

It is understood and agreed that any interest not paid when due hereunder shall become a part of the principal debt and bear interest at the same rate as provided in the note.

And if any portion of principal or interest be at any time past due and unpaid, or if default be made in respect to any condition, agreement or covenant contained herein, then the whole amount evidenced by said note to become immediately due, at the option of the holder thereof, who may sue thereon and foreclose this mortgage; and in case said note, should be placed in the hands of an attorney for suit or collection or for any legal proceedings, then in any of said events the Mortgagor promises to pay all costs and expenses, including a reasonable attorney's fee, these to be added to the mortgage indebtedness, and to be secured under this mortgage as a part of said debt.

And the Mortgagor does hereby covenant and agree with the Mortgagee, as follows:

ARTICLE I

First: PAYMENT OF INDEBTEDNESS. The Mortgagor will pay the note according to the tenor thereof and all other sums secured hereby promptly as the same shall become due.

Second: MONTHLY DEPOSITS. To further secure the payment of the taxes and assessments hereinafter referred to and the premiums on the hazard insurance hereinafter referred to, and upon the request of the Mortgagee, the Mortgagor will deposit with the Mortgagee, on the due date of each installment under the note, a sum which, in the estimation of the Mortgagee, shall be equal to one-twelfth of the annual taxes, assessments and hazard insurance premiums; said deposits to be held by the Mortgagee, free of interest, and free of any liens or claims on the part of the Mortgagor and as part of the security of the Mortgagee and to be used by the Mortgagee to pay current taxes and assessments and hazard insurance premiums on the premises as the same accrue and are payable. Said deposits shall not be, nor be deemed to be, trust funds, but may be commingled with the general funds of the Mortgagee. If said deposits are insufficient to pay the taxes and assessments and hazard insurance premiums in full as the same become payable, the Mortgagor will deposit with the Mortgagee such additional sum or sums as may be required in order for the Mortgagee to pay such taxes and assessments and hazard insurance premiums in full. Upon any default in the provisions of this mortgage or the note, the Mortgagee may, at its option, apply any money in the fund resulting from said deposits to the payment of the indebtedness secured hereby in such manner as it may elect.

Third: TAXES, LIENS AND OTHER CHARGES.

(a) In the event of the passage of any state, federal, municipal or other governmental law, order, rule or regulation, subsequent to the date hereof, in any manner changing or modifying the laws now in force governing the taxation of debts secured by mortgages or the manner of collecting taxes so as to affect adversely the Mortgagee, then in such event, Mortgagor, upon demand by Mortgagee, shall pay such taxes or assessment or charges, or reimburse Mortgagee therefor, provided, however, that (i) Mortgagor may elect not to pay such taxes or assessments, in which event Mortgagor shall prepay the indebtedness in full but without prepayment premium; and (ii) that if, in the opinion of counsel for Mortgagee (a) it might be unlawful to require Mortgagor to make such payment or (b) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then in such event, Mortgagee may elect, by notice in writing given to Mortgagor to declare all of the indebtedness to become due and payable 30 days from the giving of such notice.

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