

covered hereby against loss by fire or such other hazard as may be reasonably required by the mortgagee in amounts and a company satisfactory to the mortgagee.

All payments received by the mortgagee under the note secured by this mortgage shall be applied by the mortgagee in the following manner:

- (1) taxes, special assessments, ground rents, if any, fire and other hazard insurance premiums, if not paid by mortgagors;
- (2) interest on the note secured hereby; and
- (3) amortization of the principal amount outlined in the note.

3. Upon failure of the Borrowers to make when due any payment required under the note, mortgage, construction loan agreement, or other loan documents, Lender may, at its option, advance such payment on behalf of Borrowers and assess Borrowers a "late charge" of \_\_\_\_\_ (\_\_\_\_\_) per cent of the amount of such payment.

The mortgagors further agree that they will pay all taxes, assessments, water rates, other governmental or municipal charges, fines or impositions for which provision has not been made hereinbefore and that they will promptly deliver the official receipts therefor to the mortgagee and in default thereof the mortgagee shall have the right to pay the same.

The mortgagors agree that they will insure said premises in an amount satisfactory to the mortgagee against fire or other hazards, and the amounts paid by any insurance company pursuant to the contract of insurance shall to the extent of the indebtedness then remaining unpaid be paid to the mortgagee and at the option of the mortgagee may be applied to the debt or release for the repairing or rebuilding of the premises. The mortgagee shall appear as a loss payee on said insurance policies and the same