

The Mortgagee, its successors and assigns shall have all and singular the said premises with the Mortgage, its successors and assigns.

The Mortgagor covenants that he is lawfully seized of the premises hereinabove described in fee simple absolute, that he has good right and lawful authority to sell, convey, or encumber the same, and that the premises are free and clear of all liens and encumbrances whatsoever. The Mortgagor further covenants to warrant and forever defend all and singular the premises unto the Mortgagee forever, from and against the Mortgagor and all persons whomsoever lawfully claiming the same or any part thereof.

The Mortgagee covenants and agrees as follows:

1. That he will promptly pay the principal of and interest on the indebtedness evidenced by the said note, at the times and in the manner therein provided. Privilege is reserved to pay the debt in whole, or by an amount equal to one or more of the payments on the principal that are next due on the note, on the first day of any month prior to the date of the next payment; provided, however, that written notice of an intention to exercise such privilege is given at least ten (10) days prior to prepayment; and, provided, further, that in the event the debt is paid in whole or in part, the Mortgagee shall pay to the Mortgagor an insurance premium charge of one per centum (1%) of the original principal amount thereof, except that in no event shall the adjusted premium exceed the amount of premium charges which would have been payable if the mortgage had continued in full force until payment; such payment to be applied by the Mortgagee upon its obligation to the Federal Housing Commissioner on account of mortgage insurance.

2. That, whether or not the Mortgagor is obligated 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 debt is paid in full, the following sums:

(a) The amount of the monthly payments secured hereby are insured under the provisions of the National Housing Act, and as long as they continue to be so insured, one-twelfth (1/12) of the annual mortgage insurance premium for the purpose of putting the Mortgagee in funds with which to discharge its obligations to the Federal Housing Commissioner for mortgage insurance premiums pursuant to the provisions of Title II of the National Housing Act, as amended, and the regulations thereunder. The Mortgagee shall, on the termination of its obligation to pay mortgage insurance premiums, credit to the account of the Mortgagor all payments made under the provisions of this subsection which the Mortgagee has not become obligated to pay to the Federal Housing Commissioner.

(b) The amount of 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.

(c) 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) The amount of the monthly payments secured hereby;
- (ii) The amount of special assessments, fire and other hazard insurance premiums;
- (iii) The amount of interest on the note secured hereby; and
- (iv) The amortization of the principal of said note.

Any amount of the amount of 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 two cents (2¢) for each dollar (\$1) of each payment more than fifteen (15) days in arrears to cover the extra charges involved in handling delinquent payments.

3. If the total of the 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 shall be credited by the Mortgagee on subsequent payments to be made by the Mortgagee. 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, by crediting 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 Federal Housing Commissioner, 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 the public sale or at the time the property is otherwise acquired, the balance then remaining in the funds accumulated under (a) of paragraph 2 preceding, as a credit against the amount of principal then outstanding on the note secured hereby, and shall properly adjust any payments which shall have been made under (b) of paragraph 2.

4. That he will pay all taxes, assessments, water rates, and other governmental or municipal charges, fines, or impositions, for which provision has not been made hereinbefore, and in default thereof the Mortgagee may pay the same; and that he will promptly deliver the official receipts therefor to the Mort-