

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 holder hereof with interest, the monthly insurance premiums, and the monthly charges and the note secured hereby are insured under a monthly charge, in lieu of a monthly insurance premium, if they are held by the Secretary of Housing and Urban Development, as follows:

I. If any of the aforesaid items are insured or are insured under the provisions of the National Housing Act, an amount sufficient to accumulate in the hands of the holder hereof the monthly payments due into the annual insurance premium, in order to provide such holder with funds to pay such premium to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, or applicable Regulations thereunder.

II. If any of the aforesaid items are insured and this instrument are held by the Secretary of Housing and Urban Development, a monthly charge, in lieu of a monthly insurance premium, which shall be in an amount equal to one-tenth (1/10) of one-half (1/2) percent of the average outstanding balance due on the note computed with all taking into account delinquencies in payments.

3. A sum equal to the arrearages, if 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 first payment of the note when such arrearages, premiums, taxes, and assessments will become delinquent, to be held by the Mortgagee in trust to pay said arrearages, premiums, taxes, and special assessments; and All payments required in the two preceding 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. Insurance 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. Amortization of the principal of said note.

Any delinquency in the amount of any such arrearages or 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 **four cents (4c)** for each dollar (\$1) of each payment more than fifteen (15) days in arrears to cover the extra expense involved in handling delinquent payments.

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3. If 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 Mortgagee shall pay to the Mortgagor 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 (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 any payments which shall have been made under (a) of paragraph 2.

4. That he will pay all taxes, assessments, water rates, and other governmental or municipal charges, fines, impositions, or other levies, the which provision has not been made herebefore, 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 Mortgagor fails to make any payments provided for in this section or any other payments for taxes, assessments, or the like, the Mortgagee may pay the same, and all sums so paid shall bear interest at the rate set forth in the note secured hereby from the date of such payment, 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, reasonable wear and tear excepted.

6. 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, or, at least, fire and other hazards, casualties and contingencies, in such amounts and on such terms as may be required by the Mortgagee and will pay promptly, when due, any premiums on such insurance, and will make prompt payment of which has not been made herebefore. All insurance shall be carried by companies approved by the Mortgagee, and the policies and renewals thereof shall be held by the Mortgagee and have attached thereto, less 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 concerned is hereby authorized and directed to keep payment of such loss direct to the Mortgagee, instead of to the Mortgagor and Mortgagee jointly, and the proceeds of such insurance, or any part thereof, may be applied by the Mortgagee at its option, either to the reduction of the indebtedness secured by the note secured hereby, or to the repair or replacement of the property insured. 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 of the Mortgagor in and to any insurance policies then in force shall pass to the purchaser of title.

7. That he hereby assigns all the rents, issues, and profits of the mortgaged premises from and after any default hereunder, to the Mortgagee, or, in the absence of such default, to the Mortgagee, then the Mortgagee shall have the right to have a receiver appointed of the rents, issues, and profits, who, after deducting all charges and expenses attending such proceedings, and the execution of his trust as receiver, shall apply the residue of the rents, issues, and profits toward 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 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 Mortgagor to the Mortgagee, and shall be paid forthwith to the Mortgagee to be applied by it on account of the indebtedness secured hereby, whether due or not.

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