

their effective or renewal date and failure to furnish such policy will be cause for default under the mortgage. The policy shall contain the standard mortgage clause in favor of the Mortgagee and shall be held by Mortgagee, each insurance company concerned is hereby authorized and directed to make payment for loss directly to Mortgagee only. Within a reasonable time after payment of any insurance proceeds arising out of such loss, Mortgagor shall promptly commence and diligently pursue to repair or restore the mortgaged property to a condition substantially the same as immediately prior to such loss. The Mortgagee shall make disbursements from the insurance funds in accordance with a disbursement schedule to be agreed upon at that time.

If Mortgagors fail to promptly commence and diligently pursue and complete such repair, or restoration, the Mortgagee may immediately apply all such insurance proceeds to the unpaid principal and accrued interest owed under this Mortgage. Upon completion of such repair or restoration, Mortgagee shall deliver the remaining balance of all insurance proceeds, if any, arising out of such loss to Mortgagors. The insurance proceeds shall at no time constitute a fund to which Mortgagors can look for the payment of any arrears or current or future installment payments of the mortgage debt and the same shall continue to be due and payable as this Mortgage has specified. Upon foreclosure of this Mortgage or upon acquisition of the mortgage property by the Mortgagee in extinguishment of the mortgage debt, all right, title and interest of the Mortgagors in and to any insurance policies, then in force, shall pass to the Mortgagee.

5. That the Mortgagors shall pay a late charge of seven percent (7%) of the total amount of any delinquent or late installment payment of principal and interest which is received at the office of the Mortgagee more than 15 calendar days after the due date of such installment.

6. Mortgagors are to have the privilege of prepaying up to 10% of the principal amount of the loan in any one year, accounting from the date of the Mortgage, without penalty, such privilege not to be cumulative from year to year. In addition, the Mortgagors are to have the additional privilege of