. The mortgagor is

County, Illinois:



.. (Space Above This Line For Recording Data) .

LOAN NO. 05-156709-1

### MORTGAGE

THIS MOKYCAGE ("Security Instrument") is given on October 1, 1985

NORMAN B. PASS AND HANNAH PASS, HIS WIFE ("Borrower!"). This Security Instrument is given to ST. PAUL FEDERAL BANK FOR SAVINGS, which is organized and existing under the laws of the Gated States of America, and whose address is 6700 W. North Avenue, Chicago, Illinois 60635 ("Lender"). Borrower ower cander the pricipal sum of NINETY FIVE THOUSAND AND 00/100---W.S. \$95,000.00 Whis 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 enrier, due and payable on NOVEMBER 1, 2015 . This Security Instrument secures to Lender; (a) the repayment of the debt evidenced by the Note, with interest, and all rene we sextensions and modifications; (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-

LOT 37 IN WINDFIELD PHASE I, BEING A SUBDIVISION OF PART OF THE NORTH 1/2 OF THE SOUTHEAST 1/4 OF SECTION 6 TOW SHIP 42 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PERMANENT INDEX NUMBER: 03-06-404-007

Continue

which has the address of 1413 ROSE BOULEVARD, BUFFALO GROVE, IL 60090 ("Property Address");

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all 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.

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.

### **UNOFFICIAL COPY**

41, Faul Federal Savings & Loan Asan, of Chicago ago, Wichorl Rd., Rolling Moadows, IL 60068 21. Paul Federal Bank For Savings NUARB I TRIBOR

(2479) Adjustable Raie Ridet (2479)

Rolling Meadows, IL 80009 3901 Kirchoff Rd. This Instrument Was Prepared by FOR SAMINGS ST. PAUL FEDERAL BANK This instrument prepared by: 48-55230T CI # 2181# TRAN 0101 10/07/85 15:20:00 カククタサー \$11.52 DEPT-01 RECORDING My commission expires: (0-6-87) Given under my hand and official seal, this . dirorth. signed and delivered the said instrument as therein free and voluntary act for the uses and purposes therein subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that personally known to me to to the same person(s) whose name(s) do hereby certify that NORMAN B. PASS AND HANNAH PASS, HIS MIFE , a Notary Public in and for said county and state, County ss: State of Illinois, SSAY HANNAH (Seal).... yoursey (Seal) Instrument and in any rider(s) executed by Borrower and recorded with it. BY SIGNING BELOW, Porrower accepts and agrees to the terms and covenants contained in this Security X Loan Rider (2384) Other(s) [specify] Loan Rider (2506) Madendum to Adj. Rate Planned Unit Development Rider Caduated Pare or Rider 134 Family Rider Sondominium Rider

supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument [(the country box(es)] bna bname llante bna oini betanoquooni ed llante tebri deux de sante angue bna stranevoo edt "insmutten Lyiruse Reich 23. Riders to this Security instrument. If one or more riders are executed by Borrower and recorded together with

costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on research of the Property and collection of the not of the sums secured by this Security Instrument.

21. 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 recordation costs.

22. Walver of Homestead. Borrower shall pay any recordation costs. appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property and to collect the rents of the Property and to collect the rents of the prior to the expiration of any period of redemption following judicial sale, Lender (in person, by agent or by judicially

26. Lender in Possession. Upon acceleration under paragraph 19 or abandonment of the Property and at any time

to, reasonable attorneys' fees and costs of title evidence. entitied to collect all expenses incurred in pursuing the remedies provided in this paragraph 19, including, but not limited Instrument without further demand and may foreciose this Security Instrument by judicial proceeding. Lender shall be date specified in the notice. Lender at its option may require immediate payment in full of all sums secured by this Security of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or before the 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, Torselosure 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 applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a of any coverantion agreement in this Security Instrument (but not prior to acceleration under paragraphs 13 and 17 unless 49. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach NON-UNIFORM COVENANTS. Borrower and Lender further coverant and agree as follows:

### UNOFFICIAL CORY

8. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

9. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned

and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower.

If the Property is abandoned by borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property

or to the sums secured by this Security Instrument, whether or not then due.

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 I and 2 or change the amount of such payments.

10. Borrower No. Keleased; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify a nertization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Corrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

11. Successors and Assigna Bound, Joint and Several Liability; Co-Signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and ag cements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is accessigning this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the coms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) egrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without

12. Loan Charges. If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interpret 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 permitted limit; and (b) any sv ns already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed. under the Note or by making a direct payment to Borrower. If a refund of duces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

13. Legislation Affecting Lender's Rights. If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Security Instrument unenforceable according to its terms. Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument and may invoke any remedies permitted by paragraph 19. If Lender exercises this option, Lender shall take the steps appetited in the second paragraph of

paragraph 17.

