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1. Payment of Principal and Interest. Borrower shall pay to Lender the principal and interest on the Mortgage in accordance with the following schedule: **1.1** Borrower shall pay to Lender on the first day of each month commencing on the first day of the month next following the date of the execution of this Mortgage, a sum of money equal to the sum of the principal and interest on the Mortgage for the month next preceding the date of such payment. **1.2** The interest on the Mortgage shall be calculated on the basis of a year of 360 days and shall be compounded monthly.

2. Funds for Taxes and Insurance. Lender shall set aside from the proceeds of the Mortgage a sum of money equal to the sum of the principal and interest on the Mortgage for the month next preceding the date of such payment. **2.1** The Funds shall be held in a separate account in the name of Lender and shall be used to pay the taxes, assessments, insurance premiums and ground rents on the Property. **2.2** Lender shall apply the Funds to pay said taxes, assessments, insurance premiums and ground rents on the Property as they become due and shall not be required to advance any money to Borrower for such purposes. **2.3** Lender shall not be required to advance any money to Borrower for such purposes. **2.4** Lender shall not be required to advance any money to Borrower for such purposes.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under the Mortgage shall be applied first to the payment of interest on the Mortgage and then to the payment of principal on the Mortgage. **3.1** Lender shall not be required to advance any money to Borrower for such purposes. **3.2** Lender shall not be required to advance any money to Borrower for such purposes. **3.3** Lender shall not be required to advance any money to Borrower for such purposes.

4. Charges; Liens. Borrower shall pay all taxes, assessments, insurance premiums and ground rents on the Property which may attach to the Mortgage and which are not provided for in paragraph 2 hereof. **4.1** Lender shall not be required to advance any money to Borrower for such purposes. **4.2** Lender shall not be required to advance any money to Borrower for such purposes. **4.3** Lender shall not be required to advance any money to Borrower for such purposes.

5. Hazard Insurance. Borrower shall maintain hazard insurance on the Property in accordance with the requirements of the Mortgage. **5.1** Lender shall not be required to advance any money to Borrower for such purposes. **5.2** Lender shall not be required to advance any money to Borrower for such purposes. **5.3** Lender shall not be required to advance any money to Borrower for such purposes.

6. Preservation and Maintenance of Property; Leasholds; Condominiums; Planned Unit Developments. Borrower shall keep the Property in good repair and shall not allow the same to become dilapidated or otherwise damaged. **6.1** Lender shall not be required to advance any money to Borrower for such purposes. **6.2** Lender shall not be required to advance any money to Borrower for such purposes. **6.3** Lender shall not be required to advance any money to Borrower for such purposes.

7. Protection of Lender's Security. Lender shall have the right to take any action to protect its security under the Mortgage. **7.1** Lender shall not be required to advance any money to Borrower for such purposes. **7.2** Lender shall not be required to advance any money to Borrower for such purposes. **7.3** Lender shall not be required to advance any money to Borrower for such purposes.

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