TOGETHER with all [illegible] for the rights, members, hereditaments [illegible] and appurtenances thereunto belonging or appertaining, or in anywise appertaining, or appurtenant to the premises herein described, all of which shall be deemed and taken to be a part of the premises hereby conveyed, and all the estate, right, title, interest, claim and demand whatsoever of the parties hereto of, in, and to the premises hereinbefore described, and all the rents and profits thereof.

TO HAVE AND TO HOLD all and singular the said premises unto the Mortgagee, [illegible] forever.

The Mortgagor represents and warrants that said Mortgagor [illegible] that the above conveyed premises are free and clear of all liens [illegible] Mortgagor [illegible] and that the Mortgagor will forever defend the said premises unto the Mortgagee against the claims of all persons whomsoever lawfully claiming the same or any part thereof.

THE MORTGAGOR COVENANTS AND AGREES AS FOLLOWS:

1. That the Mortgagor will promptly pay the principal and interest on the indebtedness evidenced by said promissory note at the times and in the manner therein provided.

2. That this mortgage will secure the Mortgagee for any additional sums which may be advanced hereafter at the option of the Mortgagee for the payment of taxes or public assessments, hazard insurance premiums, [illegible] with respect to the premises of the mortgage, and also for any loans or advances that may hereafter be made by the Mortgagee to the Mortgagor under the authority of Sec. 45-55, 1962 Code of Laws of North Carolina, as amended or recodified, and all such sums so advanced shall bear interest at the same rate or rates as that provided in said note unless otherwise agreed upon by the parties and shall be payable at the record of the Mortgagee, unless otherwise provided in writing.

3. That Mortgagor will keep the improvements on the mortgaged premises, whether now existing or hereafter to be created, insured against loss by fire, windstorm and other hazards in a sum not less than the balance due hereunder at any time, which insurance policy or policies shall be payable to the Mortgagee, and Mortgagor does hereby assign the policy or policies of insurance to the Mortgagee and agrees that all such policies shall be held by the Mortgagee, shall be in such form, and shall include loss payable clauses in favor of the Mortgagee, and in the event of loss Mortgagor will give immediate notice thereof to the Mortgagee for insurance [illegible] and if the Mortgagor at any time fail to keep said premises insured or fail to pay the premiums for such insurance, then the Mortgagee may cause such improvements to be insured in the name of the Mortgagee and may pay the cost of such insurance with interest as hereinafter provided.

4. That the Mortgagor will keep all improvements upon the mortgaged premises in good repair, and (5) if Mortgagor fail to do so the Mortgagee may, at its option, enter upon said premises and do whatever repairs or necessary and [illegible] the expense for such repairs to the mortgage debt and collect the same under this mortgage with interest as hereinafter provided.

5. That the Mortgagee may at any time require the execution and maintenance of insurance upon the life of any person obligated under the indebtedness secured hereby in a sum sufficient to pay the mortgage debt with the Mortgagee as beneficiary, and if the premiums are not otherwise paid the Mortgagee may pay said premiums and any amount so paid shall become a part of the mortgage debt.

6. That Mortgagor agrees to pay all taxes and other public assessments levied against the mortgaged premises on or before the last date thereof and to exhibit the receipts therefor at the request of the Mortgagee immediately upon payment, and should the Mortgagor fail to pay such taxes and assessments when the same shall fall due, the Mortgagee may, at its option, pay the same and charge the amount so paid to the mortgage debt and collect the same under this mortgage with interest as above provided.

7. That if this mortgage secures a Construction Loan, the Mortgagor agrees that the principal amount of the indebtedness hereby secured shall be disbursed to the Mortgagor in periodic payments as construction progresses in accordance with the terms and conditions of a Construction Loan Agreement which is separately executed but made a part of this mortgage and incorporated herein by reference.

8. That the Mortgagor will not sell or convey the premises described without the prior consent of the Mortgagee, and should the Mortgagor sell or convey the premises the Mortgagee may, at its option, declare the indebtedness hereby secured to be immediately due and payable and may institute any proceedings necessary to collect said indebtedness.

