

- 7 -

In the event of failure or refusal of the party of the first part to agree with the insurance companies involved as to the amount and terms of any loss within sixty days of the happening of such loss, then the mortgagee may negotiate with and settle said loss with such fire companies and neither the mortgagee nor the insurance companies involved shall, upon such settlement being made, be liable in any manner to the party of the first part.

Any tax, assessments, or premium of insurance, not paid when due by the party of the first part, may be paid by the mortgagee or assigns, and any sum so paid shall be added to the amount of said principal debt as part thereof, shall draw interest from the time of said payments at the rate of six per centum per annum, and shall, with interest, be covered by the security of this mortgage.

The mortgagee shall have the right to apply any funds received from losses on account of the indebtedness or other items herein secured, or at its option may allow the same to be used in restoring the mortgaged premises provided the mortgagee, if restoration of the premises is agreed to, may retain said funds without interest until said premises be so restored in a satisfactory manner.

3. AND IT IS FURTHER COVENANTED, That the said mortgagor shall create a fund for the payment of all taxes and