee, and if any default be made in the payment of any of the sums of money herein or in this instrument, then the Mortgagee shall have the right to immediately [illegible] and after deducting all charges and expenses attending such proceedings and the execution of this trust as herein provided, shall apply the residue of the rents, issues, and profits received by virtue of this assignment to the payment of the indebtedness secured hereby.

8. That if the premises, or any part thereof, be taken by eminent domain, or acquired for a public use, the damages payable [illegible] to the extent of the full amount of indebtedness upon the mortgage debt at the time of such taking, are hereby assigned by the Mortgagor to the Mortgagee and will be paid forthwith to the Mortgagee to be applied on account of the indebtedness secured hereby, whether due or not.

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