2. That, together with, and in addition to, the monthly payments of principal and interest [illegible] 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) An amount sufficient to provide the holder hereof with funds to pay the next mortgage insurance premium (if this instrument is held by the Secretary of Housing and Urban Development, a monthly charge instead of a mortgage insurance premium) [illegible] rent and the note secured hereby are insured [illegible] a monthly charge (in lieu of a mortgage insurance premium) [illegible] held by the Secretary of Housing and Urban Development, as follows:

(I) If and so long as said note of even date and this instrument are insured pursuant to the National Housing Act, an amount sufficient to accumulate in the funds held by the Mortgagee one month prior to the date the annual mortgage insurance premium (in order to provide such funds to pay such premium to the Secretary of Housing and Urban Development pursuant to the National Housing Act and the applicable Regulations thereunder), or

(II) 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 (the average outstanding balance due on the loan) [illegible] taking into account delinquencies or prepayments;

(b) A sum equal to the ground rents, if any, next due, plus the premiums next due on all 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 from time to time in accordance with the practice of prudent lenders in the locality in which the property is located), [illegible] such sums to be held by Mortgagee in trust to pay said ground rents, premiums, taxes and special assessments, and

All payments mentioned in 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, taxes, special assessments, fire and other hazard insurance premiums;

(III) interest on the note secured hereby;

(IV) amortization of the principal of said note.

Any deficiency in the amount of any such aggregate monthly payment shall constitute an unpaid debt owed to the Mortgagee prior to the due date of the next such payment constituting an event of default under this mortgage. The Mortgagee may collect a "late charge" not to exceed four cents (4¢) for each dollar ($1) of 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 (a) 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 adjust the payment made under the note secured hereby [illegible] of paragraph 2.

4. That he will pay all taxes, assessments, water rents, and other charges, fines and impositions, attributable to the mortgaged premises, [illegible] the Mortgagee may pay the same, and that he will promptly deliver to the Mortgagee receipts evidencing such payments. If the Mortgagee [illegible] the Mortgagee in the manner provided in paragraph 2 [illegible] the date of such payment.

5. 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 such hazards, casualties, and contingencies as the Mortgagee may require [illegible] and such other hazards, casualties, and contingencies as the Mortgagee may require and in such amounts and for such periods as the Mortgagee may require. 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, he 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 the 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 premises 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 the said premises in good repair and will not permit or commit any waste thereof. That he will not [illegible] the said premises without the consent of the Mortgagee. That he will not [illegible] the said premises [illegible] the Mortgagee [illegible] the said premises [illegible] the Mortgagee [illegible] the said premises [illegible] the Mortgagee