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1341/11/01/74
AFTER RECORDING RETURN TO:
BARCLAYSAMERICAN/MORTGAGE CORPORATION
P.O. BOX 31211 DEPT. 535
CHARLOTTE, NC 28233



200248

Enter Above This Line For Recording Data

MORTGAGE

1076598

THIS MORTGAGE ("Security Instrument") is given on
ALFRED KHOURY AND ALMAZ KHOURY

DECEMBER 12, 1994

The mortgagor is

DEF-01 12/15/94 \$37.50
140001 12/15/94 10:19:00
45717 12/15/94 047999
COOK COUNTY RECORDER

("Borrower"). This Security Instrument is given to
CHICAGOLAND MORTGAGE CORPORATION

which is organized and existing under the laws of
address is 7119 W. HIGGINS AVENUE,
CHICAGO, IL 60656

ILLINOIS

and whose

("Lender"). Borrower owes Lender the principal sum of

ONE HUNDRED THIRTY THOUSAND NINE HUNDRED AND 00/100

Dollars (U.S. \$ 130900.00)

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 **JANUARY 01, 2010**. 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:

LOTS THIRTY THREE (33) AND THIRTY FOUR (34) IN BLOCK TWO (2) IN WITTSBOLD'S ADDITION TO KENILWORTH HIGHLANDS BEING A SUBDIVISION OF EAST TEN (10) ACRES OF THE SOUTH TWENTY (20) ACRES OF THE WEST EIGHTY (80) ACRES OF THE SOUTH EAST QUARTER OF SECTION TWENTY SEVEN (27), TOWNSHIP FORTY ONE (41) NORTH, RANGE THIRTEEN (13), EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N 10-27-427-009 & 000

which has the address of 7227 NORTH TRIPP AVENUE
Illinois 60077

LINCOLNWOOD (Street City)

Zip Code ("Property Address"):

ILLINOIS - Single Family - FNMA/FHLMC UNIFORM
INSTRUMENT Form 3014 9/90
Amended 5/91
VMP MORTGAGE FORMS - (800)521-7281

Original

Initials

A/K
A/K



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RA

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1. **COVENANTS** - All of the foregoing is referred to in this Security Instrument as the "Property". BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unincumbered, except for encumbrances of record, Borrower warrants and shall defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

1. **THOROUGH 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 each yearly taxes and assessments which may attach primarily over this Security Instrument as a lien on the Property; (b) yearly household payments and assessments on the Property; (c) any yearly hazard or property insurance premiums; (d) yearly flood insurance premiums; (e) any yearly mortgage insurance premiums; (f) any, and if any, sums payable by Borrower to Lender in accordance with the provisions of paragraph 2, in lieu of the payment of mortgage insurance premiums. These items are called "Funds 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, with respect to 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. ("RETA"), 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 "Funds Items" or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentally, 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 "Funds Items" and not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or carrying the "Funds Items" and 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 not, 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 Funds, and the purpose for which each debit to the Funds was made. The Funds, if placed in additional accounts for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amount 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 "Funds Items" when the 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 months' payments and Lender shall set this action.

A prepayment in full of all sums secured by this Security Instrument, Lender shall promptly return to Borrower any Funds held by Lender in and paragraph 1. Lender shall assign or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply and 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 in whole or in part of the Note, second to amounts payable under paragraph 1, and then to any other debt owed by Borrower to Lender, in the order of priority set forth in paragraph 1. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which are imposed upon or levied against the Property by any governmental authority, and Borrower shall pay these obligations in the manner provided in paragraph 1, and not paid in that manner, Lender shall pay them on time directly to the person or entity to whom payment is due. Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly pay to Lender any taxes which have been assessed against the Property, including but not limited to property taxes, which have been assessed by the person or entity to whom payment is due, and shall pay the same in full when due. Lender shall promptly pay to Lender any taxes which have been assessed against the Property, including but not limited to property taxes, which have been assessed by the person or entity to whom payment is due, and shall pay the same in full when due. Lender shall promptly pay to Lender any taxes which have been assessed against the Property, including but not limited to property taxes, which have been assessed by the person or entity to whom payment is due, and shall pay the same in full when due. Lender shall promptly pay to Lender any taxes which have been assessed against the Property, including but not limited to property taxes, which have been assessed by the person or entity to whom payment is due, and shall pay the same in full when due.

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5. Hazard or Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property 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 requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 4 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

8. Mortgage Insurance. If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve

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10. In the event of a conflict between the provisions of this Security Instrument and the Note and the law of the State of California, the provisions of this Security Instrument shall govern.

