

**2. Funds for Taxes and Insurance.** Subject to the rights of the Lender under paragraph 18, Borrower shall pay all taxes and assessments on the Property, including real estate taxes, personal property taxes, and other taxes and assessments on the Property, and all insurance premiums on the Property, including fire and liability insurance premiums, and all other expenses and charges relating thereto, and the Lender shall have the right to require payment of such amounts by Borrower, and if Borrower fails to pay any such amount, the Lender may apply the Funds held in escrow, or any other funds available to the Lender, to pay such amount, and applying the Funds held in escrow, or any other funds available to the Lender, to pay such amount, the Lender shall not be required to do so. However, no interest on the Funds held in escrow, or any other funds available to the Lender, shall be charged on the amount of the Funds held in escrow, or any other funds available to the Lender, until the Lender has applied the Funds held in escrow, or any other funds available to the Lender, to pay such amount.

If the amount of the Funds held in escrow, or any other funds available to the Lender, is insufficient to pay the taxes, assessments, and insurance premiums and other expenses and charges relating thereto, and the Lender has not been credited to Borrower, and the amount of the Funds held in escrow, or any other funds available to the Lender, is not sufficient to pay taxes, assessments, and insurance premiums and other expenses and charges relating thereto, and the Lender has not been credited to Borrower, the Lender may require Borrower to pay such amounts necessary to make up the difference within ten days after notice, but for failure to do so, the Lender may exercise its remedies.

The payment of taxes, assessments, and insurance premiums and other expenses and charges relating thereto, and the Lender's right to require Borrower to pay such amounts, shall not affect the Lender's right to apply the Funds held in escrow, or any other funds available to the Lender, to pay such amounts.

If under paragraph 18, the Lender is entitled to the Property, the Lender may require Borrower to pay taxes, assessments, and insurance premiums and other expenses and charges relating thereto, and the Lender may exercise its remedies, notwithstanding the existence of this Mortgage.

**3. Application of Payments.** Unless otherwise provided in the Note, the Lender may apply the funds held in escrow, or any other funds available to the Lender, to the payment of the principal of the Note and to the payment of future Advances.

**4. Charges; Liens.** Borrower shall pay all taxes, assessments, and other charges, fees, and expenses applicable to the Property which are in arrears at the time of the Mortgage, and any amounts of money due to the Lender under the Note and paragraphs 1 and 2 hereof, and the Lender may apply the funds held in escrow, or any other funds available to the Lender, to the payment of the principal of the Note and to the payment of future Advances.

**5. Hazard Insurance.** Borrower shall, at the commencement of each year thereafter, insure the Property insured against loss by fire, tornado, wind, lightning, hail, and other causes of damage, and in such amounts and for such periods as Lender may require, and the Lender shall require that the amount of such coverage exceed that amount of insurance required by the insurance company insuring the Property.

The insurance company managing the insurance shall be advised by Borrower, subject to approval by Lender, provided that such company shall be acceptable to both. All terms, conditions, policies of insurance and of Lender's option in the manner provided under paragraph 18 hereof, shall be followed by Borrower, unless otherwise agreed, when the direct premium insurance carrier.

All insurance policies and renewals thereon shall be issued in the name of the Lender, and shall include a standard endorsement clause in favor of the Lender, and the Lender and Lender's nominees named as loss claimants accepted by Borrower.

Unless Lender and Borrower otherwise agree, any insurance proceeds shall be applied to restoration or repair of the Property damaged, provided that such damage is reasonably caused by fire, and the security of this Mortgage is not thereby impaired. If such restoration or repair is not reasonably necessary to the security of the property of the Mortgage would be impaired, the insurance proceeds shall be applied to the restoration of the Mortgage with the excess, if any, paid to Borrower. If the Property is abandoned by Borrower, or if Borrower fails to respond to the Lender within 60 days after notice by Lender to Borrower that the insurance carrier offers no value or value for the same, Lender is authorized to collect and apply the insurance proceeds at Lender's discretion to the restoration or repair of the Property as it is reasonably caused by this Mortgage.

Unless Lender and Borrower otherwise agree, the amount and proportion 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.

If under paragraph 18, the Property is acquired by Lender, all rights, title, and interest of Borrower in and to any insurance policies and in and to the proceeds thereof to the extent of the sum secured by this Mortgage immediately prior to such sale or acquisition resulting from damage to the Property prior to the date of acquisition shall pass to Lender.

**6. Preservation and Maintenance of Property; Leaseholds; Condominiums.** Borrower shall keep the Property in good repair and shall not permit any latent waste, impairment, or deterioration of the Property, and shall comply with the provisions of any lease of this Mortgage, if any, household. If this Mortgage is on a condominium unit, Borrower shall perform all of Borrower's obligations under the declaration of condominium, or master deed, the bylaws and regulations of the condominium project, and 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 commenced which materially affects Lender's interest in the Property, including, but not limited to, eminent domain, bankruptcy, civil enforcement, or proceedings concerning a transfer of ownership, then Lender at Lender's option, upon notice to Borrower, may make such repairs, alterations, disbursements and other actions as are necessary to protect Lender's interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs. Any amounts disbursed by Lender pursuant to this paragraph 7 will become thereon 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 existing accounts, and shall bear interest from the date of disbursement at the rate stated in the Note, unless payment 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 delay in so doing.

**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, and during a reasonable time thereafter, subject to Lender's interest in the Property.

**9. Condemnation.** The proceeds of any award or claim for damages arising from the partial or total taking with any condemnation or other taking of the Property, or part thereof, or for convenience in law of condemnation, to Lender assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sum 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, there shall be applied to the sum secured by this Mortgage, the proportion of the proceeds as is equal to that proportion