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

15. Governing Law; Severability. This Security Instrument shall be governed by federal lay, and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Ins. runent and the

Note are declared to be severable.

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 had no acceleration 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 rights 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 paragraphs 13 or 17.

insurance terminates in accordance with

Bottower shall pay the premiums required to maintain the insurance in effect until such time as the requirement for the

If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument,

requesting payment. from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower

Security Instrument, Uniess Borrower and Lender agree to other terms of payment, these amounts shall bear interest Any amounts disbursed by Lender under this paragraph? shall become additional debt of Borrower secured by this

Lender may take action under this paragraph 7. Lender does not have to do so.

Instrument, appearing in court, paying reasonable attorneys fees and entering on the Property to make repairs. Although Property, Lender's actions may include paying any sums secured by a fien which has priority over this Security then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations).

and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's 7. Protection of Lender's Rights in the Property; Mortgage insurance. If Borrower fails to perform the covenants

and fee title shall not merge unless Lender agrees to the merger in writing. Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold change the Property, allow the Property to deteriorate or commit waste. It this Security Instrument is on a leasehold,

6. Preservation and Maintenance of Property; Leaseholds. Borrower shall not destroy, damage or substantially

this Security Instrument immediately prior to the acquisition. resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by

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 I and 2 or change the amount of the payments. If under paragraph 19 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds in the property is acquired by Lender, Borrower's right to any insurance policies and proceeds when the notice is given.

the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-ary period will begin offered to soute a claim, then Lender may collect the insurance proceeds. Lender may use the product of repair or restore applied to the sums secured by this Security Instrument, whether or not then due, with a sy excess paid to Borrower. It Borrower abandons the Property, or does not answer within 30 days a notice from Lender inst in e insurance earrier has restoration or repair is not economically leasible or Lender's security would be lessened, 'ne insurance proceeds shall be of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair carrier and Lender. Lender may make proof of loss if not made promptly by Burwer. all receipts of paid premiums and renewal notices. In the event of loss, Borro w., shall give prompt notice to the insurance

Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender All insurance policies and renewals shall be acceptable to Lender and chall include a standard mortgage clause.

unreasonably withheld. Lender requires insurance. This insurance shall be maintained in the mounts and for the periods that Lender requires.
The insurance carrier providing the insurance shall be chosen by Borrow, or subject to Lender's approval which shall not be insured against loss by fire, hazards included within the terns extended coverage" and any other hazards for which

days of the giving of notice.

5. Hazard insurance, Borrower shall keep the improviments now existing or hereafter erected on the Property

a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 part of the Property is subject to a lien which may attain I do ity over this Security Instrument, Lender may give Borrower lien an agreement satisfactory to Lender subordinatit atte the to this Security Instrument. If Lender determines that any

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 enforce nent of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or for it, it of any part of the Property; or (c) secures from the holder of the operate to prevent the enforcement of the lien or for it, it of any part of the Property; or (c) secures from the holder of the Borrower shall promptly discharge at y lien which has priority over this Security Instrument unless Borrower; (a) receipts evidencing the payments.

pay them on time directly to the person on ed payment. Borrower shall promptly lumish to Lender all notices of amounts to be paid under this paragraph. If Borrow er ahase payments directly, Borrower shall promptly furnish to Lender Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall 4. Charges; Liens. Borrow's rishall 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.

principal due. paragraphs a and 2 shall be; pplied: first, to amounts payable under paragraph 2; second, to interest due; and last, to

application as a credit gainst the sums secured by this Security Instrument, all payments received by Lender under

Funds held by Lander Bringraph 19 the Property is sold or acquired by Lender, Lender shall apply, no later than immediately prior in the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of

Upon paymen in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any

amount of the Punds field by Lender is not sufficient to pay the escrowitems when due, Borrower shall pay to Lender any Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly payments of Funds. If the due dates of the escrow items, shall exceed the amount required to pay the escrow items when due, the excess shall be, at

If the amount of the Funds held by Lender, together with the future monthly payments of Funds payable prior to the secured by this Security Instrument.

