

(4) To pay to the Mortgagee, the same date upon which the payments on account of principal and interest are made, for the purpose of establishing a fund to assure the payment of the taxes, water and sewer charges, and other public dues and charges, the ground rent, if any, the premiums on the policies of fire and extended coverage and any other obligations for which the above-described property may become liable, one-twelfth (1/12th) of the yearly aggregate of such payments as estimated by the Mortgagee. Said amounts so paid to the Mortgagee shall be held by the Mortgagee in trust solely for the purposes indicated and the funds may be commingled with other funds of the Mortgagee, such deposit as herein required shall be known as "Expense Account." The Mortgagee shall credit to said Expense Account interest thereon at the prevailing annual rate for savings accounts ~~XXXX~~ ~~XXXXXXXXXXXXXXXXXXXX~~ computed on the average monthly balance accrued in such Expense Account. In the event the Mortgagor fails to provide sufficient funds to pay said expenses, the Mortgagee is hereby authorized to pay said expenses, and the amount so paid shall then be added to the principal debt herein and shall bear interest at the rate hereinbefore stated as the interest payable on the principal debt, from the date of such payment or payments, and said Mortgagee shall have a lien under this Mortgage on the premises hereinabove described for the amount or amounts so paid, together with the interest thereon as herein stated upon the principal debt. Failure to establish and maintain the aforesaid expense account for the payment of the aforesaid expenses shall, at the option of the Mortgagee, constitute a default in this Mortgage, for which foreclosure of this Mortgage may be instituted.

(5) Not to permit, commit or suffer to be committed any waste, impairment or deterioration of said above described property or any part thereof; and

(6) To pay a late charge not to exceed the greater of Two Dollars (\$2.00) or one twentieth (1/20th) of the total amount of any delinquent or late periodic installments of principal and interest which is received at the office of the Mortgagee more than fifteen (15) calendar days after the due date thereof.

It is further agreed between the parties:

1. Each monthly payment made by the Mortgagor and paid to the Mortgagee, where the amount or amounts shall not be equal to the required monthly payments of principal, interest and the Expense Account, shall be applied as follows: First: To the payment of the interest due on the date of said payment; Second: Any balance remaining shall be credited on account of the unpaid principal due as of such date; and Third: Any balance remaining shall be credited to the Expense Account.

2. The holder of this mortgage, in any action to foreclose the same, shall be entitled, without regard to the adequacy of the security for the debt, to have a receiver appointed by the Court to collect the rents and profits of said property and account therefor as the Court may direct.

3. Should the title to the herein mortgaged property be acquired by any person, persons, partnership or corporation, other than the Mortgagor, by voluntary or involuntary grant or assignment, or conveyed or encumbered in any other manner, without the Mortgagee's, or other holder of this Mortgage, consent in writing or should the Mortgagor, or any one or more of the Mortgagor group, if more than one, be declared insolvent or bankrupt, then the balance then due or to become due on said principal indebtedness shall, at the option of the Mortgagee, become due and payable and constitute a ground of foreclosure if not paid on demand;

4. At the option of the Mortgagee, the entire indebtedness then unpaid and secured hereby shall become due and payable after a default in the payment of any monthly installment of principal or interest, as herein provided, shall continue for thirty (30) days, or after default, in the performance of any of the covenants or conditions hereof shall have continued for thirty (30) days;

5. The Mortgagee, at Mortgagee's election, may sell the property hereinabove described at the foreclosure sale, subject to one or more of the tenancies entered into subsequent to the recording of the mortgage, provided such fact is disclosed in the advertisement of the sale;

6. Should any portion of the above described property, or an easement appurtenant thereto, be condemned or taken under eminent domain, all or such part of any award or proceeds, as Mortgagee shall be entitled to receive in payment of the balance due on principal and interest and shall declare the same in writing, is, by this instrument assigned by Mortgagor to Mortgagee for payment of the said principal and interest due on said mortgage indebtedness, and Mortgagee is hereby authorized to give receipts and releases therefor; and

7. Until default is made, the said Mortgagor may retain possession of the hereby mortgaged property.

8. Each of the parties hereto, Mortgagor and Mortgagee, shall promptly advise the other of any change in the address of either.

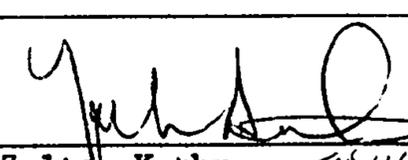
THE Mortgagor warrants specially the property hereby mortgaged and will execute such further assurances of the same as may be requisite.

Whenever used herein, the words "Mortgagor" and "Mortgagee" shall include the heirs, personal representatives and/or assigns of the Mortgagor or Mortgagors, or Mortgagee or Mortgagees, and the successors and/or assigns of the Mortgagee or Mortgagees. The use of any gender shall be applicable to all genders and "Mortgagee" shall include any payee of the indebtedness hereby secured, or any transferee thereof whether by operation of law or otherwise. The use of the singular shall include the plural, and the plural the singular.

THE Mortgagor by execution of this instrument certifies that, prior to such execution, he has received a fully executed agreement as to the contractual rate of interest, and a loan disclosure statement in connection with this loan as required by Commercial Law Article of the Annotated Code of Maryland, Section 12 (Acts of 1975, Chapter 49); and the parties agree that the provisions of Section 12 of the Commercial Law Article of the Annotated Code of Maryland, as to delinquent or late payment charges and prepayment terms, are made a part of this Mortgage agreement, unless other provisions regarding the same are specifically set out herein.

WITNESS the hands and seals of said Mortgagors.

WITNESS:



Zoltan Kuthy INDIVIDUALLY

MORNINGSIDE ASSOCIATES, INC.
By  (SEAL)
Zoltan Kuthy, President
MIDDLETOWN VALLEY HOMES, INC.
By  (SEAL)
Zoltan Kuthy, President

(ACKNOWLEDGMENT ON FOLLOWING PAGE)