

2. That together with and in addition to the principal and interest payable under the terms of the note secured hereby, the Mortgagee shall receive from the Mortgagor each month until the said note is fully paid, the following sums:

(A) any amount due on the mortgage under the provisions of the note secured hereby, and the note secured hereby, and the interest thereon, and the taxes and assessments thereon, and the premiums on the fire and other hazard insurance covering the mortgaged property, and

(B) if and so long as such sums are not sufficient to pay the principal and interest under the provisions of the National Housing Act, and the interest thereon, and the taxes and assessments thereon, and the premiums on the fire and other hazard insurance covering the mortgaged property, the Mortgagee shall be authorized to advance to the Mortgagor with funds to pay such premiums to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder;

(C) if and so long as such sums are not sufficient to pay the principal and interest under the provisions of the National Housing Act, and the interest thereon, and the taxes and assessments thereon, and the premiums on the fire and other hazard insurance covering the mortgaged property, the Mortgagee shall be authorized to advance to the Mortgagor with funds to pay such premiums to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder;

(4) A sum equal to the principal and interest due on the mortgage, the principal and interest due and payable on policies of fire and other hazard insurance covering the mortgaged property, the taxes and assessments next due on the mortgaged property, and the premiums on the fire and other hazard insurance covering the mortgaged property, divided by the number of months to elapse before the 1st month prior to the date when such taxes, assessments, and insurance premiums shall be next due and payable, such sums to be held by the Mortgagee in trust for the payment of such taxes, assessments, and insurance premiums, and

(5) All payments made under the provisions of this paragraph 2, and all payments to be made under the note secured hereby shall be made to the Secretary of Housing and Urban Development, and shall be paid by the Mortgagee each month in a single payment to be applied to the Mortgagee's account in the following order of priority:

I. principal and interest due on the mortgage, and the interest thereon, and the taxes and assessments thereon, and the premiums on the fire and other hazard insurance covering the mortgaged property;

II. taxes, special assessments, rates, and other hazard insurance premiums;

III. interest on the note secured hereby; and

IV. accumulation of the principal and interest.

Any deficiency in the amount of any such payments, or any payments, shall, unless made good by the Mortgagor prior to the due date of the next such payment, constitute a default under this mortgage. The Mortgagee may collect a "late charge" not to exceed two percent of each payment more than fifteen (15) days in arrears to cover the extra expense involved in making the same by the Mortgagee.

3. If the total of the payments made by the Mortgagee under *b.* of paragraph 2 preceding shall exceed the amount of payments actually made by the Mortgagee for taxes or assessments or insurance premiums, as the case may be, such excess, at the option of the Mortgagee, shall be credited on subsequent payments to be made by the Mortgagor, or refunded to the Mortgagor. If, however, the monthly payments made by the Mortgagee under *b.* of paragraph 2 preceding shall not be sufficient to pay taxes and assessments and insurance premiums, when the same shall become due and payable, then the Mortgagor shall pay to the Mortgagee any amount necessary to make up the deficiency, on or before the date when payment of such taxes, assessments, or insurance premiums shall be due. If at any time the Mortgagor shall tender to the Mortgagee, in accordance with the provisions of the note secured hereby, full payment of the entire indebtedness represented thereby, the Mortgagee shall, in computing the amount of such indebtedness, credit to the account of the Mortgagor all payments made under the provisions of *b.* of paragraph 2 hereof which the Mortgagee has not become obligated to pay to the Secretary of Housing and Urban Development, and any balance remaining in the funds accumulated under the provisions of *b.* of paragraph 2 hereof. If there shall be a default under any of the provisions of this mortgage resulting in a public sale of the premises covered hereby, or if the property is otherwise acquired after default, the Mortgagee shall apply the proceeds of such sale, or of such proceedings, or at the time the property is otherwise acquired, to the payment of the principal and interest due and payable under *b.* of paragraph 2 preceding, as a credit against the amount of principal and interest due and payable under the note secured hereby, and shall properly adjust any payments when made, as provided in paragraph 2.

4. That he will pay all taxes, assessments, rates, and other governmental or municipal charges, fines, or impositions, for which property taxes are levied, and in default thereof the Mortgagee may pay the same, and that he will promptly reimburse the Mortgagee therefor. If the Mortgagor fails to make any payments provided for in the note secured hereby, or the payments for taxes, assessments, or the like, the Mortgagee may pay the same on his own account, and the interest at the rate set forth in the note secured hereby from the date of such advance shall be secured by this mortgage.

5. That he will keep the premises in good repair and condition, as they are now and will not commit or permit any waste thereof, real or personal.

6. That he will keep the premises covered by a policy of fire and other hazards, casualties and contingencies in such amounts and for such term, as may be required by the Mortgagee and will pay promptly, when due, any premiums on such policy or policies, and in default thereof the Mortgagee may pay the same, and that he will promptly reimburse the Mortgagee therefor. All insurance shall be carried in accordance with the requirements of the Mortgagee, and the policies and renewals thereof shall be held by the Mortgagee and made attached thereto. Loss payable clauses in favor of and in form acceptable to the Mortgagee. In event of loss, the Mortgagee shall be notified immediately by mail to the Mortgagee, who may make proof of loss if not made promptly to the Mortgagee, and such insurance coverage concerned is hereby authorized and directed to make payment for such loss due to the Mortgagee instead of to the Mortgagor and Mortgagee jointly, and the insurance proceeds, if any part thereof is not required by the Mortgagee at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In event of foreclosure of this mortgage or other transfer of the title to the mortgaged premises in extinguishment of the indebtedness secured hereby, all rights, title, and interest in the mortgaged premises and any insurance policies then in force shall pass to the purchaser or transferee.

7. That he hereby assigns to the Mortgagee all rights, title, and interest in the mortgaged premises from and after any default hereunder, and that he hereby agrees to execute and deliver to the Mortgagee, when required, all instruments necessary to carry out the purposes of this instrument, then the Mortgagee shall have the right to have a deed of assignment of the mortgaged premises, with all rights, title, and interest therein, after deducting all charges and expenses attending such proceedings, and the proceeds of such deed of assignment, as aforesaid, shall apply the residue of the rents, issues, and profits of and the proceeds of the mortgaged premises.

8. That if the premises, or any part thereof, shall be taken into public use, or eminent domain, or acquired for a public use, the Mortgagee, as well as the Mortgagor, shall be entitled to such compensation, to the extent of the full amount of indebtedness upon this mortgage, as shall be awarded to the Mortgagor in such case, and shall be hereby assigned by the Mortgagor to the Mortgagee and shall be a part of the proceeds of such sale, and shall be a part of the amount of the indebtedness secured hereby, whether due or not.

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