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2. Funds for Taxes and Insurance. Subject to the provisions of paragraph 10, Lender shall have the right to require Borrower to deposit funds in an escrow account or otherwise to hold funds in trust for the payment of taxes and insurance premiums on the Property. Such funds shall be deposited in a separate account by the Lender and held in trust by the Lender until such time as the Lender has received payment of the taxes and insurance premiums. If the Lender deems it necessary to pay such taxes and insurance premiums prior to the due date, the Lender may do so and shall be entitled to apply the amount so paid against the next scheduled payment of taxes and insurance premiums. Any amounts so paid by the Lender shall be deducted from the next scheduled payment of taxes and insurance premiums. If the Lender so requires, Borrower shall furnish to the Lender a copy of the tax bills and insurance policies covering the Property.

If the Lender deems it necessary to make any payment of taxes or insurance premiums prior to the due date of such taxes or premiums, Lender may do so and shall be entitled to apply the amount so paid against the next scheduled payment of taxes and insurance premiums. Any amounts so paid by the Lender shall be deducted from the next scheduled payment of taxes and insurance premiums. If the Lender so requires, Borrower shall furnish to the Lender a copy of the tax bills and insurance policies covering the Property.

Under paragraph 18, if the Lender requires the payment of taxes and insurance premiums prior to the due date of such taxes and insurance premiums, the Lender may do so and shall be entitled to apply the amount so paid against the next scheduled payment of taxes and insurance premiums. Any amounts so paid by the Lender shall be deducted from the next scheduled payment of taxes and insurance premiums.

This paragraph is subject to the provisions of the Note and Lender's right to require Borrower to make any payment of taxes and insurance premiums prior to the due date of such taxes and insurance premiums.

3. Application of Payments. All payments made by Borrower to the Lender under the Note and this Mortgage shall be applied first to the payment of interest on the Note and then to the payment of principal of the Note and to the payment of future Advances.

4. Charges; Liens. Borrower shall not encumber the Property with any liens or charges other than those specifically set forth in the Note and this Mortgage. Lender may, at Lender's option, foreclose on the Property and, in the event of such foreclosure, Lender may, at Lender's option, require Borrower to pay all amounts due under the Note and this Mortgage and all costs and expenses of collection and enforcement of the Note and this Mortgage.

5. Hazard Insurance. It is agreed that the insurance coverage required by the Note and this Mortgage shall be maintained by Borrower, at Borrower's expense, in such amounts and for such periods and the amounts and types of coverage required by the Note and this Mortgage, and shall be maintained with coverage agreed to by the Lender and Borrower.

The insurance company holding the insurance policy on the Property shall be acceptable to the Lender, provided that such company shall not be controlled by Borrower. A copy of the insurance policy held by the Lender shall be furnished to the insurance provider under paragraph 2 hereof.

All insurance premiums and other amounts due under the Note and this Mortgage shall be paid by Borrower, and Borrower shall provide the Lender with a copy of each premium payment. In the event of loss, Borrower shall give prompt notice to the insurance company and let the Lender know of such notice and the amount paid by Borrower.

Unless Lender and Borrower otherwise agree, the insurance premiums shall be applied as follows: one-half of the premium of the Property for each year for which the premium is paid shall be applied to the security of the Mortgage, if not thereby impaired. If one-half of the premium of the Property for the year of the security of the Mortgage would be impaired, the remaining premium shall be applied to the security of the Mortgage. Mortgagor will be liable to Lender. If the Property is transferred by Borrower to Borrower, the transferor shall give notice to Lender to Borrower that the transferor agrees that the insurance premiums shall be applied to the security of the Mortgage.

Unless Lender and Borrower otherwise agree, nothing contained in this paragraph shall extend or postpone the due date of the monthly insurance premiums or otherwise affect the amount of such installments.

Under paragraph 18, if the Property is sold by Lender, all rights of Lender and interest of Borrower in and to any insurance policies and/or other rights contained in the security of the sums secured by this Mortgage immediately prior to such sale or reorganization resulting from the sale of the Property shall vest in the new owner(s) 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, deterioration or deterioration of the Property, and shall comply with the provisions of any lease of the Property or leasehold. In the event of a condominium unit, Borrower shall perform all of Borrower's obligations under the documents of condominium, covenants, restrictions, bylaws and regulations of the condominium project and condominium documents.

7. Protection of Lender's Security. If Borrower fails to observe the covenants and agreements contained in the Note and this Mortgage or fails to pay any amount due thereunder, Lender may require Borrower, including, but not limited to, eminent domain, bankruptcy, condemnation or other action, to convey title to the Property to Lender, at Lender's option, prior to or after Borrower's failure to pay any amount due thereunder, and take such actions as are necessary to protect Lender's interest, including, but not limited to, the filing of a complaint for specific performance and/or the filing of a suit for quiet title, or any other action which Lender deems necessary to protect Lender's interest in the Property. Any amounts due under the Note and this Mortgage shall be paid over to Lender by Borrower, and Lender may deduct such amounts from the date of disbursement at the rate stated in the Note and as a liquidated damages, which would be sufficient to satisfy the law in which event such amounts shall bear interest at the rate of interest specified by the law. Nothing contained in this paragraph 7 shall require Lender to incur any expense or delay in so proceeding.

8. Inspection. Lender may make or cause to be made, at Borrower's expense, an inspection and examination of the Property, provided that Lender shall give Borrower a reasonable opportunity to inspect and examine the same related to Lender's interest in the Property.

9. Condemnation. The proceeds of any award of money damages for damage to the Property, or any other award, with any condemnation or other taking of the Property, or part thereof, or for compensation in connection therewith, shall be received and shall be paid to Lender.

In the event of a partial 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 total taking of the Property, unless Borrower and Lender otherwise agree in writing, they shall be applied to the sum secured by this Mortgage, and proportion of the proceeds as is equal to that proportion