

0602

That the letter with reference to the monthly payments of principal and interest payable under the note secured hereby shall be paid to the Mortgagee on the first day of each month until the said note is paid in full as follows:

- A. The Mortgagee shall pay the balance of the next mortgage insurance premium if this instrument is not insured and the holder is not fully charged in lieu of a mortgage insurance premium if they are insured by the Federal Housing and Urban Development, as follows:
- 1. If the property covered by this instrument is insured or are insured under the provisions of the National Housing Act, the mortgage insurance shall be in the hands of the holder one month prior to its due date and the Mortgagee shall be authorized 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.
- 2. If the property covered by this instrument are held by the Secretary of Housing and Urban Development, the mortgage insurance (in lieu of a mortgage insurance premium) which shall be in an amount equal to one percent of the outstanding balance of the average outstanding balance due on the note computed without taking into account the amount of prepayments.
- 3. In the event the amount of the next 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 exceeds the amount of the next due plus the premiums, taxes, and assessments will become delinquent, the Mortgagee shall be authorized to pay such delinquent and rents, premiums, taxes, and special assessments, and all other charges and assessments, and the Mortgagee shall be authorized to pay the same out of the funds accumulated under the provisions of this paragraph and all payments to be made under the note secured hereby shall be paid by the Mortgagee each month in a sum equal to the amount of the next due plus the premiums, taxes and assessments in the order set forth:
- 1. First, the amount of the next due plus the premiums, taxes and assessments with the Secretary of Housing and Urban Development, as the case may be.
- 2. Second, the amount of the next due plus the premiums, taxes and assessments.
- 3. Third, the amount of the next due plus the premiums, taxes and assessments.

The Mortgagee shall be authorized to pay the next due plus the premiums, taxes and assessments, unless made good by the Mortgagee prior to the date when the same are due and payable. The Mortgagee may collect a sum equal to the amount of the next due plus the premiums, taxes and assessments, if each payment is more than fifteen (15) days in arrears to the Mortgagee.

If the total of the payments made by the Mortgagee under (b) of paragraph 2 preceding shall exceed the amount of payments due to the Mortgagee for taxes, assessments or insurance premiums, as the case may be, such excess, at the option of the Mortgagee, shall be credited to subsequent payments to be made by the Mortgagee, or refunded to the Mortgagee. If the total of the payments made by the Mortgagee under (b) of paragraph 2 preceding shall not be sufficient to pay taxes, assessments, and insurance premiums, when the same shall become due and payable, then the Mortgagee shall be authorized to pay the same out of the funds accumulated on or before the date when payment of such taxes, assessments, and insurance premiums shall be due. If at any time the Mortgagee shall tender to the Mortgagee the amount of the next due plus the premiums, taxes and assessments, shall pay out of the entire indebtedness represented by the note secured hereby, the Mortgagee shall be authorized to credit to the account of the Mortgagee the amount of the next due plus the premiums, taxes and assessments, 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 this paragraph shall be applied to the payment of the principal and interest. If there shall be a default under any of the provisions of this paragraph, the Mortgagee shall be authorized to apply the amount of such proceeds, or at the time the property is sold, the amount of the funds accumulated under (b) of paragraph 2 preceding, as credit against the amount of principal then remaining unpaid under the note secured hereby, and shall properly be applied to the payment of the principal and interest under paragraph 2.

The Mortgagee shall be authorized to pay all taxes, assessments, and other governmental or municipal charges, fines, penalties, and interest on the property covered hereby, and in default thereof the Mortgagee may pay the same out of the funds accumulated under the provisions of this paragraph and shall be authorized to tender the same to the Mortgagee. If the Mortgagee fails to pay the same, the Mortgagee shall be authorized to pay the same out of the funds accumulated under the provisions of this paragraph and shall be authorized to tender the same to the Mortgagee. If the Mortgagee fails to pay the same, the Mortgagee shall be authorized to pay the same out of the funds accumulated under the provisions of this paragraph and shall be authorized to tender the same to the Mortgagee.

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