

owing on the mortgage debt, whether due or not, and at Mortgagee's option such proceeds may be applied to the debt or released for repairing or rebuilding of the Mortgaged Property.

12. In the event of any condemnation for public use of, or injury to, any of the Mortgaged Property, all awards therefor allocable to Mortgagor after satisfying the requirements of the Prior Mortgage shall, at Mortgagors' option, be applied to repair or replacement of the Mortgaged Property or as a prepayment of the indebtedness secured hereby. No settlement for the damage sustained shall be made by Mortgagors without Mortgagee's prior written approval, which shall not be unreasonably withheld. Receipt by Mortgagee of any proceeds less than the full amount of the then outstanding debt shall not alter or modify Mortgagors' obligation to continue to pay the installments of principal, interest and other charges specified in the Note and herein.

13. It is understood that Mortgagee herein shall pay taxes and insurance on this property into an escrow account on the "Prior Mortgage". Mortgagors herein agree to reimburse Mortgagee on a dollar for dollar basis these escrow payments on a monthly basis and in addition agree to pay all other tax assessments, water rates, and other governmental or municipal charges before the same becomes delinquent or subject to interest or penalties.

14. Mortgagors will comply with all governmental and municipal laws and regulations affecting the Mortgaged Property.

15. If the Mortgagee is made or becomes a party to any suit or action, by reason of this Mortgage or the indebtedness hereby secured, the Mortgagors will pay all expenses incurred by the Mortgagee therein, including a reasonable attorney fee.

16. If Mortgagors default in their obligation to pay taxes, assessments, water rates and other governmental or municipal charges or impositions or in its obligations to obtain insurance or if it defaults in any of the covenants or agreements contained herein, or in the Note, then the Mortgagee may perform the sale, and all expenditures made by the Mortgagee in so doing shall be added to the principal of this Mortgage, shall bear interest at the rate of Twelve (12%) per cent per annum from the date of the advance.