11. The law of the State of California shall apply to the interpretation of this Security Instrument and the Note.

12. **Successors and Assigns Bound:** The covenants, conditions and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, and shall be enforceable against the successors and assigns of Lender and Borrower. The covenants, conditions and agreements of this Security Instrument shall also bind and benefit the successors and assigns of Lender and Borrower, and shall be enforceable against the successors and assigns of Lender and Borrower.

13. **Force Majeure:** If the loan is not repaid by the Borrower for a period of 90 days after the date of the last payment due, and if the Borrower is unable to pay the loan for a period of 90 days after the date of the last payment due, the loan shall be deemed to be in default and the Borrower shall be liable for the unpaid principal amount of the loan, plus interest and costs of collection.

14. **Waiver:** Lender hereby waives any and all rights it may have under applicable law to require the Borrower to provide a performance bond or other form of security in connection with the loan. Lender's acceptance of the loan shall constitute a waiver of any such rights.

15. **Assignment:** Lender may assign or otherwise dispose of all or part of its interest in this Security Instrument, and the Borrower shall be bound by the terms of this Security Instrument as if it had been assigned to Lender. The Borrower shall not be entitled to any right of first refusal or other right of first refusal with respect to the assignment of this Security Instrument.

16. **Not a Contract:** This Security Instrument is not intended to constitute a contract between Lender and Borrower. The Borrower's obligation to repay the loan is based on the promissory note and the Security Instrument, and not on this Security Instrument.

17. **Not a Loan:** This Security Instrument is not intended to constitute a loan between Lender and Borrower. The Borrower's obligation to repay the loan is based on the promissory note and the Security Instrument, and not on this Security Instrument.

18. **Not a Security Instrument:** This Security Instrument is not intended to constitute a security instrument between Lender and Borrower. The Borrower's obligation to repay the loan is based on the promissory note and the Security Instrument, and not on this Security Instrument.

19. **Not a Mortgage:** This Security Instrument is not intended to constitute a mortgage between Lender and Borrower. The Borrower's obligation to repay the loan is based on the promissory note and the Security Instrument, and not on this Security Instrument.

20. **Not a Note:** This Security Instrument is not intended to constitute a note between Lender and Borrower. The Borrower's obligation to repay the loan is based on the promissory note and the Security Instrument, and not on this Security Instrument.

21. **Not a Security Instrument:** This Security Instrument is not intended to constitute a security instrument between Lender and Borrower. The Borrower's obligation to repay the loan is based on the promissory note and the Security Instrument, and not on this Security Instrument.

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16. **Borrower's Copy.** Borrower shall be given one *conformed* copy of the Note and of this Security Instrument.

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 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.

If Lender exercises this option, 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.

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

19. **Sale of Note; Change of Loan Servicer.** The Note or a partial interest in the Note (together with this Security 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 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 given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

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

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

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.

NON-UNIFORM COVENANTS Borrower and Lender further covenant and agree as follows:

21. **Acceleration; Remedies.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

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Form 3014 9-00

OFFICIAL SEAL
JANA E. NICOLETTI
County Public, State of Illinois
Commissioner

This instrument was prepared by:

My Commission Expires: *12/31/2011*

I, *Alfred Khoury*, have and voluntarily acted for the uses and purposes therein set forth
adhered to the foregoing instrument, appeared before me this day in person, and acknowledged that
personally known to me to be the same person whose name is

Alfred Khoury & Almaz Khoury

STATE OF ILLINOIS, County of *Cook*, ss: I, *Alfred Khoury*, do hereby certify that

Alfred Khoury (Seal) Borrower

Almaz Khoury (Seal) Borrower

Alfred Khoury (Seal) Borrower

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in
any riders executed by Borrower and recorded with it.

- Adjustable Rate Rider
- Graduated Payment Rider
- Balloon Rider
- A/Rider
- Contingent Rate Rider
- Planned Exit Development Rider
- Rate Improvement Rider
- Other (Specify):
- 1-4 Family Rider
- Reverse Payment Rider
- Second Home Rider

24. Riders to the Security Instrument. If one or more riders are executed by Borrower and recorded together with this
Security Instrument, the terms, covenants and agreements of each such rider shall be incorporated into and supplement
the covenants and agreements of this Security Instrument as if the riders were a part of this Security Instrument.

25. Back appraisals. Borrower shall provide a current appraisal of the property to be mortgaged to the lender at the time of recording of this Security Instrument.

