

within the term "extended coverage", and such other hazards as Lender may require and in such amounts and for such periods as Lender may require and, if the Property is located in an area designated by or on behalf of the United States of America as having specific flood hazards shall also keep such improvements insured against loss by flooding; provided, that at all times the amount of such coverage shall be in an amount at least equal to the original principal amount of the debt secured hereby or 80% of the replacement value of the Property, whichever is greater. Such insurance shall pay in full the amount of any partial or total loss to the full amount of such insurance and shall be otherwise sufficient to prevent the Borrower from being a co-insurer.

The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender; provided, that such approval shall not be unreasonably withheld. All premiums on insurance policies shall be paid in the manner provided under paragraph 2 hereof.

All insurance policies and renewals thereof shall be in form acceptable to Lender and shall include a standard mortgagee clause in favor of and in form acceptable to Lender and the Community Development Administration of the Department of Economic and Community Development of the State of Maryland ("CDA"), as their respective interests may appear. Lender shall have the right to hold the policies and renewals thereof, and Borrower shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. If a loss occurs, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

All sums payable under the insurance policies are hereby assigned and shall be paid to Lender, and all sums received by Borrower on account of the policies shall be promptly paid over to Lender. At the option of Lender, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and the security of this Deed of Trust is not thereby impaired, or if such restoration or repair is not economically feasible or if the security of this Deed of Trust would be impaired, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Borrower. If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

If Borrower fails to pay any insurance premiums when due, Lender may, at its option, pay said premiums on behalf of Borrower, in which case, Borrower shall promptly reimburse Lender. Any amounts so advanced by Lender shall bear interest at the rate stated in the Note and be added to the amount of the debt secured by this Deed of Trust.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the monthly installments referred to in paragraphs 1 and 2 hereof or change the amount of such installments. If under paragraph 22 hereof the Property is acquired by Lender, all right, title and interest of Borrower in and to any insurance policies and in and to the proceeds thereof resulting from damage to the Property before the sale or acquisition shall pass to Lender to the extent of the sums secured by this Deed of Trust immediately before such sale or acquisition.

7. Mortgage Insurance. Until all sums due under the Note and secured hereby are fully paid and satisfied (unless otherwise permitted by Lender and CDA), Borrower shall keep and maintain in effect a policy of mortgage insurance, in an amount at least equal to the outstanding indebtedness (unless otherwise directed by Lender and CDA), and otherwise in form and substance satisfactory to Lender, issued by (a) a private mortgage insurance company approved by Lender, or (b) if approved by Lender, the Maryland Housing Fund.

If Borrower fails to pay any insurance premiums when due, Lender may, at its option, pay said premiums on behalf of Borrower, in which case, Borrower shall promptly reimburse Lender. Any amounts so advanced by Lender shall bear interest at the rate stated in the Note and be added to the amount of the debt secured by this Deed of Trust.

8. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments. Borrower shall keep the Property in good repair and permit the Lender or its employees or agents to enter upon and inspect the Property at reasonable times. Borrower shall make all proper renewals, replacements, and additions to the Property with fifteen (15) days of written notice of a defect from the Lender. Borrower shall not commit waste or permit