

WHEN RECORDED MAIL TO

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Cook County Recorder 44.50



0030298239

Prepared by:

EUROMEX MORTGAGE CORPORATION
6745 W BELMONT AVE
CHICAGO, IL 60634

Loan Number: 041051250
Servicing Number: 105450-7

CST 023094

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MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on February 13, 2003. The mortgagor is
GERMAN BALBUENA AND
CONCEPCION BALBUENA, HIS WIFE

("Borrower").

This Security Instrument is given to

EUROMEX MORTGAGE CORPORATION, AN ILLINOIS ILLINOIS CORPORATION

which is organized and existing under the laws of ILLINOIS
address is 6745 W BELMONT AVE, CHICAGO, IL 60634

, and whose
("Lender").

Borrower owes Lender the principal sum of

ONE HUNDRED FIFTY THREE THOUSAND

AND NO/100THS Dollars (U.S. \$153,000.00).

This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on March 01, 2033. This

Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following described property located in Cook County, Illinois:

LOT 7 IN C⁴ AND E ANDERSON'S RESUBDIVISION OF LOT 49 IN CHICAGO TITLE AND TRUST COMPANY'S SUBDIVISION OF THE EAST 1/2 OF THE WEST 1/2 OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 AND THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 13 TOWNSHIP 38 NORTH RANGE 13 EAST OF THE THIRD'S PRINCIPAL MERIDIAN IN COOK COUNTY ILLINOIS.

Permanent Real Estate Index Number: 1913212026

which has the address of
Illinois 60629-1009
[Zip Code]

5718 S FAIRFIELD STREET, CHICAGO
("Property Address");

[Street, City],

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to

Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard for property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 6, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. Section 2601, *et seq.* ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Fund, and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If, under paragraph 21, Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to any prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due; and last, to any late charges due under the Note.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this

Borrower shall, at Borrower's own expense, appear in and defend any action or proceeding purporting to affect the Property or any portion thereof or Borrower's title thereto, the validity or priority of the lien created by this Security Instrument, or the rights

acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing. residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 18, by causing good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the a percentage of either the original purchase price or the appraised value then being offered on non-owner occupied loans.

interest rate and adjust the monthly payments under the Note accordingly, or (3) require that the principal balance be reduced to Security Instrument, (2) Decrease the term of the loan and adjust the monthly payments under the Note accordingly, increase the provided in the Security Instrument; (1) Declare all sums secured by the Security Instrument due and payable and foreclose the Borrower's primary/secondary residence, then Lender may invoke any of the following remedies, in addition to the remedies within sixty (60) days after the date of the Security Instrument. If Borrower breaches this promise to occupy the property as Borrower's primary/secondary residence and that Borrower will so occupy this property as its sole primary/secondary residence owner residence loans of different terms. Borrower promises and assures Lender that Borrower intends to occupy this property as in the Note unless the property is to be occupied by Borrower as Borrower's primary/secondary residence. Lender makes non-Borrower acknowledges that the Lender does not desire to make a loan to Borrower secured by this property on the terms contained 6. **Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds.**

subject to the provisions of this paragraph 5.

insurance is not specifically required by Lender, then such insurance shall (i) name Lender as loss payee thereunder, and (ii) be If Borrower obtains earthquake insurance, any other hazard insurance, or any other insurance on the Property and such prior to the acquisition.

to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or or not then due. The 30-day period will begin when the notice is given.

or lack thereof, use the proceeds to repair or restore the Property or to pay the sums secured by this Security Instrument, whether may collect the insurance proceeds. Lender may, in its sole and absolute discretion, and regardless of any impairment of security Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, Lender and expenses of necessary repairs or restoration of the Property to a condition satisfactory to Lender. If Borrower abandons the to such components thereof as Lender may determine in its sole and absolute discretion; and/or (ii) to Borrower to pay the costs of any impairment of security or lack thereof; (i) to the sums secured by this Security Instrument, whether or not then due, and then, at Lender's option, in such order and proportion as Lender may determine in its sole and absolute discretion, and regardless be applied first to reimburse Lender for costs and expenses incurred in connection with obtaining any such insurance proceeds, and Unless Lender and Borrower otherwise agree in writing, or applicable Law otherwise requires, insurance proceeds shall may make proof of loss if not made promptly by Borrower.

premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall to protect Lender's rights in the Property in accordance with paragraph 7.

be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender 5. **Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property of the actions set forth above within 10 days of the giving of notice.

Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more

or powers of Lender with respect to this Security Instrument or the Property. All causes of action of Borrower, whether accrued before or after the date of this Security Instrument, for damage or injury to the Property or any part thereof, or in connection with any transaction financed in whole or in part by the proceeds of the Note or any other note secured by this Security Instrument, by Lender, or in connection with or affecting the Property or any part thereof, including causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact, are, at Lender's option, assigned to Lender, and the proceeds thereof shall be paid directly to Lender who, after deducting therefrom all its expenses, including reasonable attorneys' fees, may apply such proceeds to the sums secured by this Security Instrument or to any deficiency under this Security Instrument or may release any monies so received by it or any part thereof, as Lender may elect. Lender may, at its option, appear in and prosecute in its own name any action or proceeding to enforce any such cause of action and may make any compromise or settlement thereof. Borrower agrees to execute such further assignments and any other instruments as from time to time may be necessary to effectuate

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any

to maintenance of the Property.
 Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property

20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any hereunder.

information required by applicable law. The holder of the Note and this Security Instrument shall be deemed to be the Lender address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be as the "Loan Servicer" that collects monthly payments due under the Note and this Security Instrument. There also may be one Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one

19. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Security paragraph 17.
 effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully Instrument. Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may **18. Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement

by this Security Instrument without further notice or demand on Borrower.
 Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not Security Instrument.

Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without

17. Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is **16. Borrower's Copy.** Borrower shall be given one conformed copy of the Note and of this Security Instrument.

without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable, applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with **15. Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law of the jurisdiction Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

address stated herein) or any other address Lender designates by notice to Borrower. Any notice provided for in this Security any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or **14. Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing

If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower.

and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the **13. Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, Instrument with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations **17. Borrower's covenants and agreements** shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the

28. **Reimbursement.** To the extent permitted by applicable law, Borrower shall reimburse Trustee and Lender for any and all costs, fees and expenses which either may incur, expend or sustain in the execution of the trust created hereunder or in the performance of any act required or permitted hereunder or by law or in equity or otherwise arising out of or in connection with this Security Instrument, the Note, any other note secured by this Security Instrument or any other instrument executed by Borrower in connection with the Note or Security Instrument. To the extent permitted by applicable law, Borrower shall pay to Trustee and Lender their fees in connection with Trustee and Lender including, but not limited to assumption application fees; fees for payoff demands and, statements of loan balance; fees for making, transmitting and transporting copies of loan documents, verifications, full or partial lien releases and other documents requested by borrower or necessary for performance of Lender's rights or duties under this Security Instrument; fees arising from a returned or dishonored check; fees to determine whether the Property is occupied, protected, maintained or insured or related purposes; appraisal fees, inspection fees, legal fees, broker fees, insurance mid-term substitutions, repair expenses, foreclosure fees and costs arising from foreclosure of the Property and protection of the security for this Security Instrument, and all other fees and costs of a similar nature not otherwise prohibited by law.

27. **Modification.** This Security Instrument may be modified or amended only by an agreement in writing signed by Borrower and Lender.

26. **Waiver of Statute of Limitations.** The pleading of the statute of limitations as a defense to enforcement of this Security Instrument, or any and all obligations referred to herein or secured hereby, is hereby waived to the fullest extent permitted by applicable law.

25. **Time is of the Essence.** Time is of the essence in the performance of each provision of this Security Instrument.

24. **Misrepresentation and Nondisclosure.** Borrower waives all right of homestead exemption in the Property.

23. **Waiver of Homestead.** Borrower waives all right of homestead exemption in the Property.

22. **Release.** Upon payment of all sums secured by this Security Instrument, Lender shall release this property without warranty to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs. Lender may charge such person or persons a fee for releasing the Property for services rendered if the charging of the fee is permitted under applicable law.