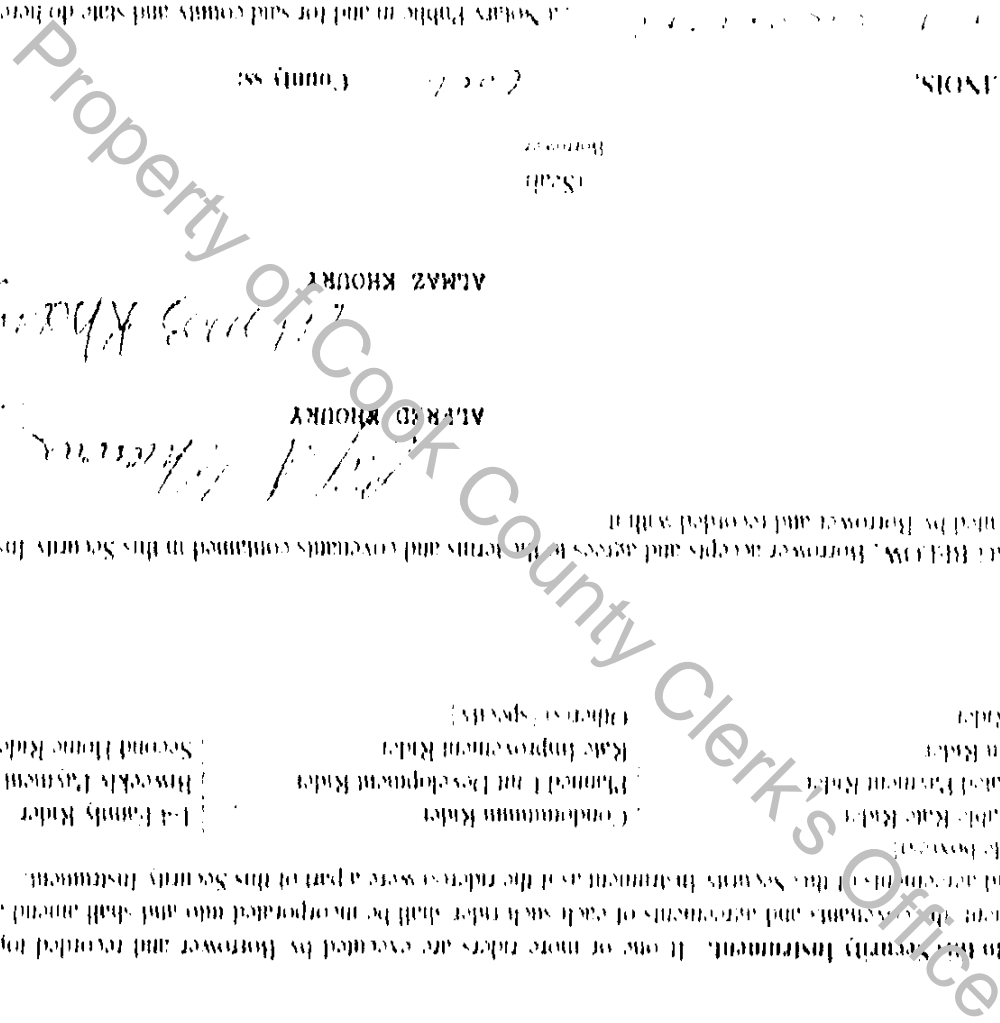
26. Waiver of Homestead. Borrower waives all right of homestead exemption in the property.

27. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument
without charge to Borrower. Borrower shall pay any recording costs.

28. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument
without charge to Borrower. Borrower shall pay any recording costs.

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RECORDING REQUESTED BY

WHEN RECORDED MAIL TO

NAME BARCLAYS AMERICAN/MORTGAGE CORPORATION
MAILING ADDRESS P.O. BOX 33213, DEPT. 535
CITY STATE ZIP CODE CHARLOTTE, NC 28233-3213
PHONE 704-357-7600

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ADJUSTABLE RATE RIDER (London Interbank Offered Rates "LIBOR" 6-Month Index - Rate Caps - Non-Encumbrance Period - "No Doc" Version)

THIS ADJUSTABLE RATE RIDER is made this 12TH day of DECEMBER, 1994, 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 CHICAGOLAND MORTGAGE CORPORATION (the "Lender") of the same date and covering the property described in the Security Instrument and located at: 7227 NORTH TRIPP AVENUE, LINCOLNWOOD, IL 60077 (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 MINIMUM AND MAXIMUM RATES 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 to incorporate the following Note provisions into the Security Instrument as follows:

A. ADJUSTABLE INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial interest rate of 8.000%. The Note provides for changes in the interest rate and the monthly payments, as follows (numbered sections herein supplement sections in the Note):

1. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The initial interest rate I will pay will change on the first day of JULY, 1995, and on the 1 day every 6th 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 which is based upon comparable information. The Note Holder will give me notice of this choice.

