

sum to the extent of three (3%) per cent of the gross annual income (as defined in usual C.P.A. accounting practices) received from the operation of the property described in the Mortgage securing this Note, which shall include all income generated from the rental of apartments, unfurnished, and carports. It is understood that the present schedule of rents is based on unfurnished apartments and includes hot and cold water. Each apartment is to be separately metered for gas and electricity. If, at some future time, a single meter is installed and rent is increased to include a charge for electricity and gas, such adjustment shall not be considered gross income in which the holder of this Note shall participate provided the total collected as a result of the increase is no more than the total expense for gas and electricity, less a reasonable amount for gas and electricity used in public areas and for hot water; any excess will be considered gross income in determining the additional interest due the holder of this Note.

MORTGAGOR HEREBY COVENANTS AND AGREES AS FOLLOWS, to-wit:

1. That it will pay said Note as herein and in said Note provided.
2. That the lien created by this Mortgage is a first and prior lien on the above described premises and that it will keep said premises and the rights, privileges and appurtenances thereto free from all lien claims of every kind and will protect and defend the title and possession of said premises so that this Mortgage shall be and remain a first lien thereon until said debt be fully paid, or if foreclosure sale be had hereunder so that the purchaser at said sale shall acquire good title in fee simple to said premises free and clear of all liens and encumbrances.
3. That it shall forthwith pay all taxes, assessments and public charges, general and special, now existing against said premises, the improvements thereon and appurtenances thereto, and shall pay, before delinquent, all taxes, assessments and public charges, general and special, hereafter levied or assessed thereon.
4. That it will keep the improvements now or hereafter on said premises and the fixtures conveyed hereby insured against loss or damage by fire and the hazards or perils covered by the extended coverage endorsement, boiler explosion, and other casualties which may be required by Mortgagee in companies and amounts satisfactory to Mortgagee during the existence of the debt secured hereby, and will keep all such policies of insurance of whatever nature constantly assigned, pledged and delivered to Mortgagee with the premiums thereon fully paid; and for further securing the payment thereof, hereby confers upon Mortgagee full power to settle and compromise all leases covered by said insurance together with the right to demand, receive and receipt for all moneys becoming payable thereunder, the same to apply at the option of Mortgagee toward the payment of said Note or the repair, restoration or rebuilding of said premises.