21. **Acceleration; Remedies.** If any installment under the Note or notes secured hereby is not paid when due, or if Borrower should be in default under any provision of this Security Instrument, or if Borrower is in default under any other mortgage or other instrument secured by the Property, all sums secured by this Security Instrument and accrued interest thereon shall at once become due and payable at the option of Lender without prior notice, except as otherwise required by applicable law, and regardless of any prior forbearance. In such event, Lender, at its option, and subject to applicable law, may then or thereafter invoke the power of sale and/or any other remedies or take any other actions permitted by applicable law. Lender will collect all expenses incurred in pursuing the remedies described in this Paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

20. **Environmental Law.** "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

Hazardous Substances claims.

Borrower shall be solely responsible for, shall indemnify, defend and hold harmless Lender, its directors, officers, employees, attorneys, agents, and their respective successors and assigns, from and against any and all claims, demands, causes of action, loss, damage, cost (including actual attorneys' fees and court costs and costs of any required or necessary repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, abatement, containment, remedial or other required plan), expenses and liability directly or indirectly arising out of or attributable to (a) the use, generation, storage, release, threatened release, discharge, disposal, abatement or presence of Hazardous Substances on, under or about the Property, (b) the transport to or from the Property of any Hazardous Substances, (c) the violation of any Hazardous Substances law, and (d) any Hazardous Substances claims.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

Loan Number: 041051250

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STATE OF ILLINOIS,

COOK County ss:

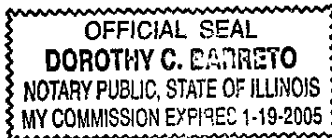
I, DOROTHY C. BARRETO, a Notary Public in and for said county and state do hereby certify that

GERMAN BALBUENA & CONCEPCION BALBUENA, his wife

, personally known to me to be the same person(s) whose name(s) subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that THEY signed and delivered the said instrument as THEIR free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal, this 13th day of FEBRUARY, 2003.

My Commission Expires: 1-19-2005



Notary Public

A handwritten signature in black ink, appearing to be "D.C. Barreto", is written over a horizontal line.

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Loan Number: 041051250

Servicing Number: 001054507-7

Date: 02/13/03

ADJUSTABLE RATE RIDER (LIBOR Index - Rate Caps)

THIS ADJUSTABLE RATE RIDER is made February 13, 2003, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to

EUROMEX MORTGAGE CORPORATION, AN ILLINOIS ILLINOIS CORPORATION (the "Lender") of the same date and covering the property described in the Security Instrument and located at:

5718 S FAIRFIELD STREET, CHICAGO, IL 60629-1009

[Property Address]

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT THE BORROWER'S INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BORROWER MUST PAY.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

The Note provides for an initial interest rate of 8.500%. The Note provides for changes in the interest rate and the monthly payments, as follows:

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The interest rate I will pay may change on the first day of March 31, 2005, and on that day every sixth month thereafter. Each date on which my interest rate could change is called a "Change Date."

(B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the average of interbank offered rates for six-month U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in *The Wall Street Journal*. The most recent Index figure available as of the first business day of the month immediately preceding the month in which the Change Date occurs is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding SIX AND 70/100 percentage point(s) (6.700%) to the Current Index. The Note Holder will then round the result of this addition to the next higher one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will

MULTISTATE ADJUSTABLE RATE RIDER-LIBOR INDEX - Single Family

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USRI0021 (02-23-99)

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Loan Number: 041051250

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be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than 11.500% or less than 8.500%. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than one percentage point (1.0%) from the rate of interest I have been paying for the preceding six months. In no event will my interest rate be greater than 14.500% or less than 8.500%.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

Covenant 17 of the Security Instrument is amended to read as follows:

Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

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Loan Number: 041051250

Servicing Number: 001054507-7

Date: 02/13/03

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider.

GERMAN BALBUENA (Seal)
GERMAN BALBUENA

Concepcion Balbuena (Seal)
CONCEPCION BALBUENA

____ (Seal)

____ (Seal)

____ (Seal)

____ (Seal)