

and shall be with Borrowers and Lender within the jurisdiction of the law of the State of New York. Lender's obligations under this Mortgage shall be secured by the mortgage and the insurance provided under paragraph 1 hereof.

Any amount collected by Lender pursuant to this paragraph 7 shall be applied to the payment of the sums secured by this Mortgage created by this Mortgage. Unless Borrower or Lender elects that terms of payment set forth in this paragraph 7 shall apply to the sums secured by this Mortgage, Borrower requesting payment thereon shall bear interest on the sums secured by this Mortgage payable from time to time on outstanding principal under the Note less payment of interest that shall be payable from time to time on the sums secured by this Mortgage at the rate of interest applicable under applicable law. No election in this paragraph 7 shall require Lender to incur any expense or liability in connection herewith.

8. **INSURANCE.** Lender may make or cause to be made reasonable expenses upon and in respect of the Property provided the Lender shall give Borrower notice prior to any such expense that such expense is a reasonable expense of Lender in connection with the Property.

9. **COMMISSIONS.** The proceeds of any award or claim for damages, direct or consequential, and for interest, and for any loss or destruction or other taking of the Property, or put thereto, or for the recovery of a claim for 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 partial taking of the Property, unless Borrower and Lender otherwise agree in writing, then shall be applied to the sums secured by this Mortgage such proportion of the proceeds as is equal to that proportion.

Each the amount of the sums secured by this Mortgage immediately prior to the date of taking bears to the fair market value of the Property immediately prior to the date of taking, with the balance of the proceeds paid to Borrower.

If the Property is damaged by Borrower or, after notice by Lender to Borrower that the Lender offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds of any award or claim for damages to the repair of the Property or to the sums secured by this Mortgage.

Unless Lender and Borrower otherwise agree in writing, no 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 hereof or change the amount of such installments.

10. **BORROWER NOT RELEASED.** Extension of the time for payment or modification or amendment of the sums secured by this Mortgage created by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's success in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise to pay any amount of the sums secured by this Mortgage by reason of any demand made by the original Borrower and Borrower's success in interest.

11. **FORFEITURE BY LENDER NOT A WAIVER.** Any forfeiture by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver that preclude the exercise of any such right or remedy. The payment of interest or the payment of taxes or other taxes or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Mortgage.

12. **REMEDIES CUMULATIVE.** All remedies provided in this Mortgage are distinct and cumulative to any other right or remedy under this Mortgage or afforded by law or equity, and may be exercised concurrently, independently or successively.

13. **SUCCESSORS AND ASSIGNS BOUND, JOINT AND SEVERAL LIABILITY, CAPTION.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17 hereof. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

14. **NOTICE.** Except for any notice required under applicable law to be given in another manner, all any notice to Borrower provided for in this Mortgage shall be given by mailing such notice by certified mail addressed to Borrower at the Property address or at such other address as Borrower may designate by notice to Lender as provided herein, and all any notice to Lender shall be given by certified mail, return receipt requested, to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Mortgage shall be deemed to have been given to Borrower if Lender when given in the manner designated herein.

15. **UNIFORM MORTGAGE; GOVERNING LAW; SEVERABILITY.** This form of mortgage combines and amends covenants for national use and nonuniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property. This Mortgage shall be governed by the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision, and to this end the provisions of the Mortgage and the Note are declared to be severable.

16. **BORROWER'S COPY.** Borrower shall be furnished a confirmed copy of the Note and of this Mortgage at the time of execution or after recording hereof.

17. **TRANSFER OF THE PROPERTY; ASSUMPTION.** If all or any part of the Property or an interest therein is sold or transferred by Borrower without Lender's prior written consent, excluding (a) the creation of a lien or encumbrance subordinate to this Mortgage, (b) the creation of a purchase money security interest for household appliances, (c) a transfer by devise, descent or by operation of law upon the death of a joint tenant or (d) the grant of any leasehold interest of three years or less not containing an option to purchase, Lender may, at Lender's option, declare all the sums secured by this Mortgage to be immediately due and payable. Lender shall have waived such option to accelerate if, prior to the sale or transfer, Lender and the person to whom the Property is to be sold or transferred reach agreement in writing that the credit of such person is satisfactory to Lender and that the interest payable on the sums secured by this Mortgage shall be at such rate as Lender shall request. If Lender has waived the option to accelerate provided in this paragraph 17, and if Borrower's successor in interest has executed a written assumption agreement accepted in writing by Lender, Lender shall release Borrower from all obligations under this Mortgage and the Note.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with paragraph 14 hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by paragraph 18 hereof.

**NON-UNIFORM COVENANTS.** Borrower and Lender further covenant and agree as follows:

18. **ACCELERATION; REMEDIES.** Except as provided in paragraph 17 hereof upon Borrower's breach of any covenant or agreement of Borrower in this Mortgage, including the covenants to pay when due any sums secured by this Mortgage, Lender prior to acceleration shall mail notice to Borrower as provided in paragraph 14 hereof specifying: (1) the breach; (2) the sums required to cure such breach; (3) a date, not less than 30 days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to continue after acceleration and the right to assert in the foreclosure proceeding the nonexistence of a default or any other defense of Borrower to acceleration and rescission. If the breach is cured on or before the date specified in the notice, Lender or Lender's agent may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may enforce this Mortgage by judicial proceeding. Lender shall be entitled to collect in such proceeding all expenses of foreclosure, including but not limited to reasonable attorneys' fees and costs of documentary evidence, abstracts and title reports, and all other reasonable costs and expenses incurred by this Mortgage.

19. **BORROWERS BOUND TO BORROWER'S ASSUMPTION.** Notwithstanding Lender's acceleration of the sums secured by this Mortgage, if a successor in interest of Borrower has executed a written assumption agreement with Lender, Lender shall not be required to exercise any remedies permitted by paragraph 18 hereof.