

Mortgagor and Mortgagee covenant and agree as follows:

1. **PAYMENT OF OBLIGATION.** Mortgagor shall promptly pay when due the Obligation evidenced by the Agreement, and late charges as provided in the Agreement.

2. **INSURANCE.** Mortgagor shall keep all improvements on said land, now or hereafter erected, constantly insured for the benefit of the Mortgagee against loss by fire, windstorm and such other casualties and contingencies, and such manner and in such companies and for such amounts, not exceeding that amount necessary to pay the maximum Obligation secured by this Mortgage, and as may be satisfactory to the Mortgagee. Mortgagor shall purchase such insurance, pay all premiums therefor, and shall deliver to Mortgagee such policies along with evidence of premium payments as long as the Obligation secured hereby remains unpaid. If Mortgagor fails to purchase such insurance, pay the premiums therefor or deliver said policies along with evidence of payment of premiums thereon, then Mortgagee, at its option, may purchase such insurance. Such amounts paid by Mortgagee shall be added to the Obligation secured by this Mortgage, and shall be due and payable upon demand by Mortgagor to Mortgagee.

3. **TAXES, ASSESSMENTS, CHARGES.** Mortgagor shall pay all taxes, assessments and charges as may be lawfully levied against the Property within thirty (30) days after the same shall become due. In the event that Mortgagor fails to pay all taxes, assessments and charges as herein required, then Mortgagee, at its option, may pay the same and the amounts paid shall be added to the Obligation secured by this Mortgage, and shall be due and payable by Mortgagor to Mortgagee upon demand of Mortgagee.

4. **PRESERVATION AND MAINTENANCE OF PROPERTY.** Mortgagor shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. Upon the failure of the Mortgagor to so maintain the Property, the Mortgagee may, at its option, enter the property and cause reasonable maintenance work to be performed. Any amounts paid by Mortgagee shall be added to the Obligation secured by this Mortgage, and shall be due and payable by Mortgagor to Mortgagee upon demand of Mortgagee.

5. **TRANSFER OF THE PROPERTY: DUE ON SALE.** If the Mortgagor sells or transfers all or part of the Property or any rights in the Property, any person to whom the Mortgagor sells or transfers the Property may take over all of the Mortgagor's rights and obligations under this Mortgage (known as an "assumption of the Mortgage") if certain conditions are met. Those conditions are:

- (A.) Mortgagor gives Mortgagee notice of sale or transfer;
- (B.) Mortgagee agrees that the person qualifies under its then usual credit criteria;
- (C.) The person agrees to pay interest on the amount owed to Mortgagee under the Agreement and under this Mortgage at whatever rate Mortgagee requires; and
- (D.) The person signs an assumption agreement that is acceptable to Mortgagee and that obligates the person to keep all of the promises and agreements made in the Agreement and in this Mortgage.

If the Mortgagor sells or transfers the Property and the conditions in A, B, C and D of this section are not satisfied, Mortgagee may require immediate payment in full of the Agreement, foreclose the Mortgage, and seek any other remedy allowed by the law. However, Mortgagee will not have the right to require immediate payment in full or any other legal remedy as a result of certain transfers. Those transfers are:

- (i) the creation of liens or other claims against the Property that are inferior to this Mortgage, such as other mortgages, materialman's liens, etc;
- (ii) a transfer of rights in household appliances, to a person who provides the Mortgagor with the money to buy these appliances, in order to protect that person against possible losses;
- (iii) a transfer of the Property to surviving co-owners, following the death of a co-owner, when the transfer is automatic according to law; and
- (iv) leasing the Property for a term of three (3) years or less, as long as the lease does not include an option to buy.

6. **WARRANTIES.** Mortgagor covenants with Mortgagee that he is seized of the Property in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all incumbrances and that he will warrant and defend the title against the lawful claims of all persons whomsoever, except for the exceptions hereinafter stated. Title to the Property is subject to the following exceptions:

M. A. New York

RECORDED BY INSTRUMENT

BOOK 1627 PAGE 203

BOOK 1627 PAGE 203