

USURY COVENANTS. Borrower and Lender agree and agree as follows:

1. Payment of Principal and Interest. Borrower shall promptly pay to Lender 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 are payable under the Note, and the Note is paid in full, a sum therein (Funds) equal to one-twelfth of the yearly taxes and assessments which may attain 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 so 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 refund to Borrower any Funds held by Lender. If under paragraph 18 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 in 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 attain 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 in such manner, by Borrower making payment, when due, directly to the payee thereof. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event Borrower shall make payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall promptly discharge any lien which has priority over this Mortgage, provided that Borrower shall not be required to discharge any such liens, so long as Borrower shall agree at the time of the payment of the obligation secured by such lien in a manner acceptable to Lender, or shall in good faith contest such lien by or defend enforcement of such lien in legal proceedings which operate to prevent the enforcement of the lien or to the title of the Property or any part thereof.

5. Hazard Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the terms of the coverage, and such other hazards as Lender may require and, in such amounts and for such periods as Lender may require, provided that Lender shall not require that the amount of such coverage exceed that amount of coverage which may then be secured by this Mortgage.

The insurance carrier providing the insurance shall be chosen by Borrower, subject to approval by Lender, provided that such approval shall not be unreasonably withheld. All premiums on insurance policies shall be paid in the manner provided under paragraph 2 hereof or, if not paid in such manner, by Borrower making payment, when due, directly to the insurance carrier.

All insurance policies and renewals thereunder, if not owned by Lender, shall include a standard mortgage clause in favor of and in full discharge to Lender. Lender shall have the right to void the policies and renewals thereof, and Borrower shall promptly furnish to Lender a certificate of loss, if any, and amounts of paid premiums. In the event of loss, Borrower shall give prompt notice to the insurance carrier and to Lender. Lender shall make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, the proceeds of any such application of proceeds to principal shall not extend or postpone the due date of the future installments referred to in paragraphs 1 and 2 hereof or change the amount of such installments. If under paragraph 5 hereof the Property is secured by Lender, all rights, title and interest of Borrower in and to any insurance policy covering the Property shall be assigned to Lender, with the excess, if any, paid to Borrower. If the Property is not so secured, Borrower shall, in response to Lender, within 30 days from the date notice is mailed by Lender to Borrower of the insurance carrier's denial of any claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds of Lender, or provide that to restoration or repair of the Property or to the sums secured by this Mortgage.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the future installments referred to in paragraphs 1 and 2 hereof or change the amount of such installments. If under paragraph 5 hereof the Property is secured by Lender, all rights, title and interest of Borrower in and to any insurance policy covering the Property shall be assigned to Lender, with the excess, if any, paid to Borrower. If the Property is not so secured, Borrower shall, in response to Lender, within 30 days from the date notice is mailed by Lender to Borrower of the insurance carrier's denial of any claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds of Lender, or provide that to restoration or repair of the Property or to the sums secured by this Mortgage.

6. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments. Borrower shall keep the Property in good repair and shall not commit waste or permit, neglect or determination of the Property and shall comply with the provisions of any lease of the Property, if any, in effect. If this Mortgage is secured in a condominium or planned unit development, Borrower shall, in addition to the obligations under the declaration of covenants covering the property, comply with the provisions of the declaration of covenants covering the condominium or planned unit development, and any other covenants, rules and regulations of such development which are executed by Borrower and recorded together with this Mortgage, or which are not so recorded but which shall be incorporated into and shall amend or supplement the declaration of covenants of the Mortgage as if they were a part hereof.

7. Protection of Lender's Security. If Borrower or any party to the covenants or agreements contained in this Mortgage, or if any action or proceeding is commenced or threatened which affects Lender's interest in the Property, including, but not limited to, eminent domain proceedings, condemnation proceedings, or proceedings involving a bankrupt or decedent, then Lender, at Lender's option, may petition to Borrower to take such steps as may be necessary to take such action as is necessary to protect Lender's interest in the Property, and may, in addition, to the extent of reasonable attorneys' fees and other costs, cause the Property to be taken possession of by Lender, and may, 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 and

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