(I) If and so long as said note of even date and this instrument are insured .. are reinsured under the provisions of the National Housing Act, an amount sufficient to accumulate in the hands of the holder one (1) month prior to its due date the annual mortgage insurance premium, in order to provide such holder with funds to pay such premium to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder; or

(II) If and so long as said note of even date and this Instrument are held by the Secretary of Housing and Urban Development, a monthly charge (in lieu of a mortgage insurance premium) which shall be in an amount equal to one-twelfth (1/12) of one-half (½) per centum of the average outstanding balance due on the note computed without taking into account delinquencies or prepayments;

(b) A sum equal to the ground rents, if any, and the taxes and special assessments next due on the premises covered by this Deed of Trust, plus the premiums that will next become due and payable on policies of fire and other hazard insurance on the premises covered hereby (all as estimated by the holder of the note) less all sums already paid therefor, divided by the number of months to elapse before 1 month prior to the date when such ground rents, premiums, taxes, and assessments will become delinquent, such sums to be held by Mortgagee in trust to pay said ground rents, premiums, taxes, and special assessments, before the same become delinquent; and

(c) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the note secured hereby shall be added together and the aggregate amount thereof shall be paid by the party of the first part each month in a single payment to be applied by the holder of the note to the following items in the order set forth:

(I) premium charges under the contract of insurance with the Secretary of Housing and Urban Development, or monthly charge(in lieu of mortgage insurance premium), as the case may be;
(II) ground rents, if any, taxes, special assessments, fire and other hazard insurance premiums;
(III) interest on the note secured hereby; and
(IV) amortization of the principal of the said note.

Any deficiency in the amount of any such aggregate monthly payment shall, unless made good by the party of the first part prior to the due date of the next such payment, constitute an event of default under this Deed of Trust. The holder of the note may collect a "late charge" not to exceed two cents (2¢) for each dollar ($1) of each payment more than fifteen (15) days in arrears to cover the extra expense involved in handling delinquent payments. but in no event shall such "late charge" exceed such amounts permitted therefor *

3. That if the total of the payments made by the party of the first part under *(b)* paragraph 2 preceding shall exceed the amount of payments actually made by the holder of the note for ground rents, taxes or assessments or insurance premiums, as the case may be, such excess shall be credited by such holder on subsequent payments to be made by the party of the first part. If, however, the monthly payments made by the party of the first part under *(b)* of paragraph 2 preceding shall not be sufficient to pay ground rents, taxes, and assessments, and insurance premiums, as the case may be, when the same shall become due and payable, then the party of the first part shall pay to the holder of said note any amount necessary to make up the deficiency, on or before the date when payment of such ground rents, taxes, assessments, or insurance premiums shall be due. If at any time the party of the first part shall tender to the holder of said note, in accordance with the provisions thereof, full payment of the entire indebtedness represented thereby, the said holder shall, in computing the amount of such indebtedness, credit to the account of the party of the first part all payments made under the provisions of *(a)* of paragraph 2 hereof, which the holder of said note has not become obligated to pay to the Secretary of Housing and Urban Development, and any balance remaining in the funds accumulated under the provisions of *(b)* of paragraph 2 hereof. If there shall be a default under any of the provisions of this Deed of Trust resulting in a public sale of the premises covered hereby, or if the holder of the note acquires the property otherwise after default, the holder of the note shall apply, at the time of the commencement of such proceedings, or at the time the property is otherwise acquired, the balance then remaining in the funds accumulated under *(b)* of paragraph 2 preceding, as a credit against the amount of principal then remaining unpaid under said note, and shall properly adjust any payments which shall have been made under *(a)* of paragraph 2.

4. That he will pay all taxes, assessments, water rates and other governmental or muncipal charges, fines or impositions, and costs, expenses and charges of attorneys for services in any legal proceeding wherein Trustee shall be made a party by reason of this Deed of Trust, and ground rents, for which provision has not been made hereinbefore and will promptly deliver the official receipts therefor to the holder of the note; and in default of such payment by the party of the first part, the holder of the note may pay the same, and any sum or sums so paid by the holder of the note shall be added to the debt hereby secured, shall be payable on demand, shall bear full legal interest and shall be secured by this Deed of Trust.

5. That he will keep the said premises in as good order and condition as they are now and will not commit or permit any waste thereof, reasonable wear and tear excepted.

6. That he will keep the improvements now existing or hereafter erected on the said premises insured as may be required from time to time by the holder of the note against loss by fire and other hazards, casualties and contingencies in such amounts and for such periods as may be required by the holder of the note and will pay promptly, when due, any premiums on such insurance provision for payment of which has not been made hereinbefore. All insurance shall be carried in companies approved by the holder of the note and the policies and renewals thereof shall be held by the holder of the note and have attached thereto loss payable clauses in favor of and in form acceptable to the holder of the note. In event of loss he will give immediate notice by mail to the holder of the note, who may make proof of loss if not made promptly by the party of the first part, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the holder of the note instead of to the party of the first part and the holder of the note jointly, and the insurance proceeds, or any part thereof, may be applied by the holder of the note at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In event of foreclosure of this Deed of Trust or other transfer of title to the said premises in extinguishment of the indebtedness secured hereby, all right, title, and interest of the party of the first part in and to any insurance policies then in force shall pass to the purchaser or grantee.

7. The party of the first part further agrees that should this Deed of Trust and the note secured hereby not be eligible for insurance under the National Housing Act within 90 days from the date hereof (written statement of any officer of the Department of Housing and Urban Development or authorized agent of the Secretary of Housing and Urban Development dated subsequent to the 90 days time from the date of this Deed of Trust, declining to insure said note and this Deed of Trust, being deemed conclusive proof of such ineligibility), the party of the second part or the holder of the note may, at its option, declare all sums secured hereby immediately due and payable.

8. That if the said property shall be advertised for sale, as herein provided, and not sold, the Trustee or Trustees acting shall be entitled to one-half (½) the commission above provided, to be computed on the amount of the debt hereby secured, and the same is hereby secured in like manner as other charges and expenses attending the execution of this trust, and shall bear full legal interest.

9. That if any suit, action, or proceeding whatsoever shall be commenced or prosecuted for the collection of the note, or any part of the note, or for the enforcement of any endorsement or endorsements thereof, or any other matters hereby secured, or in reference to the execution of the trust hereby created, or any of the trust or property of funds

* by Chapter 453, Acts of 1968 Laws of Maryland.