

part thereof so received, after the payment of all its expenses, including costs and attorney's fees, to the indebtedness secured hereby, or (2) at its option, the entire amount or any part thereof so received may be released.

Mortgagors covenant and agree with Mortgagee as follows:

1. Mortgagors are lawfully seized of an indefeasible estate in fee simple, free from encumbrances other than easements, covenants, conditions and restrictions of record, and subsequent years real property taxes, and the Underlying Indebtedness hereinafter described; Mortgagors have good right and power to convey the premises, and do hereby warrant and will forever defend all and singular the premises unto Mortgagee against Mortgagors and their heirs and assigns and against every person whomsoever lawfully claiming or to claim the same, or any part thereof.

2. To pay all sums secured hereby when due.

3. To pay, when due, all taxes and assessments of every type or nature levied or assessed against the premises and any claim, lien or encumbrance against the premises which may be or become prior to this Mortgage, except the Underlying Indebtedness.

4. To keep, observe, perform, carry out and execute in every particular the covenants, agreements, obligations, and conditions set out in this Mortgage, and the Note hereby secured.

5. If required by Mortgagee, to also make monthly deposits with Mortgagee together with, and in addition to interest, of a sum equal to one-twelfth of the yearly taxes and assessments which may be levied against the premises, and (if so required) one-twelfth of the yearly premiums for insurance thereon. The enforceability of the covenants relating to taxes, assessments and insurance premiums herein otherwise provided shall not be affected except in so far as those obligations have been met by compliance with this paragraph. Mortgagee may from time to time at its option waive, and after any such waiver reinstate, any and all provisions hereof requiring such deposits, by notice to Mortgagors in writing. While any such waiver is in effect, Mortgagors shall pay taxes, assessments, and insurance premiums as herein elsewhere provided.

Mortgagee shall apply all funds held under this paragraph to the payment of said taxes, assessments and insurance premiums. If the amount of the funds held by Mortgagee, together with the

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