

UNIFORM COVENANTS - Borrower and Lender each to read these covenants.

1. Payment of Principal and Interest. Borrower shall promptly pay when due the principal and interest on the indebtedness evidenced by the Note, prepayment and late charges as provided in the Note, and the principal and interest on any Future Advances secured by this Mortgage.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly installments of principal and interest repayable under the Note, if the Note is paid in full, a sum thereon "Funds" equal to one-twelfth of the yearly taxes and assessments which may attach, priority over this Mortgage, and ground rents on the Property, if any, plus one-twelfth of yearly premium installments for hazard insurance, plus one-twelfth of yearly premium installments for mortgage insurance, if any, all as reasonably estimated initially and from time to time by Lender on the basis of assessments and bills and reasonable estimates thereof.

The Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a Federal or state agency including Lender if Lender is such an institution. Lender shall apply the Funds to pay said taxes, assessments, insurance premiums and ground rents. Lender may not charge for its holding and applying the Funds, analyzing said account, or verifying and compiling said assessments and bills, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing at the time of execution of this Mortgage that interest on the Funds shall be paid to Borrower, and unless such agreement is made or applicable law requires such interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Mortgage.

If the amount of the Funds held by Lender, together with the future monthly installments of Funds payable prior to the due dates of taxes, assessments, insurance premiums and ground rents, shall exceed the amount required to pay said taxes, assessments, insurance premiums and ground rents as they fall due, such excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly installments of Funds. If the amount of the Funds held by Lender shall not be sufficient to pay taxes, assessments, insurance premiums and ground rents as they fall due, Borrower shall pay to Lender any amount necessary to make up the deficiency within 30 days from the date notice is mailed by Lender to Borrower requesting payment thereof.

Upon payment in full of all sums secured by this Mortgage, Lender shall promptly return to Borrower any Funds held by Lender. If under paragraph 15 hereof the Property is sold or the Property is otherwise acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Mortgage.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraphs 1 and 2 hereof shall be applied by Lender first to payment of amounts payable to Lender by Borrower under paragraph 2 hereof, then to interest payable on the Note, then to the principal of the Note, and then to interest and principal on any Future Advances.

4. Charges; Liens. Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property which may attach a priority over this Mortgage, and leasehold payments or ground rents, if any, in the manner provided under paragraph 2 hereof, or if not paid, if such amount is by Borrower made or payment when due, directly to the payee thereof. Borrower shall promptly reimburse Lender for all taxes and assessments due under this paragraph, and in the event Borrower shall make payment directly to Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall promptly discharge any lien which is asserted against this Mortgage, provided that Borrower shall not be required to discharge any such lien which is asserted against the Property or any part thereof by the payment of the obligation secured by such lien in a manner acceptable to Lender, or to defend or to defend enforcement of such lien in legal proceedings which operate to protect the interests of the Property or any part thereof.

5. Hazard Insurance. Borrower shall keep the Property insured against fire, lightning and other perils covered on the Property insured against loss by fire, hazards included with the policy, and other hazards as Lender may require and in such amounts and for such periods as Lender may require, and that Lender shall not require that the amount of such coverage exceed that amount of coverage which is required by the policy covering this Mortgage.

The insurance policy covering the insurance of the Property shall be subject to approval by Lender, provided that such approval shall not be unreasonably withheld. All premiums for insurance policies shall be paid in the manner provided under paragraph 2 hereof, or if not paid, if such amount is by Borrower made or payment when due, directly to the insurance carrier.

All insurance policies covering the Property shall include a standard mortgage clause in favor of and to the benefit of Lender. Lender shall have the right to hold the policies and renewals thereof, and Borrower shall promptly furnish to Lender all notices of cancellation or non-renewal of paid premiums. In the event of loss, Borrower shall give prompt notice of the loss to the insurance carrier. Lender shall take prompt action if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, the insurance proceeds shall be applied to restoration or repair of the Property damaged, or to such other use as Lender may require, and the security of this Mortgage is not thereby impaired. If a portion of the insurance proceeds is not applied to the security of this Mortgage, the security of this Mortgage will be impaired, the insurance proceeds shall be applied to the security of this Mortgage, with the excess, if any, paid to Borrower. If the Property is sold by Borrower or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Mortgage.

Unless Lender and Borrower otherwise agree in writing, the insurance proceeds to principal shall not extend or postpone the due date of the principal or interest on the Note, or paragraph 1 and 2 hereof, or charge the amount of such installments to Lender, or payments hereof to Lender, or to the principal and interest of Borrower, and to any insurance proceeds and to any other proceeds or benefits payable to the Property prior to the sale or acquisition thereof shall pass to Lender to the extent of the sums secured by this Mortgage, and only prior to such sale or acquisition.

6. Preservation and Maintenance of Property; Leasholds; Condominiums; Planned Unit Developments. Borrower shall keep the Property in good repair and shall not permit waste or permit impairment or deterioration of the Property, and shall comply with the provisions of any lease, deed, mortgage, or other instrument. If the Mortgage is secured by a condominium or a planned unit development, Borrower shall, with the consent of Borrower's partners, under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and all other instruments. If a condominium or planned unit development rider is executed by Borrower and recorded together with this Mortgage, the covenants and agreements of such rider shall be incorporated into and shall amend, supplement and govern the covenants and agreements of this Mortgage as if the rider were a part hereof.

7. Protection of Lender's Security. If Borrower fails to perform the covenants and agreements contained in this Mortgage, or if any action or proceeding is commenced which to a material degree affects Lender's interest in the Property, including, but not limited to, eminent domain proceedings, condemnation or attachments or proceedings involving a bankruptcy or decedent, then Lender at Lender's option, in partnership with Borrower, may make such appearances, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement of reasonable attorney's fees and costs payable by the Property to make repairs. If Lender is not mortgagee insurance as a condition of making the loan secured by this Mortgage, Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Borrower's and

4322 RV 21