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**2. Funds for Taxes and Insurance.** Subject to the terms of this Note, Lender shall deposit in the escrow account funds of principal and interest due on the Note and the Note and the interest thereon shall be paid by Borrower to Lender from time to time as the same becomes due. If any taxes or assessments of the Property and insurance premiums are not paid by Borrower when due, Lender may make such payments and charge the same to the account of Borrower. Lender may also deduct such amounts from the principal and interest due on the Note and the Note and the interest thereon shall be paid by Borrower to Lender from time to time as the same becomes due. The funds so applied shall be held by Lender as additional security for the sums secured by this Mortgage.

If the amount of the funds held by Lender together with other funds deposited by Borrower to the escrow account for taxes, assessments, insurance premiums and insurance shall exceed the amount required to pay such taxes, assessments, insurance premiums and insurance as they fall due, Lender shall pay the amount so held by Lender to Borrower or credit to Borrower in the escrow account of Lender. If the amount of the funds deposited by Borrower shall be sufficient to pay taxes, assessments, insurance premiums and insurance as they fall due, Borrower shall have to Lender any amount necessary to make up the deficiency within thirty days after notice from Lender to Borrower respecting payment thereof.

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

If under paragraph 18 hereof the Property is sold, the Premium otherwise paid by Lender heretofore shall apply, no later than one year from the date of sale of the Property, to the amount of funds deposited by Borrower at the time of application as a credit against the amount secured by this Mortgage.

**3. Application of Payments.** The amount of each payment received by Lender under the Note and the Note and the interest thereon shall be applied first to the payment of the Note and the Note and the interest thereon and to the unexpired term of the Note.

**4. Charges; Liens.** If the amount of any taxes, assessments, insurance premiums and insurance otherwise payable by the Borrower under the Note and the Note and the interest thereon is not paid by Borrower when due, Lender may make payment directly to the tax collector, insurance company or other person entitled to receive such amount. Lender may also make payment directly to Borrower or credit to Borrower in the escrow account of Lender, the amount of such taxes, assessments, insurance premiums and insurance otherwise payable by the Borrower under the Note and the Note and the interest thereon and to the unexpired term of the Note.

**5. Hazard Insurance.** Borrower shall keep the Property insured against loss by fire and other hazards and against damage to the Property by盗贼 or other persons. Lender may require and in such event shall have the right to require that the amount of such coverage exceed that amount of coverage provided by this Mortgage.

The amount of hazard insurance required by Lender shall be determined by Lender provided that such amount shall not be excessive in Lender's judgment. A copy of the hazard insurance policy and statement of rates in the named plan and amount required by Lender shall be furnished to the Borrower at the time of issuance.

At the option of Lender, the insurance company may be required to name Lender as a third party beneficiary of the hazard insurance policy. In such event, if loss occurs and results thereof and Borrower do not repair or replace the damaged or destroyed property, Lender shall give notice to the insurance company and Lender shall have the right to make payment in Lender's name.

Lender and Borrower otherwise agree concerning the amount to be expended for replacement or repair of the Property damaged thereby, that if the amount so expended does not exceed the amount of the Note and the Note and the interest thereon, the amount so expended shall be deducted from the amount of the Note and the Note and the interest thereon and the balance so expended shall be paid by Lender to Borrower. If the amount so expended does not exceed the amount of the Note and the Note and the interest thereon and the balance so expended shall be paid by Lender to Borrower, Lender shall have the right to deduct the amount so expended from the amount of the Note and the Note and the interest thereon and the balance so expended shall be paid by Lender to Borrower. If the amount so expended exceeds the amount of the Note and the Note and the interest thereon and the balance so expended shall be paid by Lender to Borrower, Lender shall have the right to deduct the amount so expended from the amount of the Note and the Note and the interest thereon and the balance so expended shall be paid by Lender to Borrower.

Unless Lender and Borrower otherwise agree, nothing in this paragraph of this Note is to be construed so as to extend or postpone the time of the maturity date of the amount so expended by Lender to change the amount of such installment.

If under paragraph 18 hereof the Property is sold, the Premium otherwise paid by Lender to Borrower and to any insurance premium and credit to the premium otherwise paid by Lender to the Note and the Note and the interest thereon shall be paid by Borrower to Lender immediately prior to each sale or assignment terminating from ownership of the Property prior to the date of sale or assignment.

**6. Preservation and Maintenance of Property; Leaseholds; Condominiums.** Borrower shall keep the Property in good repair and shall not permit or commit waste, infringement or deterioration of the Property and shall comply with the provisions of any lease of this Mortgage or of a leasehold. If this Mortgage is on a condominium unit, Borrower shall perform all of Borrower's obligations of the condominium unit, including the payment of all expenses of the condominium project and condominium 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 threatens Lender's interest in the Property, including, but not limited to eminent domain, bankruptcy, receiver for assets, or partition suits or proceedings involving a bankruptcy defendant, then Lender at Lender's option upon notice to Borrower may make such appropriate entries, take such actions and take such actions as are necessary to protect Lender's interest, including, but not limited to disconnection of services, attorney's fees and costs upon the Property to make repairs. Any amounts expended by Lender in connection therewith shall be recovered by Lender from additional indebtedness of Borrower secured by this Mortgage. Unless Borrower has been given ten (10) days to cure, amounts so expended shall be payable upon notice from Lender to Borrower, including payment of the cost, and such late 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 of all legal interest at the highest rate permissible by applicable law. Nothing contained in this subparagraph 7 shall require Lender to incur any expense or liability of Borrower.

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

**9. Condemnation.** The proceeds of any award or claim for damages, whether anticipated or otherwise, from any condemnation or other taking of the Property or part thereof or for conveyance in lieu of condemnation, as freely assigned, and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds of the same shall be applied to the sum 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 sum secured by this Mortgage, the proportion of the amount taken to that property.