TOGETHER with all and singular the rights, members, hereditaments, and appurtenances [illegible] to said premises belonging or in anywise appertaining, and all fixtures now or hereafter attached or appurtenant to said premises, including all heating stoker units, air conditioning units, water heaters, plumbing and lighting fixtures, and all other fixtures and equipment now or hereafter attached to said premises, and all other property of the Mortgagor now or hereafter located on said premises, it being the intention of the parties hereto that all such fixtures and other property [illegible] shall be deemed to be a part of the realty.

TO HAVE AND TO HOLD all and singular the said premises unto the Mortgagee, [illegible] forever.

The Mortgagor represents and warrants that said Mortgagor is seized of the [illegible] premises [illegible] that the above described premises are free and clear of all liens or encumbrances [illegible] that the Mortgagor [illegible] and forever defend the same, and that the Mortgagor will forever defend the title to said premises against the Mortgagee [illegible] against the Mortgagor and every person whomsoever lawfully claiming or to claim the same or any part thereof.

THE MORTGAGOR COVENANTS AND AGREES AS FOLLOWS:

1. That the Mortgagor will promptly pay the principal and interest on the indebtedness evidenced by said note at the times and in the manner therein provided.

2. That this mortgage will secure the Mortgagee for any additional sums which may be advanced by the Mortgagee at the option of the Mortgagee for the payment of taxes or public assessments, hazard insurance premiums, or any other sums which may be advanced by the Mortgagee under the provisions of this mortgage, and also for any loans or advances that may hereafter be made by the Mortgagee to the Mortgagor when the note evidencing such loan or advance shall recite that it is secured by this mortgage, and shall bear interest at the same rate or rates as that provided in said note, unless otherwise agreed in writing by the parties hereto, and shall be payable at the demand of the Mortgagee, unless otherwise provided in writing.

3. That Mortgagor will keep the improvements on the mortgaged premises, whether now existing or hereafter erected, insured against loss by fire, windstorm and other hazards in a sum not less than the balance due on the mortgage debt, in companies acceptable to the Mortgagee, and Mortgagor does hereby assign the policy or policies of insurance to the Mortgagee and agrees that all such policies shall be held by the Mortgagee should at any time any such policy not be held by the Mortgagee, and in the event of loss Mortgagor will give immediate notice thereof to the Mortgagee, who may make proof of loss if not made promptly by Mortgagor, and Mortgagee is hereby authorized and empowered to adjust and compromise any claim under any such policy. If the Mortgagor at any time fail to keep said premises insured or fail to pay the premiums for such insurance, then the Mortgagee may insure such improvements to be insured in the name of the Mortgagor and may pay the cost of such insurance, with interest as hereinafter provided.

4. That the Mortgagor will keep all improvements upon the mortgaged premises in good repair, and that if Mortgagor fail to do so the Mortgagee may, at its option, enter upon said premises and make whatever repairs are necessary in the opinion of the Mortgagee for such repairs to the mortgage debt and collect the same under this mortgage, with interest as hereinafter provided.

5. That the Mortgagee may at any time require the insurance and maintenance of insurance upon the life of any person allocated under the indebtedness secured hereby in an amount sufficient to pay the mortgage debt with the Mortgagee as beneficiary, and if the premiums are not otherwise paid the Mortgagee may pay said premiums and the amount so paid shall be added to the mortgage debt.

6. That Mortgagor agrees to pay all taxes and other public assessments levied on or against the mortgaged premises on or before the last date upon which such taxes may be paid without penalty, the receipts therefor at the option of the Mortgagee to be held by the Mortgagee, and should the Mortgagor fail to pay such taxes and assessments when the same shall fall due, the Mortgagee may, at its option, pay the same and charge the amounts so paid to the mortgage debt and collect the same under this mortgage with interest as above provided.

7. That if this mortgage covers a construction loan, the Mortgagor agrees that the proceeds of the indebtedness hereby secured shall be disbursed by the Mortgagee in periodic payments as construction progresses in accordance with the terms and conditions of a Construction Loan Agreement which is separately executed by the parties and made a part of this mortgage and incorporated herein by reference.

8. That the Mortgagor will not [illegible] the mortgaged premises without the prior written consent of the Mortgagee, and should the Mortgagor sell, convey, or otherwise dispose of the mortgaged premises without the Mortgagee's consent, then the indebtedness hereby secured to be immediately due and payable and bear interest at the rate provided in the indebtedness.

9. That should the Mortgagor become the mortgagee of a second mortgage on the property covered hereby, then and in such event the Mortgagor will, at the request of the Mortgagee, execute a subordination agreement in such form as shall be required by the Association, and upon application for an assumption of the mortgage indebtedness, pay the assumption fee, and in the Association's discretion, processing the application for an assumption of the mortgage indebtedness, pay the Association's fee, and in the event of default, and have the interest rate on the loan balance assuming at the time of assumption shall be [illegible] the interest rate on the unpaid loan balance to the maximum rate per annum permitted to be charged at that time by applicable North Carolina law or a lower interest rate as may be determined by the Association. The Association shall notify the Mortgagor of the new interest rate and monthly payments and will [illegible] as provided. Should the Mortgagor default in the payment of the payments of the mortgage, the Mortgagee at its option may declare the indebtedness hereby secured to be immediately due and payable and may institute any proceedings necessary for the collection of said indebtedness.

10. That should the Mortgagor fail to make the payments of principal and interest [illegible] the same shall be [illegible] and the same shall be [illegible] for a period of thirty (30) days or more, then it shall be and it hereby is made lawful for the holder of the note, or any assignee of the Mortgagee, at any time after default, to declare the entire unpaid balance of the mortgage debt immediately due and payable, and the Mortgagee may mail a notice of default and demand for payment to the last known address of the Mortgagor, and the Mortgagee may, at its option, declare the entire unpaid balance of the mortgage debt immediately due and payable without further notice or demand upon