

That in order more fully to protect the security of this mortgage, the Mortgagor will pay to the Mortgagee in addition to the monthly payments of principal and interest under the terms of the note (bond) secured hereby and concurrently therewith monthly on the first day of each month after the date hereof and continuing until the said note (bond) is fully paid, the following sums:

- (a) If and so long as said note or bond of even date and this mortgage are insured under the provisions of the National Housing Act, an amount sufficient to accumulate in the hands of the Mortgagee one month prior to its due date, the annual mortgage insurance premium, in order to provide the Mortgagee with funds to pay such premium to the Federal Housing Commissioner pursuant to Section 608 of the National Housing Act, as amended, and Regulations thereunder.
- (b) 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 premises herein described, plus water rates, taxes, and assessments next due on the premises covered hereby (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, water rates, taxes and assessments will become delinquent, such sums to be held by the Mortgagee in trust to pay said ground rents, premiums, water rates, 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 (bond) 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 Federal Housing Commissioner;
  - (II) ground rents, if any, taxes, water rates, assessments, fire and other hazard insurance premiums;
  - (III) interest on the note (bond) secured hereby; and
  - (IV) amortization of the principal of said note (bond).

Any deficiency in the amount of any such aggregate monthly payments 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.

Any excess funds accumulated under (b) of the preceding paragraph remaining after payment of the items therein mentioned, shall be credited to subsequent monthly payments of the same nature required thereunder; but if any such item shall exceed the estimate therefor the Mortgagor shall without demand forthwith make good the deficiency. Failure to do so before the due date of such item shall be a default hereunder. In case of termination of the Contract of Mortgage Insurance by prepayment of the mortgage in full, or otherwise (except as hereinafter provided), accumulations under (a) of the next preceding paragraph hereof not required to meet payments due under the Contract of Mortgage Insurance, shall be credited to the Mortgagor. If the property is sold under foreclosure or is otherwise acquired by the Mortgagee after default, any remaining balance of the accumulations under (b) of the next preceding paragraph shall be credited to the principal of the mortgage as of the date of the commencement of foreclosure proceedings or as of the date the property is otherwise acquired; and accumulations under (a) thereof shall be likewise credited unless required to pay sums due the Commissioner under the Contract of Mortgage Insurance.

That Mortgagor will pay all taxes, assessments, water rates, and other governmental or municipal charges, fines, or impositions, for which provision has not been made by payments made as hereinbefore provided in paragraph (b) above and in default thereof the Mortgagee may pay the same; and that it will promptly deliver the official receipts therefor to the Mortgagee. If the Mortgagor fails to make any payments provided for in this paragraph or any other payments for taxes, assessments, or the like, the Mortgagee may pay the same, and all sums so paid shall bear interest at the rate of four per centum (4%) per annum from the date of such advance and shall be secured by this mortgage.

That the Mortgagor will keep the improvements, now existing or hereafter erected on the mortgaged property insured against loss by fire and such other hazards, casualties, and contingencies, as may be stipulated by the Commissioner upon the insurance of the mortgage and other hazards as may be required from time to time by the Mortgagee, and all such insurance shall be carried in such companies and be for such periods as may be required by the Mortgagee, and be in an amount which will comply with the coinsurance clause applicable to the location and character of the property but not less than eighty per centum (80%) of the actual cash value of the

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insurable improvements and equipment of the property. Such policies shall be in standard form and endorsed with standard mortgagee clause with loss payable to the Mortgagee and the Federal Housing Commissioner as interest may appear, and shall be deposited with the Mortgagee.

That if the premises covered hereby, or any part thereof, shall be damaged by fire or other hazard against which insurance is held as hereinbefore provided, the amounts paid by any insurance company, pursuant to the contract of insurance shall, to the extent of the indebtedness then remaining unpaid, be paid to the Mortgagee, and, at its option, may be applied to the debt or released for the repairing or rebuilding of the premises.

That if the Mortgagee is made or becomes a party to any suit or action, by reason of this mortgage or the indebtedness hereby secured, the Mortgagor will pay all expenses incurred by the Mortgagee therein, including a reasonable attorney's fee.

That if the Mortgagor shall assign or attempt to assign the rents, issues, or profits or any part thereof of the premises mortgaged hereby without the written consent of the Mortgagee, or in case of the actual or threatened demolition or removal of any building on or to be erected upon said premises, then, at the option of the Mortgagee, the debt hereby secured shall immediately become due.

That if in default in any of the covenants or agreements contained herein, or in said note (bond), then the Mortgagee may perform the same, and all expenditures made by the Mortgagee in so doing shall draw interest at the rate of four per centum (4%) per annum, and shall be repayable by the Mortgagor to the Mortgagee, and, together with interest and costs accruing thereon, shall be secured by this mortgage.

That the Mortgagor will not voluntarily create or permit to be created against the property subject to this mortgage any lien or liens inferior or superior to the lien of this mortgage and further that it will keep and maintain the same free from the claim of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises, and on the failure of the Mortgagor to perform these covenants, or any part thereof, thereupon the principal and all arrears of interest shall, at the option of the Mortgagee, or any holder of the note (bond) secured by this mortgage, become due and payable, anything contained herein to the contrary notwithstanding.

That the improvements about to be made upon the premises above described and all plans and specifications comply with all municipal ordinances and regulations made or promulgated by lawful authority, and that the same will upon completion comply with all such municipal ordinances and regulations and with the rules of the Board of Fire Underwriters having jurisdiction. In the event the Mortgagor shall at any time fail to comply with such rules, regulations, and ordinances which are now or may hereafter become applicable to the premises above described, after due notice and demand by the Mortgagee, thereupon the principal sum and all arrears of interest and other charges provided for herein, shall at the option of the Mortgagee become due and payable.

That it will keep all buildings and structures now on said premises or hereafter placed thereon in good repair and in good condition. The Mortgagor will permit no waste upon the mortgaged premises.