

2. Funds for Taxes and Insurance. Subject to the terms of this paragraph, Lender shall hold in trust for Borrower the funds necessary to pay taxes and insurance premiums on the Property. At least 10 days prior to the due date of any tax or insurance premium, Lender shall furnish to Borrower a copy of the tax bill or insurance premium notice, together with a statement of the amount of such taxes and insurance premiums, and the estimated amounts to be paid. If the amount of taxes or insurance premiums is less than the amount of funds held by Lender, Lender shall apply the difference to the principal balance of the Note. If the amount of taxes or insurance premiums is greater than the amount of funds held by Lender, Lender shall furnish to Borrower a copy of the tax bill or insurance premium notice, together with a statement of the amount of such taxes and insurance premiums, and the estimated amounts to be paid. If the amount of taxes or insurance premiums is greater than the amount of funds held by Lender, Lender shall furnish to Borrower a copy of the tax bill or insurance premium notice, together with a statement of the amount of such taxes and insurance premiums, and the estimated amounts to be paid. If the amount of taxes or insurance premiums is less than the amount of funds held by Lender, Lender shall apply the difference to the principal balance of the Note.

If the amount of the funds held by Lender is greater than the amount of taxes and insurance premiums due, Lender shall apply the difference to the taxes and insurance premiums due, and the amount of funds held by Lender remaining after payment of taxes and insurance premiums shall be applied to Borrower's account, and the principal balance of the Note shall be reduced to an amount equal to the principal balance of the Note minus the amount of taxes and insurance premiums paid by Lender.

Upon payment in full of all amounts due by the Mortgagor under the Note, all funds held by Lender.

If under paragraph 18 below the Property is sold by Lender, the rules and regulations set forth below shall apply, unless otherwise specifically set forth in the sale of the Property, to the amount of funds held by Lender at the time of application as a credit against the amount due by the Mortgagor.

3. Application of Payments. Unless otherwise provided in the Note, payments made by Lender to the Note and paragraphs 1 and 2 hereof shall be applied first to interest accrued on the Note, then to principal of the Note, then to interest payable on the Note, and finally to principal of the Note, and to the principal of Future Advances, if any.

4. Charges; Liens. Borrower shall pay all taxes and insurance premiums, if any, which become due and payable on the Property which may attach under the Mortgage, and all other taxes and insurance premiums which may attach under paragraph 2 hereof, and Lender shall have the right to collect such taxes and insurance premiums. Borrower shall promptly furnish to Lender sufficient evidence of payment of such taxes and insurance premiums, and Lender shall promptly furnish to Borrower sufficient evidence of payment of such taxes and insurance premiums. If any property over the Mortgage goes bad, Lender shall have the right to sell such property, and Lender shall agree in writing to the payment of the obligation of Borrower to Lender, and Lender, in good faith, shall defend such liability, or defend suit brought against Borrower to prevent the enforcement of the lien or forfeiture of the Property or any part thereof.

5. Hazard Insurance. Borrower shall keep the Property insured against risks generally accepted by Lender, provided that such risks are reasonably included within the term "hazardous wastes" as defined in Lender's policies in the amount specified and for such period as Lender may reasonably require. The amount of such coverage cannot exceed that amount of coverage required to cover the costs of repairing the Mortgage.

The insurance carrier providing the insurance coverage to Lender shall furnish to Lender, provided that such coverage shall not be discontinued, a certificate of insurance to Lender, and such certificate shall include a standard deductible clause.

All insurance policies and renewals thereto shall be issued to Lender and shall include a standard deductible clause in favor of and in form acceptable to Lender. Lender shall have the right to inspect the evidence and renewals thereto, and Borrower shall promptly furnish to Lender all renewals thereto and evidence of paid premiums. In the event of loss, Borrower shall give prompt notice to the insurance carrier, and Lender and Borrower shall make prompt and full indemnification to Lender.

Unless Lender and Borrower otherwise agree in writing, amounts received by Lender from the insurance proceeds of the Property damaged, provided and reconstructed or repaired as directed by Lender and the society of the Mortgage is not thereby impaired. If such restoration or repair is not substantially to Lender's satisfaction, the society of the Mortgage would be impaired, the insurance proceeds shall be applied to the sums secured by the Mortgage, with the excess of such paid to Borrower. If the Property is abandoned by Borrower or if Borrower fails to respond to Lender within 30 days, the society of the Lender to Borrower that the insurance contract offers to settle a claim for its stated benefit. Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by the Mortgage.

Unless Lender and Borrower otherwise agree in writing, amounts received by Lender 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 below the Property is sold by Lender, all right, title and interest of Borrower in and to any insurance policies and in and to the proceeds thereof, and the amount of the sums secured by this Mortgage immediately prior to such sale or acquisition resulting from damage to the Property prior to the sale or 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 or permit waste, impairment, or deterioration of the Property and shall comply with the provisions of any lease, if this Mortgage is on a leasehold. 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 by-laws 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 the 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, insolvency, code enforcement, or arrangements or proceedings involving a bankruptcy or insolvent, then Lender at Lender's option upon notice to Borrower, may make such expenditures, disbursed, such sums and take such actions as 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, with interest thereon, shall become 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 requesting payment thereof, and shall bear interest from the date of disbursement at the rate stated in the Note, unless payment of interest 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 do any act hereunder.

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 specifying a reasonable cause therefor related to Lender's interest in the Property.

9. Condemnation. The proceeds of any award or claim for damages, losses or consequential consequences with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, as 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, they shall be applied to the sums secured by this Mortgage, and payment of the principal and interest thereon.