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Notwithstanding Borrower's covenants as set forth in Paragraph A of this Section above, if, at any time during the term of the mortgage, Borrower consents to the encumbrance of the Property by a junior lien holder, or is made aware of the existence of such junior lien or encumbrance, it shall notify Lender, in writing, of such event and shall provide Lender with copies of the related note and security instrument which permits such encumbrance, or the filed or recorded copies of any instrument or encumbrance, in order for Lender to exercise its rights herein as set forth more fully in Paragraph D below.

For the period of time commencing as of the date of this Note and continuing for a period of 270 days thereafter, the "Non-Payment Period", the Borrower covenants and agrees that it will not enter into any agreement with any person or entity, other than the Lender, that permits the creation, filing and recording of a lien against the Property, as more fully described in the Security Instrument referred to in Section 12 below, in order to secure repayment by Borrower of any additional indebtedness other than the indebtedness covered by this Note. Borrower further covenants and agrees that it will not permit or take any action that will result in the filing or recording of any junior lien or encumbrance, including but not limited to judgments, tax liens, mortgages and real estate liens, against the Property.

A. As to the encumbrance of Property

11. ADDITIONAL COVENANTS OF BORROWER RELATING TO ESTABLISHMENT OF PROPERTY

The Note provides for an increase in the rate of interest payable interest, an increase in the amount of the Margin that is added to the Current Index to calculate new interest rates at each Change Date, and an increase in the Maximum Rate above which the interest rate will never increase after the happening of the following event, described in the Note as follows (numbered sections herein apply in the same manner as in the Note):

B. CHANGE IN INTEREST RATE, MARGIN AND MAXIMUM RATE, DEPENDENT TO SECONDARY FINANCING

The Note Holder will deliver or mail to the Borrower, in a notice of any change 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 this notice.

My new interest rate will become effective on the 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.

(D) Effective Date of Changes

Subject to the conditions contained in Section 11 of this Note, my interest rate will never be increased or decreased on any single Change Date by more than one percentage point (1%) from the rate of interest I have been paying for the preceding six month period. Subject to the conditions contained in Section 11 of this Note my interest rate will never be greater than 14.000% which is called the "Maximum Rate". My interest rate will never be less than the Margin mentioned in Paragraph C of this Section.

(E) Limits on Interest Rate Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding TWO AND 7/8 percentage points (2.875%) to the "Margin" to the Current Index. The Note Holder will then round the result of this addition up to the nearest one-eighth of one percentage point (1.25%). Subject to the limit stated in Section 4(D) below, this rounded amount will 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) and expected to owe at the Change Date in full on the maturity date at my new interest rate in substantially equal payments. result of this calculation will be the new amount of my monthly payment.

(F) Calculation of Changes

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(C) Title Search By Lender

Lender may, at its option, conduct a title search within ninety days of the expiration of the Non-Encumbrance Period to determine if any liens or encumbrances have been recorded against the Property. The expense incurred by Lender in conducting such search shall be paid by Borrower from funds paid to Lender at the closing of the loan evidenced by this Note.

(D) Adjustments to Interest Rate Payable on the Note, Margin, and Maximum Rate

In the event Borrower grants a subordinate lien or other encumbrance against the Property during the Non-Encumbrance Period despite Borrower's covenants as set forth in Paragraph A of this Section, the following adjustments to the terms and conditions of this Note will immediately occur:

(i) the interest rate payable on the Note shall be increased by two percent (2%) per annum, commencing as of the first day of the month immediately following the month in which Lender provides Borrower with written notification of such breach and the amount of increase in Borrower's monthly payment as a result of such interest increase. The amount of such additional interest shall be payable monthly in arrears in addition to the amount of monthly installment of principal and interest then due under the terms of this Note and shall be payable at the same time and place as is provided in this Note for payment of the scheduled principal and interest payment. Such additional interest payment shall continue to accrue and be payable by Borrower until the next Change Date when the interest rate payable on this Note shall be adjusted as provided in Section 4 above. At that Change Date the interest rate amount calculated at the prior Change Date plus the additional two percent (2%) provided for in this subparagraph, totaled together, will constitute the interest rate to which the interest rate adjustment caps provided in Section 4(D) above shall apply.

(ii) the Margin, that is added to the Current Index to calculate my new interest rate, as provided in Section 4(C) above, shall be increased by an additional two percent (2%), which new Margin shall remain in effect for the remaining term of this Note; and

(iii) the Maximum Rate, above which my interest rate will never increase, shall be increased by an additional two percent (2%) over the amount shown in Section 4(D) above.

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

ALFRED KHOURY

Borrower

ALMAZ KHOURY

Borrower

Borrower

Borrower

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