

1022 758

Uniform Covenants, Borrower and Lender covenant and agree as follows

1. PAYMENT OF PRINCIPAL AND INTEREST. Borrower shall pay to Lender the principal and interest on the Note and the charges provided in the Note and the other terms provided in this Instrument.

2. FUNDS FOR TAXES, INSURANCE AND OTHER CHARGES. Subject to applicable law, and to the extent of the Funds, Borrower shall pay to Lender on the date of this instrument or by such other date as may be specified in the Note or in any amendments thereto to Lender, and the Note is paid in full, a sum of them "Funds" equal to one-twelfth of the yearly water and sewer rates or Other Impositions which may be levied on the Property, (b) the yearly ground rents, if any, (c) the yearly premium installments for fire and other insurance, rent loss insurance and such other insurance covering the Property as Lender may require pursuant to paragraph 5 hereof, (d) the yearly premium installments for mortgage insurance, if any, and (e) if this instrument is on a leasehold, the yearly fixed rents, if any, under the ground lease, all as reasonably estimated initially and from time to time by Lender on the basis of assessments and bills not reasonably estimated thereof. Any waiver by Lender of a requirement that Borrower pay such Funds may be revoked by Lender, in Lender's sole discretion, at any time upon notice in writing to Borrower. Lender may require Borrower to pay to Lender, in advance, such other Funds for other taxes, charges, premiums, assessments and impositions in connection with Borrower or the Property which Lender shall reasonably deem necessary to protect Lender's interests therein ("Other Impositions"). Unless otherwise provided by applicable law, Lender may require Funds for Other Impositions to be paid by Borrower in a lump sum or in periodic installments, at Lender's option.

The Funds shall be held in an institution(s) 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 rates, rents, taxes, assessments, insurance premiums and Other Impositions so long as Borrower is not in breach of any covenant or agreement of Borrower in this instrument. Lender shall make no charge for so holding and applying the Funds, analyzing said account or for verifying and compiling said assessments and bills, unless Lender pays Borrower interest, earnings or profits 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 instrument that interest on the Funds shall be paid to Borrower, and unless such agreement is made or applicable law requires interest, earnings or profits to be paid, Lender shall not be required to pay Borrower any interest earnings or profits on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds in Lender's normal format 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 instrument.

If the amount of the Funds held by Lender at the time of the annual accounting thereof shall exceed the amount deemed necessary by Lender to provide for the payment of water and sewer rates, taxes, assessments, insurance premiums, rents and Other Impositions, as they fall due, such excess shall be credited to Borrower on the next monthly installment or installments of Funds due. If at any time the amount of the Funds held by Lender shall be less than the amount deemed necessary by Lender for water and sewer rates, taxes, assessments, insurance premiums, rents and Other Impositions, as they fall due, Borrower shall pay to Lender any amount necessary to make up the deficiency within thirty days after notice from Lender to Borrower requesting payment thereof.

Upon Borrower's breach of any covenant or agreement of Borrower in this instrument, Lender may apply, in any amount and in any order as Lender shall determine in Lender's sole discretion, the Funds held by Lender at the time of application to pay rates, rents, taxes, assessments, insurance premiums and Other Impositions as they are due or will become due, or to pay any other sums secured by this instrument. Upon payment in full of all sums secured by this instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

3. APPLICATION OF PAYMENTS. Unless applicable law provides otherwise, all payments received by Lender from Borrower under the Note or this instrument shall be applied by Lender in the following order of priority: (a) amounts payable to Lender by Borrower under paragraph 2 hereof, (b) interest payable on the Note, (c) amount payable on advances made pursuant to paragraph 8 hereof, (d) principal of advances made pursuant to paragraph 8 hereof, (e) interest payable on any Future Advances, provided that if more than one Future Advance is outstanding, Lender may apply payments received in order of priority of the Future Advances in such order as Lender, in Lender's sole discretion, may determine, and (f) principal of any Future Advance, provided that if more than one Future Advance is outstanding, Lender may apply payments received in order of priority of the Future Advances in such order as Lender, in Lender's sole discretion, may determine. Lender's sole discretion shall apply to the application of payments to interest or principal of the Note, but such application shall not otherwise affect the order of priority of application specified in this paragraph 3.

4. CHARGES, FEES. Borrower shall pay, in writing, and upon demand, to Lender all charges, taxes, assessments, premiums, and Other Impositions attributable to the Property, Lender's expenses, the amount payable to Lender under paragraph 2 hereof, and the amount payable to Lender by Borrower making payment, when due, together with the interest thereon, as they are due. Lender may, in Lender's sole discretion, require Borrower to promptly furnish to Lender a statement of account for the amount due under this paragraph 4, and to the extent Borrower fails to make payment thereof, Borrower shall promptly furnish to Lender receipts or documents which show that the amount due has been paid, or which equals with the amount due under this instrument, and Borrower shall pay, when due, the amount of all reasonable and appropriate labor or materials to or in connection with the Property. Without Lender's prior written permission, Borrower shall not allow any maintenance or other work to be performed on the Property.

5. HAZARD INSURANCE. Borrower shall keep the improvements on the Property insured by policies issued by insurers at all times in effect. Lender and its agents shall be included as insured parties in all such policies, and such other hazards, casualties, liabilities and contingencies as Lender and its agents may reasonably require and in such amounts and for such periods as Lender shall require. All premiums on insurance policies shall be paid, at Lender's option, in the manner provided under paragraph 2 hereof, or by Borrower making payment, when due, directly to the carrier, or in such other manner as Lender may determine in writing.

All claims for loss and damage to the improvements shall be made and adjusted by Lender and shall be made a condition precedent to the right of recovery by Lender. Lender shall make the claim, and the policy and Borrower shall promptly furnish to Lender all receipts of notices and all reports of adjusters. When the loss has been determined by a policy, Borrower shall deliver to Lender a release of policy and any subrogation to Lender. If the loss amount is in dispute, Borrower shall deliver to Lender and adjuster of all policies, notices of loss, reports of loss and receipts of all payments by the carrier of the amount of the loss, and the amount of any proceeds applied by Borrower to Lender.

In the event of loss, Borrower shall give notice of the loss to Lender in writing, and shall cooperate with Lender in the investigation and appraisal of the loss. Borrower hereby authorizes and agrees that Lender is authorized to file claims, sue, defend, settle and compromise the claim, and to execute all necessary documents to appear in and prosecute any action arising from such loss, and to receive and retain all proceeds and interest thereon, and Lender's expenses incurred in the prosecution of such proceeds, provided however that nothing contained in this paragraph 5 shall require Lender to incur any expense or take any action hereunder. Borrower further authorizes Lender, at Lender's option, to hold the balance of such proceeds to be used to reimburse Borrower for the cost of reconstruction or repair of the Property or that apply the balance of such proceeds to the payment of the sums secured by this instrument, whether or not then due, in the order of application set forth in paragraph 3. The above shall not be construed to affect the rights of the lessor under the ground lease if this instrument is on a leasehold.

If there is any proceeding in Suit by Lender or by a third party against Borrower or the improvements on the Property, the Property shall be insured by the carrier of the amount of the loss, and Lender shall be included as insured parties in all such policies, and such other hazards, casualties, liabilities and contingencies as Lender and its agents may reasonably require and in such amounts and for such periods as Lender shall require. All premiums on insurance policies shall be paid, at Lender's option, in the manner provided under paragraph 2 hereof, or by Borrower making payment, when due, directly to the carrier, or in such other manner as Lender may determine in writing.

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