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**2. Funds for Taxes and Insurance.** Sufficient funds shall be deposited in the Escrow Account to pay the taxes and insurance on the Property for the term of this Mortgage. The Lender shall have the right to require the Borrower to deposit additional funds in the Escrow Account if the funds on hand are insufficient to pay the taxes and insurance on the Property for the term of this Mortgage. The Lender shall have the right to require the Borrower to pay the taxes and insurance on the Property for the term of this Mortgage if the funds on hand are insufficient to pay the taxes and insurance on the Property for the term of this Mortgage. The Lender shall have the right to require the Borrower to pay the taxes and insurance on the Property for the term of this Mortgage if the funds on hand are insufficient to pay the taxes and insurance on the Property for the term of this Mortgage.

If the amount of the Funds held by Lender together with the amount of the Funds on hand is insufficient to pay the taxes and insurance on the Property for the term of this Mortgage, the Lender shall have the right to require the Borrower to pay the taxes and insurance on the Property for the term of this Mortgage. The Lender shall have the right to require the Borrower to pay the taxes and insurance on the Property for the term of this Mortgage if the funds on hand are insufficient to pay the taxes and insurance on the Property for the term of this Mortgage.

Upon payment in full of all sums due under this Mortgage, the Lender shall release the Funds held in the Escrow Account to the Borrower.

If under paragraph 18 hereof the Property is sold by Lender, the proceeds of such sale shall be applied to pay the taxes and insurance on the Property for the term of this Mortgage. The Lender shall have the right to require the Borrower to pay the taxes and insurance on the Property for the term of this Mortgage if the funds on hand are insufficient to pay the taxes and insurance on the Property for the term of this Mortgage.

**3. Application of Payments.** The payments made by the Borrower under this Mortgage shall be applied to the principal of the Note and to the interest thereon in the order set forth in paragraph 2 hereof. The Lender shall have the right to require the Borrower to pay the taxes and insurance on the Property for the term of this Mortgage if the funds on hand are insufficient to pay the taxes and insurance on the Property for the term of this Mortgage.

**4. Charges; Liens.** Borrower shall pay all charges, including but not limited to recording charges, taxes, and insurance, which are payable to the Property which are payable by the Borrower under this Mortgage. The Lender shall have the right to require the Borrower to pay the taxes and insurance on the Property for the term of this Mortgage if the funds on hand are insufficient to pay the taxes and insurance on the Property for the term of this Mortgage.

**5. Hazard Insurance.** Borrower shall keep the Property insured against fire, theft, and other perils, and shall pay the cost of such insurance. The Lender shall have the right to require the Borrower to pay the taxes and insurance on the Property for the term of this Mortgage if the funds on hand are insufficient to pay the taxes and insurance on the Property for the term of this Mortgage.

The insurance proceeds payable to the Borrower under this Mortgage shall be applied to the principal of the Note and to the interest thereon in the order set forth in paragraph 2 hereof. The Lender shall have the right to require the Borrower to pay the taxes and insurance on the Property for the term of this Mortgage if the funds on hand are insufficient to pay the taxes and insurance on the Property for the term of this Mortgage.

All insurance policies and renewals shall contain a clause which shall include a standard mortgage clause in favor of and in full payment to the Lender. The Lender shall have the right to require the Borrower to pay the taxes and insurance on the Property for the term of this Mortgage if the funds on hand are insufficient to pay the taxes and insurance on the Property for the term of this Mortgage.

Unless Lender and Borrower otherwise agree in writing, the proceeds of such insurance shall be applied to the principal of the Note and to the interest thereon in the order set forth in paragraph 2 hereof. The Lender shall have the right to require the Borrower to pay the taxes and insurance on the Property for the term of this Mortgage if the funds on hand are insufficient to pay the taxes and insurance on the Property for the term of this Mortgage.

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If under paragraph 18 hereof the Property is sold by Lender, the proceeds of such sale shall be applied to pay the taxes and insurance on the Property for the term of this Mortgage. The Lender shall have the right to require the Borrower to pay the taxes and insurance on the Property for the term of this Mortgage if the funds on hand are insufficient to pay the taxes and insurance on the Property for the term of this Mortgage.

**6. Preservation and Maintenance of Property; Leaseholds; 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 bylaws 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 dividend, then Lender at Lender's option, upon notice to Borrower, may make such appointments, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement of reasonable attorneys' fees and entry upon the Property 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 thereof, and shall bear interest from the date of disbursement at the rate stated in the Note, unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible by applicable law. Nothing contained in this paragraph 7 shall require Lender to incur any expense or do any act hereunder.

**8. Inspection.** Lender may make or cause to be made reasonable entries upon and inspections of the Property provided that Lender shall give Borrower notice prior to any such inspection specifying reasons therefor related to Lender's interest in the Property.

**9. Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conversion in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, there shall be applied to the sums secured by this Mortgage such proportion of the proceeds as is equal to that proportion