2. That to further secure and in addition to the monthly payments of principal and interest payable under the terms of the note secured hereby, he will pay to the Mortgagee, on the first day of each month until the said note is fully paid, the following sums:

(a) If and so long as said note of even date herewith and this instrument are insured or are to be insured under the provisions of the National Housing Act, an amount sufficient to accumulate in the hands of the holder one month prior to the date when annual mortgage insurance premium is payable, a reserve such that the aggregate of such reserve shall equal such premium to the Secretary of Housing and Urban Development pursuant to the National Housing Act as amended and applicable Regulations thereunder, or

(b) If and so long as said note of even date and this instrument are held by the Secretary of Housing and Urban Development, a monthly charge in lieu of a mortgage insurance premium which shall be in an amount equal to one-twelfth (1/12) of one-half (1/2) per centum of the average outstanding balance due on the note covered herein taking into account delinquencies or prepayments.

(c) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other hazard insurance covering the mortgaged property, plus taxes and assessments next due on the mortgaged property (all as estimated by the Mortgagee) less all sums already paid therefor divided by the number of months to elapse before one month prior to the date when such ground rents, premiums, taxes and assessments will become delinquent, such sums to be held by Mortgagee in trust to pay said ground rents, premiums, taxes and special assessments, and

(d) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the note secured hereby shall be added together and the aggregate amount thereof shall be paid by the Mortgagor each month in a single payment to be applied by the Mortgagee to the following items in the order set forth:

I. premium charges under the contract of insurance with the Secretary of Housing and Urban Development, or monthly charge in lieu of mortgage insurance premium, as the case may be;

II. ground rents, special assessments, fire and other hazard insurance premiums;

III. interest on the note secured hereby; and

IV. amortization of the principal of said note.

Any deficiency in the amount of any such aggregate monthly payment shall, unless made good by the Mortgagor prior to the due date of the next such payment, constitute an event of default under this mortgage. The Mortgagee may collect a "late charge" not to exceed four cents for each dollar ($.04) for each payment more than fifteen (15) days in arrears to cover the extra expense involved in handling delinquent payments.

3. If the total of payments made by the Mortgagor under (b) of paragraph 2 preceding shall exceed the amount of payments actually made by the Mortgagee for taxes or assessments or insurance premiums, as the case may be, such excess if the loan is current, at the option of the Mortgagor, shall be credited on subsequent payments to be made by the Mortgagor, or refunded to the Mortgagor. If, however, the monthly payments made by the Mortgagor under (b) of paragraph 2 preceding shall not be sufficient to pay taxes and assessments and insurance premiums when the same shall become due and payable, then the Mortgagor shall pay to the Mortgagee any amount necessary to make up the deficiency on or before the date when payment of such taxes, assessments, or insurance premiums shall be due. If at any time the Mortgagor shall tender to the Mortgagee, in accordance with the provisions of the note secured hereby, full payment of the entire indebtedness represented thereby, the Mortgagee shall, in computing the amount of such indebtedness, credit to the account of the Mortgagor all payments made under the provisions of (b) of paragraph 2 hereof which the Mortgagee has not become obligated to pay to the Secretary of Housing and Urban Development, and any balance remaining in the funds accumulated under the provisions of (b) of paragraph 2 hereof. If there shall be a default under any of the provisions of this mortgage resulting in a public sale of the premises covered hereby, or if the property is otherwise acquired after default, the Mortgagee shall apply, at the time of the commencement of such proceedings, or at the time the property is otherwise acquired, the balance then remaining in the funds accumulated under (b) of paragraph 2 preceding, as a credit against the amount of principal then remaining unpaid under the note secured hereby, and shall properly account for all other funds held under (b) of paragraph 2.

4. That he will pay all taxes, assessments, water rents, and other governmental or municipal charges, fines, or impositions, for which provision has not been made hereinbefore, or in default thereof the Mortgagee may pay the same, and that he will promptly deliver the official receipts therefor to the Mortgagee. If the Mortgagee fails to make such payments, or fails to deliver official receipts for such payments of taxes, assessments, or the like, the Mortgagee may pay the same [illegible] with the note secured hereby [illegible].