9. That should the Mortgagor convert the mortgaged premises to Condominium or Sub Divided Ownership and the within mortgage constitute a second lien, and should the Mortgagor or his successors shall be required to file with the Association an application for an assumption of the mortgage indebtedness, pay the reasonable cost as required by the Association for processing the assumption through the Association with a copy of the Condominium or Sub Divided Ownership, and have the interest rate on the loan balance existing at the time of transfer modified to a rate equal to the interest rate on the said loan balance to the maximum rate per annum permitted to be charged at that time by applicable North Carolina law, or a lower mortgage interest rate as may be determined by the Association. The Association will notify the Mortgagor of the proposed new interest rate and monthly payments and will [illegible] a new payment schedule. Should the Mortgagor or his successors fail to comply with the provisions of the within paragraph the Mortgagee, at its option, may declare the indebtedness hereby secured to be immediately due and payable and may institute any proceedings necessary to collect said indebtedness.

10. That should the Mortgagor fail to make payments of principal and interest as due on the promissory note and the same shall be unpaid for a period of thirty (30) days or longer, there shall be an [illegible] lien on the claims of the Mortgagor or any modifications of or to the mortgage, the Mortgagee, at its option, may write to the Mortgagor at his last known address giving him thirty (30) days in which to cure the said default and should the Mortgagor fail to cure the said default within the said thirty days the Mortgagee may, at its option, increase the interest rate on the loan balance for the remaining term of the loan or for a lesser term to the maximum rate per annum permitted to be charged at that time by applicable North Carolina law, or a lower mortgage interest rate as may be determined by the Association. The monthly payments will be adjusted accordingly.

11. That should the Mortgagor fail to make payments of principal and interest as due on the promissory note and should any monthly installment become past due for a period in excess of 15 days the Mortgagee may collect a "late charge" not to exceed an amount equal to five (5%) per centum of any such past due installment in order to cover the extra expense incident to the handling of such delinquent payments.

12. That the Mortgagor hereby assigns to the Mortgagee, its successors and assigns, all the rents, issues and profits accruing from the mortgaged premises, retaining the right to collect the same so long as the debt hereby secured is not in arrears of payment, but should any part of the principal indebtedness or interest, taxes, or the insurance premiums be past due and unpaid the Mortgagee may without notice or further proceedings take over the mortgaged premises, and then shall be entitled to a tenant or tenants and collect said rents and profits and apply the same to the indebtedness hereby secured, without liability to account for anything more than the rents and profits actually collected, less the cost of collection, and on request of the Mortgagee upon request by Mortgagee to make all rental payments direct to the Mortgagee without liability to the Mortgagor and credited to the contract by the Mortgagee, and should said premises at the time of such default be occupied by the Mortgagor, the Mortgagee may apply to the Judge of the County Court or to any Judge of the Court of Common Pleas who shall be resident or presiding in the county aforesaid for the appointment of a receiver with authority to take possession of said premises and collect the rents and profits applying said rents, after paying the cost of collection, to the mortgage debt without liability to account for anything more than the rents and profits actually collected.

13. That the Mortgagee, at its option, may require the Mortgagor to pay to the Mortgagee on the first day of each month until the note secured hereby is fully paid, the following sums in addition to the payments of principal and interest provided in said note: a sum equal to the premiums that will next become due and payable on policies of mortgage guaranty insurance, if applicable, fire and other hazard insurance covering the mortgaged property, plus taxes and assessments next due on the mortgaged premises, all as estimated by the Mortgagee, less all sums already paid therefor, divided by the number of months to elapse before one month prior to the date when such premiums, taxes and assessments will be due and payable, such sums to be held by Mortgagee to pay said premiums, taxes and special assessments. Should these payments exceed the amount of payments actually made by the Mortgagor for taxes, assessments or insurance premiums, the excess may be credited by the Mortgagee on subsequent payments to be made by the Mortgagor, or, however, said sums shall be insufficient to make said payments when the same shall become due and payable, the Mortgagor shall pay to the Mortgagee any amounts necessary to make up the deficiency. The Mortgagor further agrees that at the end of ten years from the date hereof, Mortgagee may, at its option, apply for renewal of mortgage guaranty or similar insurance, if applicable, covering the balance then remaining due on the mortgage debt, and the Mortgagor may, at its option, pay the single premium required for the remaining years of the term or the Mortgagee may pay such premium and add the same to the mortgage debt, in which event the Mortgagor shall repay to Mortgagee such premium payment, with interest at the rate specified in said note, in equal monthly installments over the remaining payment period.

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