3. That the total of payments made by the Mortgagor under (b) of paragraph 2 preceding shall exceed the amount of payments actually made by the Mortgagee for taxes or assessments or insurance premiums, as the case may be, such excess, if the loan is current, at the option of the Mortgagor, shall be credited on subsequent payments to be made by the Mortgagor, or refunded to the Mortgagor. If, however, the monthly payments made by the Mortgagor under (b) of paragraph 2 preceding shall not be sufficient to pay taxes and assessments and insurance premiums when the same shall become due and payable, then the Mortgagor shall pay to the Mortgagee any amount necessary to make up the deficiency on or before the date when payment of such taxes, assessments or insurance premiums shall be due. If at any time the Mortgagor shall tender to the Mortgagee, in accordance with the provisions of the note secured hereby, full payment of the entire indebtedness represented thereby, the Mortgagee shall, in computing the amount of such indebtedness, credit to the account of the Mortgagor all payments made under the provisions of (b) of paragraph 2 hereof, 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 (b) of paragraph 2 hereof. If there shall be a default under any of the provisions of this mortgage resulting in a public sale of the premises covered hereby, or if the property is otherwise acquired after default, the Mortgagee shall apply, at the time of the commencement of such proceedings, or at the time the property is otherwise acquired, the balance then remaining in the funds accumulated under (b) of paragraph 2 preceding, as a credit against the amount of principal then remaining unpaid under the note secured hereby, and shall properly adjust the payments which shall thereafter be made under (b) of paragraph 2.

4. That he will pay all taxes, assessments, water rates and other governmental or municipal charges, fines, impositions, for which provision has not been made hereinbefore, and in default thereof the Mortgagee may pay the same, and that he will promptly deliver the official receipts therefor to the Mortgagee. If the Mortgagor fails to make any payments provided for in paragraph 2 hereof, or any other payments necessary for the purpose of protecting the full force and effect of this mortgage, the Mortgagee may make such payments. Any amounts disbursed by the Mortgagee pursuant to this paragraph 4, with interest thereon at the rate set forth in the note secured hereby, shall become additional indebtedness of the Mortgagor secured by this mortgage. Such amounts shall be payable upon notice from the Mortgagee to the Mortgagor requesting payment thereof, and shall bear interest from the date of disbursement at the rate set forth in the note secured hereby, unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate now or hereafter permitted under applicable law. Nothing contained in this paragraph 4 shall require the Mortgagee to incur any expense or take any action hereunder.

5. That he will keep the improvements now existing or hereafter erected on the mortgaged property insured as may be required from time to time by the Mortgagee against such hazards, casualties and contingencies as the Mortgagee may require and in such amounts and for such periods as may be required by the Mortgagee. All insurance shall be carried in companies approved by the Mortgagee and the policies and renewals thereof shall be held by the Mortgagee and have attached thereto loss payable clauses in favor of and in form acceptable to the Mortgagee. In event of loss Mortgagor will give immediate notice by mail to the Mortgagee, who may make proof of loss if not made promptly by Mortgagor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Mortgagee instead of to the Mortgagor and the Mortgagee jointly, and the insurance proceeds, or any part thereof, may be applied by the Mortgagee at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In event of foreclosure of this mortgage or other transfer of title to the mortgaged property in extinguishment of the indebtedness secured hereby, all right, title and interest of the Mortgagor in and to all insurance policies then in force shall pass to the purchaser or grantee.

6. That he will keep the improvements now existing or hereafter erected on the mortgaged property in good repair and will not commit or permit waste thereof. In the event of default in any of the provisions contained in this mortgage or in the note secured hereby, the Mortgagee shall have the right to take possession of the premises and to collect the rents, issues and profits thereof, including those past due, all of which are hereby assigned to the Mortgagee for the purpose, and the Mortgagee may apply the same, after payment of all charges and expenses incident to the operation of the property, in such manner as it may deem fit, toward the payment of the indebtedness secured hereby, whether due or not.

7. That if the premises, or any part thereof, be taken by condemnation, the Mortgagee may, at its option, require that all or any portion of the monies payable as compensation for such taking, which are not used in the manner specified in the next succeeding paragraph, be applied by the Mortgagee on account of the indebtedness secured hereby, whether due or not. All such monies are hereby assigned to the Mortgagee and shall be paid forthwith to the Mortgagee. Upon application by the Mortgagee, and after such notice, if any, as may be required by law, a sum sufficient to discharge the decree or judgment shall be paid by the Mortgagee to the clerk of the court out of the monies received by the Mortgagee, and the Mortgagee shall be released from any obligation or liability for such award or judgment. Mortgagee shall have the right to intervene in any such condemnation proceeding affecting the premises or any part thereof, and to retain attorneys and counsel therein. Mortgagor shall pay to Mortgagee on demand all expenses, including reasonable attorneys' fees, incurred by Mortgagee in any such proceeding.

8. That if the premises, or any part thereof, be condemned for public use, the damages awarded, and the proceeds for any voluntary conveyance in lieu of condemnation, are hereby assigned and shall be paid to the Mortgagee, which may apply or release such monies received by it in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance. The Mortgagee is hereby authorized, in the name of the Mortgagor, to execute and deliver valid acquittances for, and to appeal from, any such award. Mortgagee shall have the right to intervene in any such condemnation proceeding affecting the premises or any part thereof, and to retain attorneys and counsel therein. Mortgagor shall pay to Mortgagee on demand all expenses, including reasonable attorneys' fees, incurred by Mortgagee in any such proceeding.