

at that time it is insured under the provisions of the National Housing Act, he will pay to the Mortgagee 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 aggregate amount of premium charges which would have been payable if the mortgage has continued to be insured until maturity, such payment to be applied by the Mortgagee upon its obligation to the Secretary of Housing and Urban Development on account of mortgage insurance.

2. That, together with, and in addition 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 said note is fully paid, the following sums:

- (A) An amount sufficient to pay the holder thereof with funds to pay the next mortgage insurance premium if this instrument and the note secured hereby are insured, or a monthly charge (in lieu of a mortgage insurance premium) if they are held by the Secretary of Housing and Urban Development, as follows:
 - (i) If and so long as said note of even date and this instrument are insured or are reinsured under the provisions of the National Housing Act, an amount sufficient to accumulate to the benefit of the holder (see (1) above) to its due date the monthly mortgage insurance premium, in order to provide such holder with funds to pay such premium to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder; or
 - (ii) If and so long as said note of even date and this instrument are held by the Secretary of Housing and Urban Development, a monthly charge (in lieu of a mortgage insurance premium) which shall be in an amount equal to one-twelfth (1/12) of one-half (1/2) per centum of the average outstanding balance due on the note computed without taking into account delinquencies or prepayments.
- (B) A sum equal to the ground rent, if any, now due, plus the premiums that will hereafter become due and payable on policies of fire and other hazard insurance covering the mortgaged property, plus taxes and assessments now due on the mortgaged property (all as determined by the Mortgagee) less all sums already paid therefor divided by the number of months to elapse before the next month's payment is due, when such ground rent, premiums, taxes and assessments will become delinquent, such sums to be paid by Mortgagee in trust to pay said ground rent, premiums, taxes and special assessments; and
- (C) All payments now or hereafter due on 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 Mortgagee 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 Secretary of Housing and Urban Development, or monthly charge, in lieu of mortgage insurance premium, as the case may be;
 - (ii) Taxes, special assessments, fire and other hazard insurance premiums;
 - (iii) Interest on the note secured hereby; and
 - (iv) Amortization of the principal of said note.

Any deficiency or the amount of any such aggregate monthly payment, shall, unless made good by the Mortgagee prior to the due date of his next payment, constitute an event of default under this mortgage. The Mortgagee may collect a late charge of not to exceed one cent per dollar (\$1) of each payment more than fifteen (15) days in arrears to cover the extra expense involved in making delinquent payments.

3. If the total of the payments made by the Mortgagee 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, at the option of the Mortgagee, shall be credited on subsequent payments to be made by the Mortgagee, or refunded to the Mortgagee. If, however, the monthly payments made by the Mortgagee under (b) of paragraph 2 preceding shall not be sufficient to pay taxes and assessments and mortgage premiums when the same shall become due and payable, then the Mortgagee 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 Mortgagee 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, as a condition of such payment, credit to the account of the Mortgagee all payments made under the provisions of (b) of paragraph 2 hereof when the Mortgagee has not become obligated to pay to the Secretary of Housing and Urban Development, 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 by the Mortgagee, then, upon or at the time of the commencement of such proceedings, or at the time the property is otherwise acquired, the balance then remaining in the funds accumulated under (b) of paragraph 2 preceding, as a credit against the amount of principal then remaining unpaid under 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 provisions may be later made hereinafter, and in default thereof the Mortgagee may pay the same, and that he will promptly deliver the official receipts therefor to the Mortgagee. If the Mortgagee fails to make any payments provided for in this section or any other payments for taxes, assessments, or the like, the Mortgagee may pay the same and all such payments shall bear interest at the rate set forth in the note secured hereby from the date of such arrears and shall be repaid by this mortgage.

5. That he will carry the premises in all good order and condition as they are now and will not commit or permit any waste thereon, susceptible wear and tear excepted.

6. That he will carry the improvements now existing or hereafter erected on the mortgaged property insured as may be required from time to time by the Mortgagee against loss by fire and other hazards, casualties and contingencies in such amounts and for such periods as may be required by the Mortgagee and will pay promptly, when due, any premium on such insurance provided for payment of which has not been made hereinafter. All insurance shall be placed in companies approved by the Mortgagee and the policies and receipts therefor shall be held by the Mortgagee and may contain such other payable clauses in favor of and in favor acceptable to the Mortgagee. In event of loss the Mortgagee will give immediate notice by mail to the Mortgagee, who may make proof of loss if not made promptly by the Mortgagee and such insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Mortgagee instead of to the Mortgagee and Mortgagee jointly, and the insurance proceeds, or any part thereof, may be applied by the Mortgagee at its option either to the reduction of the indebtedness to be secured or to the restoration or repair of the property damaged. In event of foreclosure of this mortgage or other transfer of title to the mortgaged property in extinguishment of the indebtedness secured hereby, all rights, title and interest of the Mortgagee in and to any insurance policies then in force shall pass to the purchaser or grantee.

7. That he hereby assigns all the rents, issues, and profits of the mortgaged premises from and after any default hereunder, and should legal proceedings be instituted pursuant to this instrument, then the Mortgagee shall have the right to cause a receiver appointed of the rents, issues, and profits, who, after deducting all charges and expenses attending such proceedings and the execution of his trust as receiver, shall apply the residue of the rents, issues, and profits toward the payment of the debt secured hereby.

Government National
 Mortgage Assoc.
 Colonial Investment Co.

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