5. That he will keep the improvements now existing or hereafter erected on the mortgaged property insured as may be required from time to time by the Mortgagee against loss by fire and other hazards, casualties and contingencies in such amounts and for such periods as may be required by the Mortgagee and will pay promptly, when due, any premiums on such insurance for the payment of which shall have not been made hereinbefore. All insurance shall be carried in companies approved by the Mortgagee and the policies and renewals thereof shall be held by the Mortgagee and have attached thereto loss payable clauses in favor of and in form acceptable to the Mortgagee. In event of loss Mortgagor will give immediate notice by mail to the Mortgagee, who may make proof of loss if not made promptly by Mortgagor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Mortgagee instead of to the Mortgagor and Mortgagee jointly, and the insurance proceeds, or any part thereof, may be applied by the Mortgagee at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In event of foreclosure of this mortgage or other transfer of title to the mortgaged property in extinguishment of the indebtedness secured hereby, all right, title and interest of the Mortgagor in and to insurance policies then in force shall pass to the purchaser or grantee.

6. That he will keep said premises in good condition and repair; that he will not permit or commit waste thereon; that he will not demolish, remove or alter any building now or hereafter erected on said premises without the consent of the Mortgagee; that he will comply with all requirements of law or municipality or agreement affecting said premises or requiring any alterations or improvements to be made thereon; that he will not permit any unlawful or objectionable use of said premises; that he will not make or permit any material alteration in said premises except when required by law or municipal ordinance; that he will not permit the use of any part of said premises for any purpose other than that for which said premises are now zoned; that he will not permit any lien to attach to said premises which may be prior to the lien of this mortgage; that he will not permit any default to exist under any prior lien or encumbrance on said premises; that he will promptly pay when due any premium on any insurance required by the Mortgagee and will promptly deliver to the Mortgagee the policy or policies of insurance or renewals thereof which shall be held by the Mortgagee and have attached thereto loss payable clauses in favor of and in form acceptable to the Mortgagee. In event of default in any of the foregoing covenants, the Mortgagee may make good any default herein authorized and directed to be made hereunder, and any sums so expended by the Mortgagee shall be repaid by the Mortgagor to the Mortgagee and shall be secured by this mortgage and the note secured hereby and shall bear interest at the rate of six per centum (6%) per annum from the date of payment by the Mortgagee until paid by the Mortgagor.

7. That he will keep the improvements now existing or hereafter erected on the mortgaged premises insured as may be required from time to time by the Mortgagee against loss by fire and other hazards, casualties and contingencies in such amounts and for such periods as may be required by the Mortgagee and will pay promptly, when due, any premiums on such insurance for the payment of which shall have not been made hereinbefore. All insurance shall be carried in companies approved by the Mortgagee and the policies and renewals thereof shall be held by the Mortgagee and have attached thereto loss payable clauses in favor of and in form acceptable to the Mortgagee. In event of loss Mortgagor will give immediate notice by mail to the Mortgagee, who may make proof of loss if not made promptly by Mortgagor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Mortgagee instead of to the Mortgagor and Mortgagee jointly, and the insurance proceeds, or any part thereof, may be applied by the Mortgagee at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In event of foreclosure of this mortgage or other transfer of title to the mortgaged property in extinguishment of the indebtedness secured hereby, all right, title and interest of the Mortgagor in and to insurance policies then in force shall pass to the purchaser or grantee.

8. That he will keep the buildings on the premises now and hereafter erected on the mortgaged premises free and clear of all liens and encumbrances, and in the event of default in any of the covenants or agreements contained in this instrument, then the Mortgagee shall have the right to make a sale of said premises, or any part thereof, at public auction, and to sell the same, after deducting all charges and expenses attending such proceedings and the execution of his trust as herein set forth, shall apply the residue of the sale proceeds to the payment of the debt secured hereby.

9. That if the premises, or any part thereof, be condemned under any power of eminent domain, or acquired for a public use, the damages, proceeds, and the consideration for such acquisition, to the extent of the full amount of indebtedness upon this mortgage, and the note secured hereby, remaining unpaid, are hereby assigned by the Mortgagor to the Mortgagee and shall be paid forthwith to the Mortgagee to be applied by it on account of the indebtedness secured hereby, whether due or not.