

premises until said debt be fully paid, or if foreclosure sale be had hereunder so that the purchase 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 losses 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.

5. That it will keep all improvements and fixtures now or hereafter on said premises in good order and repair, and will not permit waste thereon, nor remove any of the improvements or fixtures located on said premises, nor do or permit to be done any act whereby the property conveyed shall become less valuable.

6. Mortgagor covenants to establish with Mortgagee a replacement reserve in the amount of \$14,400.00 to be held without interest, by paying to the Mortgagee with each payment of interest and principal the sum of \$400.00, whenever such fund is below the stipulated amount. Said reserve may be drawn upon to pay the cost of replacing equipment such as carpets, ranges, and refrigerators as approved by the Mortgagee. This will not be enforced provided the loan is not in default; the property is satisfactorily maintained; title remains controlled by the principals of the original borrower. In the event of default under this Mortgage or the note secured hereby, the Mortgage may apply the reserves to the curing of such default and the Mortgagor will immediately pay to the Mortgagee an equivalent sum to reinstate the reserve, and until such reinstatement, this Mortgage shall be in default.

Transfer of legal title to the premises shall automatically transfer the beneficial interest in the reserve to the new owner.

The foregoing fund, together with the escrow amounts for taxes and insurance are covered by the lien of this Mortgage, and are additional security