

shall be due and payable on the first day of January, 1960.

And the mortgagor does hereby covenant that he is lawfully seized of an indefeasible estate in fee (or such other estate, if any, as is stated hereinbefore); that said premises are free of any encumbrances except as herein otherwise recited; that he hereby warrants the usual covenants to the same extent as a statutory warranty deed under the laws of the State of Washington and all covenants herein made, and that he will defend against any breach of any or all of the same.

The mortgagor further covenants and agrees as follows:

1. That he will pay the indebtedness, as hereinbefore provided. Privilege is reserved to prepay at any time, without premium or fee, the entire indebtedness or any part thereof not less than the amount of one installment, or one hundred dollars (\$100.00) whichever is less.

2. In order more fully to protect the security of this mortgage, the mortgagor, together with, and in addition to, the monthly installments of principal and interest payable under the terms of the note secured hereby, on the first day of each month until the said note is fully paid, will pay to the mortgagee:

(a) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other hazard insurance covering the mortgaged property, plus taxes and assessments next due on the mortgaged property (all as estimated by the mortgagee, and of which the mortgagor is notified) less all sums already paid therefor divided by the number of months to elapse before one 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.

(b) The aggregate of the amounts payable pursuant to subparagraph (a) and those payable on the note secured hereby, shall be paid in a single payment each month, to be applied to the following items in the order stated:

- I. Ground rents, taxes, assessments, fire and other hazard insurance premiums;
- II. interest on the note secured hereby; and
- III. amortization of the principal of said note.

Any deficiency in the amount of any such aggregate monthly payments shall, unless made good by the mortgagor prior to the due date of the next such payment, constitute an event of default under this mortgage. The mortgagee may collect a "late charge" not to exceed an amount equal to four per centum (4%) of any installment which is not paid within fifteen (15) days of the due date thereof, to cover the extra expense involved in handling delinquent payments.

3. If the total of the payments made by the mortgagor under (a) of paragraph 2 preceding shall exceed the amount of payments actually made by the mortgagee for ground rent, taxes or assessments or insurance premiums, as the case may be, such excess shall be credited on subsequent payments to be made by the mortgagor for such items. If, however, such monthly payments shall not be sufficient to pay such items when the same shall become due and payable, then the mortgagor shall pay to the mortgagee any amount necessary to make up the deficiency within thirty (30) days after written notice from the mortgagee stating the amount of the deficiency, which notice may be given by mail. If at any time the mortgagor shall tender to the mortgagee, in accordance with the provisions of the note secured hereby, full payment of the entire indebtedness represented thereby, the mortgagee shall, in computing the amount of such indebtedness, credit to the account of the mortgagor any balance remaining in the funds accumulated under the