

The mortgagor, its successors or assigns, in order to more fully protect the security of this mortgage, covenants and agrees that, in addition to the monthly payments of principal and interest under the terms of the Note hereby secured, it will pay on the first day of each month to the holder of the Note (or to a duly authorized agent) a sum equal to the pro rata amount sufficient, in the estimation of the holder of the Note (that determine each loan year during the term of the Note) to pay the required taxes, assessments and hazard insurance premiums on and against the property when they become due or payable. The holder of the Note (or its duly authorized agent) shall hold such payments, but without obligation to pay interest thereon, and shall apply the same to the payment of taxes, assessments and hazard insurance premiums as and when the same become due or payable. If the total of such monthly payment shall exceed the amounts needed, then the excess shall be held without interest for future payment; provided, however, that, in the event the mortgagor, its successors or assigns, so request in writing, the holder of the Note (or its duly authorized agent) shall, upon receipt of such request, return such excess to the party of the first part. If the total of such monthly payment shall at any time fail to provide sufficient funds to pay such taxes, assessments and hazard insurance premiums when due and payable, then the mortgagor, its successors or assigns, upon written demand from the holder of the Note (or its duly authorized agent), pay to the holder of the Note (or its duly authorized agent) that amount necessary to cover such deficiency therein. At such time as the mortgagor, its successors or assigns shall have paid the Note secured by this Mortgage, the holder of the Note shall refund to the mortgagor any excess funds accumulated hereunder. In the event of a foreclosure sale of the property, the holder of the Note may apply any balance remaining of the funds accumulated for the above purposes to the payment of such Note.

HL  
REW  
TAW

It is understood and agreed that if any term, covenant or provision of this Mortgage or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the application of such term, covenant or provision to the persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby and all remaining terms, covenants and provisions of this Mortgage shall be valid and enforceable to the fullest extent permitted by law. Each term, covenant or provision of this Mortgage shall be independent so that if any term, covenant or provision shall be invalid, it shall not invalidate this Mortgage.

It is understood and agreed between the parties that upon the sale of the above described premises by Mortgagor to the owner and holder of this Mortgage, that this Mortgage shall remain open and shall not merge into the fee simple title of said property.

All appraisements and homestead laws are hereby expressly waived.

The covenants herein contained shall bind, and the benefits and advantages shall inure to, the respective heirs, executors, administrators, successors or assigns of the parties hereto. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

Witness the hand and seal of the mortgagor, the day and year first above written.

In the presence of:

Richard H. Grayson  
Mary S. Martin

HALOH, INC.

(SEAL)

By Robert L. Watkins, Jr.  
Robert L. Watkins, Jr., President

And Tamara A. Watkins  
Tamara A. Watkins, Secretary

Robert L. Watkins, Jr. (SEAL)  
Robert L. Watkins, Jr.

Tamara A. Watkins (SEAL)  
Tamara A. Watkins