

to the Beneficiary as its interest may appear instead of the Grantor and the Beneficiary jointly. The proceeds of any insurance, or any part thereof, may be applied by the Beneficiary, at its option, either to the reduction of the indebtedness secured hereby or to the restoration or repair of the premises damaged. The insurance policies shall provide for notice to Beneficiary to be sent to The Travelers Insurance Company, Real Estate Investment Department, Post Office Box 4416, Atlanta, Georgia 30302.

If Grantor defaults in the payment of any tax, lien, assessment, charge or any utility charge, whether public, private, levied or assessed against the premises; in the payment of any insurance premiums; fails to keep the premises in repair; commits, suffers or permits waste; fails in the performance or observance of any other covenant, condition or term of this Mortgage; or if there be commenced any action at law or equity or any proceeding affecting the title to the premises, Beneficiary at its option may pay said tax, lien, assessment, charge, utility charge or premium, make such repairs, take such steps as are necessary to prevent or cure such wastes and may appear in any such necessary action as Beneficiary deems advisable in Beneficiary's sole discretion, and for any of said purposes, Beneficiary may, but shall not be obligated to, advance such sums of money as it deems necessary. All advances made by Beneficiary in connection therewith shall be secured hereby, and shall, upon demand, immediately be repaid by Grantor to Beneficiary with interest thereon at the rate of interest per annum provided in the Note secured hereby. Beneficiary shall be the sole judge, in the exercise of reasonable discretion, of the legality, validity and priority of any such tax, lien, assessment, charge, claim and premium; of the necessity for any such action and of the amount necessary to be paid in satisfaction thereof. Beneficiary, subject to the rights, if any, of tenants or subtenants in lawful possession or the legal right thereto, is hereby empowered to enter and to authorize others to enter upon the premises or any part thereof for the purpose of performing or observing any such default, covenant, condition or term, without thereby becoming liable to Grantor or to any person in possession holding under Grantor.

2. From and after the date hereof, the Grantor shall pay on the first day of each calendar month thereafter to the Beneficiary or to its duly authorized agent, in addition to the monthly payments of principal and interest under the terms of the Note secured hereby, a sum equal to one-twelfth (1/12th) of the known or estimated (by the Beneficiary) annual real property taxes on or against the premises and one-twelfth (1/12th) of the annual insurance premium on the policies required by paragraph 1 hereof. The Beneficiary will hold such payments, without obligation to pay interest thereon, and will apply the same to the payment of such taxes and insurance premiums, as and when due. If the amount placed in escrow exceeds that necessary to pay insurance premiums and taxes, the excess shall be held for future needs; but if such monthly payments at any time fail to provide sufficient funds to pay such taxes and insurance premiums when due, then the Grantor shall, upon demand, pay to the Beneficiary the amount necessary to cover the deficiency. When the Grantor shall have paid the Note secured hereby, the Beneficiary shall refund to the Grantor any excess funds accumulated hereunder. In the event of a foreclosure sale of the premises, the Beneficiary may apply any balance remaining of the funds accumulated for the above purposes to the payment of the Note. Notwithstanding the foregoing, the Grantor will not be required to escrow insurance premiums or taxes so long as Borrower is not in default under the terms hereof.