

2. That together with and in addition to the monthly payments of principal and interest due under the terms of the note secured hereby, he will pay to the Mortgagee on the first day of each month until the said note is fully paid, the following sums:

A) an amount sufficient to provide the holder hereof with funds to pay the cost of the property taxes, assessments and insurance charges on the premises secured hereby, as provided in this mortgage, and the cost of the mortgage, as determined by the Secretary of Housing and Urban Development, as follows:

(i) Housing and Urban Development insurance and this instrument are subject to the provisions of the National Housing Act, and sufficient to accumulate in the hands of the holder hereof the amount of the monthly payments of principal and interest on the mortgage, including a premium of one percent per annum, to be paid to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder;

(ii) Housing and Urban Development insurance and this instrument are held by the Secretary of Housing and Urban Development, as monthly charge, in lieu of a mortgage insurance premium, which shall be an amount not in excess of one percent of one-half of one percent of the average outstanding balance of the mortgage computed with respect to delinquencies of payments;

(iii) A sum equal to the principal and interest due, plus the premiums that will exist for any fire and theftable property, fire and theft hazard insurance, within the mortgage, plus taxes and assessments next due on the mortgaged property, all as estimated by the Mortgagee, less all sums already paid thereon, including the mortgage interest, to the date when such principal and interest, premiums, taxes, and assessments will be next due; and such sums to be held by Mortgagee in trust to pay such principal and interest, premiums, taxes, and special assessments; and All payments mentioned in the foregoing subdivisions of this paragraph and all payments to be made under the provisions hereof shall be added together and the aggregate amount thereof shall be paid by the Mortgagee each month in a single payment to be applied by the Mortgagee to the following items in the order set forth:

- I. premium charges under the contract of insurance with the Secretary of Housing and Urban Development, as monthly charge, in lieu of mortgage insurance premium, as the case may be;
- II. taxes, special assessments, fire and theft hazard insurance premiums;
- III. interest on the note secured hereby; and
- IV. amortization of the principal of said note.

Any delinquency in the amount of any such aggregate monthly payments shall, unless made good by the Mortgagee prior to the due date of the next such payment, constitute an event of default under this mortgage. The Mortgagee may collect a late charge of not to exceed four cents (\$4) for each dollar (\$1) of each payment more than fifteen (15) days in arrears to cover the extra expense involved in handling delinquent payments.

3. That the total of payments made by the Mortgagee under (i) 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 Mortgagee, shall be credited on subsequent payments to be made by the Mortgagee, or refunded to the Mortgagee. If, however, the monthly payments made by the Mortgagee under (i) 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 Mortgagee 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 Mortgagee 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 Mortgagee all payments made under the provisions of (i) 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 (i) 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 auctioned after default, the Mortgagee shall apply, at the time of the commencement of such proceedings, or at the time the property is otherwise auctioned, the balance then remaining in the funds accumulated under (i) of paragraph 2 preceding as a credit against the amount of principal then remaining unpaid under the note secured hereby, and shall properly adjust any payments which shall have been made under (i) of paragraph 2.

4. That he will pay all taxes, assessments, water rates, and other governmental or municipal charges, fines, or impositions, for which provision has not been made hereunder, and in default thereof the Mortgagee may pay the same, and that he will promptly deliver the original receipts therefor to the Mortgagee. If the Mortgagee fails to make any payments provided for in this mortgage, or to pay the taxes, assessments, or the like, the Mortgagee may pay the same, and all sums so paid shall be interest on the note secured hereby, and the note secured hereby from the date of such advance and shall be secured by this mortgage.

5. That he will keep the premises in as good order and condition as they are now, and will not commit or permit any waste thereon, nor suffer them to become dilapidated and deteriorated.

6. That he will keep the improvements now existing on the premises, and hereafter erected on the mortgaged property, insured as may be required from time to time by the Mortgagee against loss by fire and other hazards, casualties, and contingencies, in such amounts, and for such periods, as may be required by the Mortgagee, and will pay promptly, when due, any premiums on such insurance, plus cost of payment of which has not been made hereunder. 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 Mortgagee will give immediate notice by mail to the Mortgagee, who may make proof of loss if not made promptly by Mortgagee, and each insurance company covered hereby shall be notified and directed to make payment to such loss directly to the Mortgagee or to the Mortgagee and Mortgagee jointly, and the insurance proceeds, or any part thereof, will 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 satisfaction of the indebtedness secured hereby, all right, title, and interest of the Mortgagee in and to any insurance policies then in force shall pass to the purchaser or transferee.

7. That he hereby assigns all the rents, issues, and profits of the premises, and the same, and all other things for which he is liable, and should legal proceedings be instituted pursuant to this instrument, then the Mortgagee shall have the right to have a receiver appointed of the rents, issues, and profits, which after deducting all charges and expenses attending such proceedings, and the execution of his duties as receiver, shall apply to the redemption of the rents, issues, and profits, to void the payment of the debt secured hereby.

8. That if the premises, or any part thereof, be condemned under any power of eminent domain, or dedicated for a public use, the damages, proceeds, and the consideration for such condemnation, to the extent of the full amount of indebtedness upon this mortgage, and the note secured hereby, shall be paid to the Mortgagee by the Mortgagee to the Mortgagee, and shall be paid forthwith to the Mortgagee to be applied to the satisfaction of the indebtedness secured hereby, whether due or not.

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