

together with all rights, privileges, easements and appurtenances attaching or belonging thereto, and the rents, issues, and profits thereof, and all buildings, improvements and fixtures now or hereafter erected or installed thereon, all of which are herein collectively called "the premises";

TO HAVE AND TO HOLD THE SAME UNTO MORTGAGEE FOREVER; PROVIDED, HOWEVER, that this mortgage is given to secure payment of the indebtedness evidenced by (a) a certain promissory note of Lawrence L. Bales, a single man

for \$ 18,300.00, dated February 18, 19 69, payable to Mortgagee or order, in installments as therein provided, with final maturity on February 18, 19 70, together with interest as provided therein, or (b) any extension or renewal thereof; and to secure performance of each and every obligation set out therein or herein or in any other instrument given to secure such indebtedness; if Mortgagor shall so pay or cause to be paid all indebtedness and interest evidenced by said note or hereby secured and perform or cause to be performed each and every other obligation of Mortgagor herein or in said note or other instrument or instruments contained, then this mortgage shall be released according to law and at Mortgagor's expense, but otherwise shall remain in full force and effect.

AS ADDITIONAL SECURITY for the performance of each and every obligation hereby secured Mortgagor hereby assigns to Mortgagee (with accountability only for sums actually received by it) all rents, royalties, or other income due or to become due under any or all leases or rental agreements now or hereafter on or affecting said premises or any part thereof, or otherwise due or to become due for the use or occupation thereof or the taking of oil, gas or other hydrocarbon substances therefrom, reserving to Mortgagor, however, so long as no default occurs in any such obligation, the right to collect and retain such rents, royalties and other income as they become due and payable; and should the premises, or any part thereof, be condemned under the power of eminent domain, the damages awarded, to the extent of all indebtedness hereby secured, shall be paid to and are by Mortgagor hereby assigned to Mortgagee, which shall pay or apply the same in the manner and to the extent herein provided for insurance money.

MORTGAGOR HEREBY COVENANTS AND AGREES WITH MORTGAGEE THAT:

1. Until all indebtedness hereby secured be fully paid, Mortgagor shall before delinquency pay all taxes, assessments, and charges, general or special, levied or charged against said premises or any part thereof, and deliver to Mortgagee satisfactory evidence of such payment, and Mortgagor shall constantly keep said buildings and improvements insured in form, amount and company or companies satisfactory to Mortgagee, against loss by fire, windstorm and such other hazards as Mortgagee may reasonably require, with customary mortgagee's clauses in favor of Mortgagee, and keep the policy or policies therefor deposited with Mortgagee, which may demand, collect and receive any or all money becoming payable thereunder and at its option apply the same or any part thereof on such item or items of such indebtedness as it may determine, whether then due or not, or without affecting the amount hereby secured or any right of Mortgagee hereunder, pay the same or any part thereof to Mortgagor or otherwise for the repair or reconstruction of such buildings or improvements so damaged or destroyed; and Mortgagor shall keep said premises in good condition and repair and free from all liens and claims of every kind which may be prior hereto, and shall commit no waste thereon, and shall obey all laws, ordinances and governmental regulations applicable to said premises or the use or occupancy thereof; and should Mortgagor fail to fully perform any of his obligations hereunder, then Mortgagee may at its option and without affecting its right to foreclose this mortgage for such default, do or cause to be done in effect such acts as Mortgagor was so obligated to do, and Mortgagor shall on demand repay to Mortgagee the amount of all costs and expenses thereof so paid by Mortgagee with interest thereon at ten per cent per annum from date of such payment by Mortgagee until so repaid by Mortgagor.

2. Said Mortgagor, in order more fully to protect the security of this mortgage does hereby covenant and agree that, together with and in addition to the payments herein provided, he will pay monthly during the life of this mortgage, to the Mortgagee on the first day of each month, until the said principal amount and interest are fully paid, a sum equal to one-twelfth (1/12th) of the known or estimated yearly taxes, assessments and premiums for such insurance as may be required. The Mortgagee shall hold such monthly payments, without obligation to pay interest thereon, to pay such taxes, assessments and insurance premiums when due. Mortgagor agrees that sufficient funds will be so accumulated for the payment of said charges one month prior to the due date thereof and that he will furnish Mortgagee with proper statements covering the same 15 days prior to the due dates thereof. In the event of foreclosure of the premises herein, or if the Mortgagee should take a deed in lieu of foreclosure, the amount so accumulated will be credited on account of the unpaid principal and interest. If the total of the monthly payments as made under this paragraph shall exceed the payments actually made by the Mortgagee, such excess shall be credited on subsequent monthly payments of the same nature; but if the total of such monthly payments so made under this paragraph shall be insufficient to pay such taxes, assessments and insurance premiums when due, then said Mortgagor shall pay the amount necessary to make up the deficiency which payments shall be secured by this instrument. To the extent that all the provisions of this paragraph for such payments of taxes, assessments and insurance premiums to the Mortgagee are complied with, said Mortgagor shall be relieved of compliance with the covenants contained in paragraph 1 herein as to the amounts paid only, but nothing contained in this paragraph shall be construed as in any way limiting the rights of the Mortgagee at its option to pay any and all of said items when due.

3. If default be made in payment of any indebtedness evidenced by said note, or any interest thereon, when due, or in the faithful performance of any obligation of Mortgagor contained therein, or herein, or in any other instrument evidencing or securing such indebtedness, then the entire principal of such indebtedness and the accrued interest thereon shall at Mortgagee's option become immediately due and payable.

4. In case of default under any obligation hereby secured, this mortgage may be foreclosed and Mortgagee shall be entitled to judgment for all sums hereby secured and for costs, including the cost of any title evidence incident to such foreclosure, all of which shall be an additional charge against said premises and secured by this mortgage, and to a decree for the sale of said premises in satisfaction of such judgment, foreclosing each and every right and equity of Mortgagor or any person claiming under him in or to said premises. At any such sale the said premises may be sold as a whole or in parcels as Mortgagee may determine, and Mortgagee shall have the right to bid for and purchase same, or any part thereof. The proceeds of any such sale shall be paid and applied in the following order: (a) on the costs and expenses of such sale or foreclosure proceedings, including cost of title evidence; (b) to Mortgagee on the unpaid principal balance of all indebtedness hereby secured, including all sums advanced or expended by Mortgagee hereunder; (c) to Mortgagee on all interest due on said indebtedness including such advances and expenditures; and (d) the remainder, if any, to the Mortgagor or other person lawfully entitled thereto.

5. Mortgagee may at any time and from time to time without notice and without affecting the personal liability of any person for payment of any indebtedness hereby secured or the lien hereof on the remainder of said premises, do any or all of the following: (a) release any person liable for any indebtedness hereby secured; (b) release any part of said premises from the lien hereof; (c) by agreement with any person obligated on any indebtedness hereby secured or having any interest in said premises extend or renew all or any part of said indebtedness.

6. In the event of the passage after the date of this instrument of any law deducting from the value of the land for the purpose of taxation any lien thereon, or providing or changing in any way the laws now in force for the taxation of mortgages or debts secured thereby, for state or local purposes or the manner of the collection of any such taxes so as to affect the interest of the Mortgagee, the whole sum secured by this instrument with interest thereon, at the option of the Mortgagee shall immediately become due, payable and collectible without notice.