

**Universal Coverage**

1. Payment of Premiums. The premiums for the insurance required by this Mortgage shall be paid by Borrower in advance on the day monthly installments are due.

2. Funds for Taxes and Assessments. Lender shall, on the day monthly installments are due, deposit in a separate account (the "Funds") equal to one month's advance payment of taxes, assessments, insurance premiums and ground rents on the Property. If any such taxes, assessments, insurance premiums or ground rents are levied or assessed on the Property, Lender shall, on the day such taxes, assessments, insurance premiums or ground rents are due, pay the same out of the Funds. Lender shall make no charge for so holding and applying the Funds for and against the taxes, assessments, insurance premiums and ground rents. Lender shall give to Borrower, without charge, the annual accounting of the Funds showing credits and debits for the Funds, interest, if any, paid to Borrower on the Funds and the purpose for which such debits to the Funds are made. The Funds are pledged as additional security for the sums secured by this Mortgage.

If the amount of the Funds held by Lender, together with the future monthly installments of Funds payable prior to the due dates of taxes, assessments, insurance premiums and ground rents shall exceed the amount required to pay said taxes, assessments, insurance premiums and ground rents as they fall due, such excess shall be at Borrower's option either promptly credit to Borrower or credited to Borrower on monthly installments of Funds. If the amount of the Funds held by Lender shall not be sufficient to pay taxes, assessments, insurance premiums and ground rents as they fall due, Borrower shall pay to Lender any amount necessary to make up the deficiency within 30 days after notice from Lender to Borrower requesting payment thereof.

Upon payment in full of all sums secured by this Mortgage, Lender shall promptly refund to Borrower any Funds held by Lender.

If under paragraph 17 hereof the Property is sold or the Property is otherwise acquired by Lender, Lender shall apply no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Mortgage.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraphs 1 and 2 hereof shall be applied by Lender first in payment of amounts payable to Lender by Borrower under paragraph 2 hereof, then to interest payable on the Note and on Future Advances, if any, and then to the principal of the Note and to the principal of Future Advances, if any.

4. Charges, Liens. Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Mortgage, and ground rents, if any, at Lender's option in the manner provided under paragraph 2 hereof or by Borrower making payment, when due, directly to the payee thereof. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event Borrower shall make payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall promptly discharge any lien which has priority over this Mortgage; provided, that Borrower shall not be required to discharge any such lien so long as Borrower shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to Lender, or shall in good faith contest such lien by, or defend enforcement of such lien in, legal proceedings which operate to prevent the enforcement of the lien or forfeiture of the Property or any part thereof.

5. Hazard Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and such other hazards as Lender may require and in such amounts and for such periods as Lender may require; provided, that Lender shall not require that the amount of such coverage exceed that amount of coverage required to pay the sums secured by this Mortgage.

The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender, provided that such approval shall not be unreasonably withheld. All premiums on insurance policies shall be paid at Lender's option in the manner provided under paragraph 2 hereof or by Borrower making payment, when due, directly to the insurance carrier.

All insurance policies and renewals thereof shall be in form acceptable to Lender and shall include a standard mortgage clause in favor of and in form acceptable to Lender. Lender shall have the right to note the policies and renewals thereof, and Borrower shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender, and Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible. Borrower shall have the right to effect minor repairs to the Property with the insurer's approval and receive payment therefor. If Borrower and Lender are unable to agree whether such restoration or repair would be economically feasible, the determination of economic feasibility shall be made by independent appraisal at Lender's expense. If such restoration or repair is not economically feasible, the insurance proceeds shall be applied to the sums secured by this Mortgage, with the exception of any amount paid to Borrower. If the Property is abandoned by Borrower or if Borrower fails to respond to Lender within 30 days after notice by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds to Lender's option, either to restoration or repair of the Property or to the sums secured by this Mortgage.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the monthly installments referred to in paragraphs 1 and 2 hereof or change the amount of such installments.

If under paragraph 17 hereof the Property is acquired by Lender, all right, title and interest of Borrower in and to any policies and in and to the proceeds thereof resulting from damage to the Property prior to the sale or acquisition shall pass to Lender to the extent of the sums secured by this Mortgage immediately prior to such sale or acquisition.

6. Preservation and Maintenance of Property. **Leasehold Condominiums.** Borrower shall keep the Property in good repair and shall not permit or commit waste, impairment, or deterioration of the Property and shall comply with the provisions of any lease, if this Mortgage is on a leasehold. If this Mortgage is on a condominium unit, Borrower shall perform all of Borrower's obligations under the declaration of condominium or master deed, the by-laws and regulations of the condominium project and constituent documents.

7. Protection of Lender's Security. If Borrower fails to perform the covenants and agreements contained in this Mortgage, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including but not limited to eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankruptcy or liquidation, then Lender, at Lender's option, upon notice to Borrower, may make such arrangements, including such suits and liens, such actions as it may deem necessary to protect Lender's interest, including, but not limited to, the arrangement of a receiver to take possession of the Property and to make repairs. Any amounts disbursed by Lender pursuant to this paragraph 7, with interest thereon, shall become additional indebtedness of Borrower secured by this Mortgage. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower, requesting payment therefor, and shall bear interest from the date of disbursement at the rate stated in the Note unless payment of interest is prohibited by applicable law. In either event, such amounts shall bear interest at the highest rate permitted by applicable law. Lender shall not be bound to advance any such amounts until Lender to incur any expense or to any other person.

8. Inspection. Lender may make or cause to be made such inspections and investigations of the Property, provided that Lender shall give Borrower notice prior to any such inspection or investigation. Lender shall not be liable for any damage to the Property.

9. Condemnation. The proceeds of any award or suit or compensation for the taking of the Property shall be applied to the sums secured by this Mortgage.