2. Funds for Taxes and insurance. Subject to bender so given under paragraphs 4 at a 5 nerved. Benower shall pay to Lender on the day monthly installments of principal and access are payable under the Novembril to Note is paid in full, a sum therein "Funds") equal to ene-twelfth of the yearly taxes and assessments which may attain priority over the Mortgage, and ground rents on the Property, if any, plus one-twelfth of veirly promium installments for hexaed insulative, plus one-twelfth of yearly premium installments for mortgage insurance, if any, all as a assembly estimated initially and from time to time by Lender on the basis of assessments and bills and reasonable estimates thereof. The Funds shill be held in an institution the deposits or accounts of which are insured or guaranteed by a Federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay said taxes, assessments, insurance promiums and ground rents. Lender shall make no charge for so holding and applying the Funds or verifying and compiling said assessments and bills. Borrower and Lender may agree in writing at the time of execution of this Mortgage that interest on the Funds shall be paid to Borrower and Lender may agree in writing at the time of the required to pay Borrower any interest on the Funds. Lender shall be borrower, without charge, an annual accounting of the Funds showing credits and debuts to the Funds and the purpose for which each debut to the Funds was made. The Funds are pledged as additional security for the sums secured by this Mortgage.

The second secon

If the amount of the Funds held by Lender, together with the future monthly installments of Funds payable prior to the due dates of taxes, assessments, insurance premiums and ground rents as they fall does such excess shall be at Bernower's option, either promptly repaid to Borrower or credited to Borrower on monthly installments of Funds. If the amount of the Funds held by Lender shall not be sufficient to pay taxes, assessments, insurance premiums and ground tents as they fall due. Bernower shall pay to Lender any amount necessary to make up the deficiency within thirty days after notice from Lender to Borrower requesting payment thereof

Upon payment in full of all sums secured by this Morrgage Tender shall trionigtly refund to Borrower any Funds held by Lender.

If under paragraph 18 hereof the Property is sold on the Property is otherwise a quired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property on its angle situation by Lender and Funds held by Lender at the time of application as a credit against the sums secured by this Metrage.

- 3. Application of Payments. Unless applicable low provides the cause off payments received by Lender under the Note and paragraphs I and 2 hereof shall be applied by Lender test only available of an ounts ray due to Lender by Borrower under paragraph 2 hereof, then to interest payable on the Note and on I tore Advences of any and then to the principal of the Note and to the principal of Future Advances, if any
- 4. Charges: Liens. Borrower shall pay all taxes assessments and other diages times and impositions attributable to the Property which may attain a priority over this Mortgogo and ground cents, if any at Lender's option in the manner provided under paragraph 2 hereof or by Borrower making payment when due directly to the payer thereof. Borrower shall promptly furnish to Lender of amounts due under this pagagraph, and in the event Borrower shall make payment directly. Borrower shall promptly furnish to Lender of eights evidening such a secure it of solar compity discharge any lien which has priority over this Mortgage, provided that Borrower shall not be accounted to a solar constitute so long as Borrower shall agree in writing to the payment of the objection so used by such bon in a manner couplable to Lender or shall in good faith contest such lien by or defend enforcement of such lies and executings what a receive to answer the enforcement of the lien or forfeiture of the Property or any part thereof.
- 5. Horard Insurance. Borrower shall keep the improceptants it we assuing at her after erected on the Property insured against loss by fire, hazards in hided within the term extended cover go and such an arrange is Lender may require and in such amounts and for such periods as Lender may require and in such amounts of coverage required to pay the sums so used by this Mortgage.

The insurance carrier providing the insurance shall to allower by Borrows, subject to approval by Lender; provided, that such approval shall not be unreasonably with eld. All principles or insurance policies shall be paid at Lender's option in the manner provided under paragraph 2 hereof or by Bernews making payment, when the directly to the insurance carrier.

All insurance policies and tenew is the not shall be in form a copyright to Lender and shall include a standard mortgage clause in favor of and in form acceptable to Lender Lender shall promptly furnish to Lender all renewal notices and all recents of paid premiums. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender and Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise egree it writing restrance proceeds shall be applied to restoration or repair of the Property damaged provided on his security of one of the security of this Mortgage is not thereby impaired. If such restoration or repair is not account of the security of this Mortgage would be impaired, the insurance proceeds shall be applied to the sizes secure if the trial Mortgage with the excess if any paid to Borrower. If the Property is abandoned by Borrower or if Borrower fails to respond to lender within 30 days after notice by Lender to Borrower that the instrance carrier offers to settle a claim for insurance benefits. Lender is enthorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the same secured by this Mortgage.

Unless Lender and Borrower otherwise agree is writing any such application of proceeds to principal shall not extend or postpone the due date of the monthly installments referred to in paragraphs 1 and 2 beroof or change the amount of such installments.

If under paragraph 18 hereof the Property is a curred by Hender, dilinght, title and interest of Borrower in and to any insurance policies and in and to the proceeds trereof, to the extent of the some secured by this Mortgage immediately prior to such sale or acquisition) resulting from damage to the Property prior to the second aguistion shall pass to Lender.

- 6. Preservation and Maintenance of Property: Leaseholds: Condominiums. Becomes shall keep the Property in good repair and shall not permit or commit waste in particular deterioration of the Property and shall comply with the provisions of any lease, if this Mortgage is on a basehold If this Mortgage is on a condominium unit. Borrower shall perform all of Borrower's obligations under the declaration of condominium constituent documents.
- 7. Protection of Lender's Security. If Borrower fails to perform the covenants and agreements contained in this Mortgage, or if any action or proceeding is commoneed which naturally affects Lender's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement or arongenent's or proceedings involving a bankrupt or decedent, then Lender at Lender's option, upon notice to Borrower may make such appearances disheres such sinus and take such action as is necessary to protect Lender's interest, including, but not limited to, dishursement of masonable attorney's fees and entry upon the Property to make repairs. Any amounts dishursed by Lender present to this paragraph 7 with interest thereon, shall become additional indebtedness of Borrower secured by this Mortgage Unless Borrower and Lender agree to other terms of payment such amounts shall be payable upon notice from Lender to Borrower to asting payment thereof and stall bear interest from the date of dishursement at the rate stated in the Note unless payment of interest at such rate would be contrary to applicable law in which event such amounts shall bear interest at the highest rate permissible by applicable law. Nothing contained in this paragraph 7 shall require Lender to incur any expense or do any act hereunder.
- 8. Inspection. Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefor related to Lender's interest in the Property.
- 9. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or a sit thereof, or for conveyance in help of condemnation, are hereby assigned and shall be paid to Lender.
- In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, paid to Borrower. In the event of a petral taking of the Property orders Borrower and Lender otherwise agree in writing, there shall be applied to the sums secured by this Mortgage such proportion of the proceeds as is equal to that proportion