

2. That together with, and in addition to, the monthly payments of principal and interest payable 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 pay the Monthly tax with funds to pay the cost of the mortgage insurance premium on the mortgage secured hereby, and monthly charge in lieu of mortgage insurance premium, as they are held by the Secretary of Housing and Urban Development, as follows:

I. Housing tax as said note, tax rate, and this instrument are insured or are to be insured under the provisions of the National Housing Act, or under the intent to amend the same, in the hands of the holder thereof, and the amount due hereunder shall be paid by the Mortgagee to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder.

II. Monthly charge in lieu of mortgage insurance premium, which shall be an amount equal to one-twelfth (1/12) of one-half (1/2) percent of the average outstanding balance due on the mortgage computed without taking into account delinquencies or prepayments.

A. In addition to the payments of any next due, plus the premiums that will next become due and payable on policies of fire and other hazard insurance covering the mortgaged property, plus taxes and assessments next due on the mortgaged property, all as estimated by the Mortgagee, less all sums already paid therefor divided by the number of months to elapse before the 1st month prior to the date when such tax and rents, premiums, taxes, and assessments will become delinquent, such sums to be held by Mortgagee in trust to pay such tax and rents, premiums, taxes, and special assessments, and all payments mentioned in the foregoing subsections of this paragraph and all payments to be made under the note secured hereby 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, or monthly charge in lieu of mortgage insurance premium, as the case may be.
- II. Taxes, special assessments, fire and other hazard insurance premiums.
- III. Interest on the note secured hereby, and
- IV. An amount of the principal of said note.

63E

Any deficiency in the amount of any such appropriate 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" not to exceed ~~one~~ ^{four} percent 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. If the total of payments made by the Mortgagee 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 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 (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 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 (a) 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 (a) 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 next be made under (a) of paragraph 2.

4. That he will pay all taxes, assessments, water rates, and other governmental or municipal charges, fines, and 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 official receipts therefor to the Mortgagee. If the Mortgagee fails to make the payments provided for in this section, or to pay the payments for taxes, assessments, or the like, the Mortgagee may pay the same, and the same shall be a part of the debt secured by this note, and shall be secured by this mortgage.

5. That he will keep the premises in good order and condition as they are now and will not commit or permit any waste thereof, or any other act which would tend to injure the premises.

6. That he will keep the improvements now existing on the premises protected on the mortgaged property insured as made herein, from time to time, to the Mortgagee, against loss by fire and other hazards, casualties, and contingencies, and will promptly deliver the official receipts therefor to the Mortgagee, and will pay promptly, when due, the amount of any such insurance, or any payment of which has not been made heretofore. All insurance shall be in the name of the Mortgagee, and the policies and renewals thereof shall be held by the Mortgagee, and have attached thereto the usual 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, and may make payment to Mortgagee, and each insurance company concerned as hereby authorized and directed to make payment to such loss adjuster to the Mortgagee, or to the Mortgagee and Mortgagee jointly, and the amount of proceeds of any payment therefor shall be applied to the Mortgagee, or its agent, either to the reduction of the indebtedness secured by this mortgage, 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 rights, title, and interest in the Mortgagee, and in any insurance policies then in force shall pass to the purchaser of a title.

7. That in the event of any proceedings in law or equity, or in any court of competent jurisdiction, and after any default hereunder, and should legal proceedings be instituted pursuant to this instrument, then the Mortgagee shall have the right to have a receiver appointed at the debts, issues, and profits, which after deducting all charges and expenses attending such proceedings, and the execution of his trust as receiver, shall apply the residue of the net proceeds of such proceedings to the payment of the debt secured hereby.

8. That if the premises, or any part thereof, be condemned under any project of eminent domain, or acquired for a public use, the damages, proceeds, and the consideration for such acquisition, to the extent of the full amount of indebtedness upon this mortgage, and the note secured hereby remaining unpaid, are hereby assigned by the Mortgagee to the Mortgagee, and shall be paid forthwith to the Mortgagee to be applied by it in account of the indebtedness secured hereby, whether due or not.

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