

other security as Mortgagee may reasonably require to assure Mortgagee of the availability of sufficient funds to pay such tax, lien, assessment or charge if and when same is finally determined to be due.

(b) Mortgagor shall not permit or suffer any mechanics', laborers', materialmen's, statutory or other lien to be created or to remain a lien upon any of the Mortgaged Property. Notwithstanding the above, inchoate lien rights arising by statute shall not be deemed "created" for purposes of this subparagraph (b) until such time as the lien is filed of record.

(c) Mortgagee may, at its option, require Mortgagor to deposit with Mortgagee on the first day of each month, in addition to making any required payments of principal and interest under the Note, an amount equal to one-twelfth (1/12) of the yearly taxes and assessments as estimated by Mortgagee to be sufficient to enable Mortgagee to pay at least thirty (30) days before they become due all taxes, assessments and other similar charges against the Mortgaged Property or any part thereof. Such deposits shall not be, nor deemed to be, trust funds, but may be commingled with the general funds of Mortgagee. Interest shall be payable to Mortgagor in respect thereof at the rate of five and one half percent (5-1/2%) per annum. Upon demand by Mortgagee, Mortgagor shall deliver to Mortgagee such additional monies as are required to make up any deficiencies in the amounts necessary to enable Mortgagee to pay such taxes, assessments and similar charges. In the event of a default under any of the terms, covenants and conditions in the Note, this Mortgage or any other instrument securing the Note to be kept, performed or observed by Mortgagor, Mortgagee may apply to the reduction of the sum secured hereby, in such manner as Mortgagee shall determine, any amount under this paragraph remaining to Mortgagor's credit.

2.02 Insurance.

(a) Mortgagor shall at its sole expense obtain for, deliver to and maintain for the benefit of Mortgagee, during the life of this Mortgage, insurance policies insuring the Mortgaged Property against fire, extended coverage and such other insurable hazards, casualties and contingencies as Mortgagee may require in an amount not less than the balance of the indebtedness evidenced by the Note, and shall pay promptly, when due, any premiums on such insurance policies and on any renewals thereof. The form of such policies and the companies issuing them shall be acceptable to Mortgagee. All such policies and renewals thereof shall be held by Mortgagee and shall contain a non-contributory mortgagee endorsement making losses payable to Mortgagee and shall require at least thirty (30) days notice to Mortgagee prior to any cancellation or modification. The coverage under such policies shall be limited to the improvements now or hereafter located on the Mortgaged Property. At least thirty (30) days prior to the expiration date of all such policies, renewals thereof satisfactory to Mortgagee shall be delivered to Mortgagee. Mortgagor shall deliver to Mortgagee receipts evidencing the payment of all premiums on such insurance policies and renewals. Delivery of the insurance policies and renewals thereof shall constitute an assignment to Mortgagee, as further security, of all unearned premiums. In the event of loss, Mortgagor will give immediate written notice to Mortgagee and Mortgagee may make proof of loss if not made promptly by Mortgagor. In the event of the foreclosure of this Mortgage or any other transfer of title to the Mortgaged Property in extinguishment of the indebtedness and other sums secured hereby, all rights, title and interest of Mortgagor in and to all insurance policies and renewals thereof then in force shall pass to the purchaser or grantee.

(b) Mortgagor hereby assigns to Mortgagee all proceeds from any insurance policies, and Mortgagee is hereby authorized and empowered at its option, to adjust or compromise any loss under any insurance policies on the Mortgaged Property, and to collect and receive the proceeds from any such policy or policies. Each insurance company is hereby authorized and directed to make payment for all such losses directly to Mortgagee alone, and not to Mortgagor and Mortgagee jointly. After deducting from such insurance proceeds any expenses incurred by Mortgagee in the collection or handling of such funds, Mortgagee may apply the net proceeds, at its option, either toward restoring the Improvements or as a credit on any portion of the