

the said debt or sum of money aforesaid, with the interest thereon to time of payment, and shall perform the Covenants herein contained, according to the true intention and meaning of said Note and this Mortgage, then this Deed of Bargain and Sale shall cease, determine and be utterly null and void; otherwise it shall remain in full force and virtue.

1. AND IT IS COVENANTED, By and between the said parties that the said mortgagors shall and will insure the improvements on said land in such insurance company or companies as may be approved by the said General Mortgage Co., or its Agent, in the sum of not less than Eighty Thousand (\$80,000.00) Dollars, and will keep the same insured from loss or damage by fire and extended coverage and will assign the Policy or Policies of insurance to the said General Mortgage Co.; and that in case the mortgagors shall at any time neglect or fail so to do, then the said General Mortgage Co., or its Agent, may cause the same to be insured in its name, and reimburse itself for the premium and expenses of such insurance, with interest thereon at the rate of six per centum per annum; and that the same shall stand secured by this Mortgage.

2. AND IT IS FURTHER COVENANTED, That any and all fire and extended coverage insurance in the possession of the mortgagee may be changed to other companies, rearranged as to coverage, terms or amount and within the limits prescribed by the mortgage be increased or decreased by the mortgagee at any time. For that purpose the mortgagee is authorized to surrender existing policies for cancellation and take out any insurance at any time desired, provided that the necessary premium adjustments in all cases shall be charged against or credited to the mortgage as the case may be, ten days' prior notice of any proposed changes shall be mailed to the mortgagors at their last known address so as to give such mortgagors opportunity to take out such insurance as it may desire to protect its equity in the mortgaged property.

In the event of failure or refusal of the mortgagor 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 mortgagors.

Any tax, assessment, or premium of insurance, not paid when due by the mortgagors, 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 mortgagors shall create a fund for the payment of all taxes and assessments, general and special, and insurance premiums by depositing with the noteholder on the days payments on account of principal and interest are due hereunder, an amount to be fixed from time to time by the noteholder, and there shall be no interest on said deposits.