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2. That, together with, and in addition to, the monthly payments of principal and interest payable under the terms of the note secured hereby, he will pay to the Mortgagee, on the first day of each month until the said note is fully paid, the following sums:

A. An amount sufficient to provide the holder hereof with funds to pay the next mortgage insurance premium if this instrument and the property hereon are insured for a monthly period in lieu of a mortgage insurance premium if they are held by the Secretary of Housing and Urban Development, as follows:

I. If and so long as either the Mortgagor or this instrument are insured or are reinsured under the provisions of the National Housing Act, an amount sufficient to accumulate in the hands of the holder one (1) month prior to its due date the amount of the next mortgage insurance premium, or other to provide such holder with funds to pay such premium to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder.

II. If either the Mortgagor or this instrument are held by the Secretary of Housing and Urban Development, an amount sufficient to pay the next mortgage insurance premium which shall be in an amount equal to one percent (1%) of the full or percentage of the average outstanding balance due on the note computed without taking into account delinquencies or prepayment.

A sum equal to the principal and interest of any note due plus the premiums that will next become due and payable on policies of fire and other hazard insurance covering the mortgaged property, plus taxes and assessments next due on the mortgaged property, as assessed by the Mortgagor, less all sums already paid therefor divided by the number of months to elapse from the first day of the month after such date to the date when such taxes and assessments will be due and delinquent, and the sum so determined by the Mortgagee in trust to pay such taxes, assessments, taxes, and special assessments, and

III. Any other amounts due on the two preceding paragraphs of this paragraph and all payments to be made under the note and all payments to be made by the Mortgagor and the Mortgagee, or their assigns, shall be paid by the Mortgagor each month in a lump sum payment to be applied to the Mortgagee to all the foregoing items in the order set forth.

4. The Mortgagee may, at its option, purchase the property hereon with the Secretary of Housing and Urban Development, or monthly payments of principal and interest, as the case may be.

5. The Mortgagee shall be deemed to have accepted the property hereon if it fails to exercise its option within the time specified in the note secured hereby.

6. The Mortgagee shall be deemed to have accepted the property hereon if it fails to exercise its option within the time specified in the note secured hereby.

7. If at any time the payments made by the Mortgagor under (b) of paragraph 2 preceding shall exceed the amount of payments due to 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.

8. If at any time the payments made by the Mortgagor under (b) of paragraph 2 preceding shall not be sufficient to pay the principal and interest and insurance premiums, when the same shall become due and payable, then the Mortgagor shall be deemed to be in default and it shall be necessary to make up the delinquency, on or before the date when payment of such delinquency is due, or the date when such payments shall be due. If at any time the Mortgagor shall tender to the Mortgagee, or its assigns, the full amount of the principal and interest due on the note secured hereby, full payment of the entire indebtedness represented hereby, the Mortgagee shall, upon receipt of 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.

9. If there shall be a default under any of the provisions of this instrument, or if the property is otherwise acquired after the death of the Mortgagor, or if proceedings are instituted at the time of the commencement of such proceedings, or at the time the property is sold, the balance then remaining in the funds accumulated under (b) of paragraph 2 preceding, as well as the principal and interest then remaining unpaid under the note secured hereby, and shall properly be applied to the payment of such delinquency under (b) of paragraph 2.

10. The Mortgagee shall be deemed to have accepted the property hereon if it fails to exercise its option within the time specified in the note secured hereby.

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