

UNIFORM COVENANTS Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest. Borrower shall promptly pay when due 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, until the Note is paid in full, a sum therein "Funds" equal to one-twelfth of the yearly taxes and assessments which may attach 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 attach 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 lien so long as Borrower shall agree in writing to 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 forfeiture 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 term "extended 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 required to pay the sums 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, and paid in such manner, by Borrower, as may be agreed to by Lender and shall include a standard mortgage clause in favor of and in form acceptable to Lender. Lender shall have the right to audit the policies and renewals thereof, and Borrower shall promptly furnish to Lender all renewal notices and a copy of paid premiums. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make good any loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, all proceeds of insurance shall be applied to restoration or repair of the Property damaged, plus deductibles and other charges, and the amount of such proceeds shall be applied to the security of this Mortgage as if there were no loss. If the security of this Mortgage would be impaired, the insurance proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, paid to Borrower. If the Property is abandoned by Borrower or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to the sums secured by this Mortgage or to the sums secured by this Mortgage.

Unless Lender and Borrower otherwise agree in writing, all proceeds of insurance shall not extend or postpone the due date of the monthly installments referred to in paragraphs 1 and 2 hereof or change the amount of such installments. If under paragraph 18 hereof the Property is sold or the Property is otherwise acquired by Lender, all principal and interest of Borrower in and to any insurance policies and in and to the proceeds thereof to the extent of damage to the Property prior to the sale or acquisition shall pass to Lender to the extent of the sums secured by this Mortgage immediately prior to such sale or acquisition.

6. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments. Borrower shall keep the Property in good repair and shall not allow any waste or permit any impairment or deterioration of the Property and shall comply with the provisions of any part of this Mortgage which relate to the Property. If this Mortgage is made on a condominium or a planned unit development, Borrower shall comply with all laws and regulations for the preservation or orderly creation or carrying of the condominium or planned unit development, the laws and regulations of the condominium or planned unit development, and condominium documents. If a condominium or planned unit development declaration is executed by Borrower and recorded together with this Mortgage, the covenants and agreements of such declaration shall be incorporated into and shall amend and supplement the covenants and agreements of this Mortgage as if the latter were a part hereof.

7. Protection of Lender's Security. If Borrower fails to perform the covenants and agreements contained in this Mortgage, or if any action or proceeding is commenced against or against the Property, including but not limited to any action or proceeding to enforce the covenants and agreements of this Mortgage, or if any action or proceeding is commenced against or against the Property, including but not limited to any action or proceeding to enforce the covenants and agreements of this Mortgage, or if any action or proceeding is commenced against or against the Property, including but not limited to any action or proceeding to enforce the covenants and agreements of this Mortgage, Lender at Lender's option, upon notice to Borrower, may make such repairs, alterations, improvements and take such action as is necessary to protect Lender's interest in the Property, but not limited to disbursement of reasonable attorney's fees and entry upon the Property to make repairs. If Lender requests the mortgage insurance as a condition of making the repairs required by this Mortgage, Borrower shall pay the premiums required to maintain such mortgage insurance in effect until the completion of the repairs, or until such time as Lender, in accordance with Borrower's and Lender's written agreement, is satisfied with the repairs. Lender shall pay the amount of all mortgage insurance premiums in the manner provided in paragraph 2 hereof.

Any amounts disbursed by Lender pursuant to paragraph 7, with interest thereon, shall become additional indebtedness of Borrower secured by this Mortgage. Unless Borrower and Lender agree in writing to other terms of payment, such amounts shall be payable by Borrower to Lender in monthly payments, starting with the first payment due after the date of disbursement of the same, payable from time to time until the principal of the Note, plus interest, is paid in full. If the mortgage insurance is not paid, the Note shall be subject to applicable law, which may require such amounts shall bear interest at the applicable rate provided in the applicable law. Such payments shall not constitute a payment of principal of the Note, and Lender shall not be required to make any other payments.

8. Inspection. Lender may make inspections from time to time of the Property and the improvements thereon, and Borrower shall permit such inspections and shall not be liable for any damage to the Property.

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