

event of the foreclosure of this Mortgage or other transfer of title to the Premises in extinguishment of the indebtedness secured hereby. In the event of loss or claim under any of the policies of insurance herein referred to, the proceeds of such policy shall be paid by the insurer to Mortgagee which, at its sole and absolute discretion, shall apply the same, wholly or partially, after deducting all costs of collection, including a reasonable attorney's fee, either as a payment on account of the indebtedness secured hereby, whether or not then due or payable, or toward the alteration, reconstruction, repair, or restoration of the Premises to the portion thereof by which said loss was sustained or any other portion thereof.

5. To pay to Mortgagee, if required by Mortgagee, with the monthly payment of principal and/or interest under the Note, a pro rata portion of the taxes and assessments next to become due, and of the insurance premiums next to become due, as estimated by Mortgagee, so that Mortgagee will have sufficient funds on hand to pay said taxes and assessments thirty (30) days before the delinquency date thereof, and to pay the insurance premiums when they become due. If said moneys are so paid to Mortgagee, it shall be the responsibility of Mortgagor to furnish Mortgagee with bills in sufficient time to pay the taxes and assessments before penalty attaches and the insurance premiums before the policies lapse, (any deficit shall immediately be paid to Mortgagee by Mortgagor). Moneys so held by Mortgagee shall not bear interest and, upon default, may be applied by Mortgagee on account of the indebtedness hereby secured. If said moneys are not required to be paid to Mortgagee as aforesaid, Mortgagor shall pay when due, and without requiring any notice from Mortgagee, all taxes, assessments of any type or nature, insurance premiums and any other charges levied or assessed against the Premises hereby encumbered, or any interest of Mortgagor or Mortgagee therein,