the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums shall give to Botrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender Lender may agree in writing that interest shall be paid on the Funds. Unless an agreement is made or applicable law Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge, borrower and Lender may not charge for holding and applying the Funds, analyzing the account or verifying the escrow items, unless state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay the escrow (tems. The Funds shall be field in an institution the deposits or accounts of which are insured or guaranteed by a federal or

current data and reasonable estimates of future escrow items. insurance premiums, it any. These items are called "escrow items." Lender may estimate the Funds due on the basis of payments of ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (d) yearly morigage 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 of 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") equal to one-twellth of: (4) yearly paxes and assessments which may attain priority over this Security Instrument; (b) yearly leasehold

1. Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

LOAN NO. 05-156709-1 DATE October 1, 1985

THIS RIDER is incorporated into a certain Security Instrument dated of even date herewith given by the undersigned (the "Borrower") to St. Paul Federal Bank For Savings (the "Lender") to secure a mortgage indebtedness; said Security Instrument encumbers real property commonly described as:

1413 ROSE BOULEVARD, BUFFALO GROVE, IL 60090

(PROPERTY ADDRESS)

- 1.) Borrower and Lender agree that inclwithstanding anything contained in Uniform Covenant 21 of the Security Instrument, Lender is hereby authorized to charge a reasonable fee for the preparation and delivery of a release deed.
- 2.) Borrower and Lender agree that if the Federal Maticnal Mortgage Association or the Federal Home Loan Mortgage Corporation buy all or some of the Lende 's rights under the Security Instrument, this Rider will no longer have any force or effect.

IN WITNESS WHEREOF, BORROWER has executed this RIDER.

NORMAN B. PASS

Borrower

HANNAH PASS

9 orrower

# **UNOFFICIAL COPY**

Property of Coof County Clerk's Office

# ADJUSTABLE HATELOAN HIDER

LOAN NO. 05-171709-1 DATE October 1, 1985

This Rider is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Deed to Secure Debt (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to ST. PAUL FEDERAL BANK FOR SAVINGS, (the "Lender") of the same date herewith (the "Note") and covering the Property described in the Security Instrument and located at:

1413 ROSE BOULEVARD, BUFFALO GROVE, IL 60090 (Property Address)

NOTICE TO BORROWER: THE SECURITY INSTRUMENT SECURES A NOTE WHICH CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND MONTHLY PAYMENTS. THE BORROWER'S MONTHLY PAYMENTS ARE IN FIXED AMOUNTS DURING THE FIRST FIVE YEARS OF THE NOTE, THE PANAINING MONTHLY PAYMENTS COULD INCREASE OR DECREASE, DEPENDING ON CHANGES IN THE INTEREST RATE. THE PRINCIPAL AMOUNT THE BORROWER MUST REPAY MAY BE LARGER THAN THE AMOUNT ORIGINALLY BORROWED.

Modifications, In a idition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant, and agree as follows:

INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note has an Initial Interest Rate of 11,000%. Beginning on the date of the Note, the Borrower will pay interest at the Initial Interest Path until the first Change Date. The Note interest may be changed on the 1st day of the month beginning on NOVEMBER 1, 1986 and on that day of the month every 12 months thereafter. Each date on which he rate of interest may change is called a Change Date.

Changes in the interest rate are governe aby changes in an interest rate index called the "Index". The Index is the Federal Home Loan Bank Board Monitory lational Median Annualized Cost of Funds for FSLIC-insured savings and loan associations.

The first sixty monthly payments due under the Note will each be in the amount of \$904.71.

Beginning with the 61st payment, the amount of the monthly payments will be determined in accordance with the terms of the Note and will always be sufficient to repay the unpaid principal calence in full in substantially equal payments by the final payment date.

Each of the 13th through 60th monthly payments of the first sixty monthly payments set forth above could be less than the amount of the interest portion of a monthly payment which then would be sufficient to repay the unpaid principal balance in full on the final payment date at the current rate of interest in substantially equal payments. If so, each month that the amount of the monthly payment is less than the interest portion, the Note Holder will subtract the amount of the monthly payment from the amount of the interest portion and will add the difference to the unpaid principal balance. The Note Holder will also add interest on the amount of this difference to the unpaid principal balance each month. The rate of interest added to principal will be the rate of interest as changed from time to time by provisions of the Note described above.

By signing this, Borrower agrees to all of the above.

NORMAN B. PASS -BOTTOWET

HANNAH PASS -BOTTOWET

(Seal)

HANNAH PASS -BOTTOWET

# **UNOFFICIAL COPY**

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### ADDENDUM 5 ADJUSTABLE RACE ORN YIDER

(Fixed Rate Conversion and Assumption Options)

LOAN NO. 05-156709-1 DATE October 1, 1985

THIS ADDENDUM TO ADJUSTABLE RATE LOAN RIDER is incorporated into and shall be deemed to amend and supplement the Adjustable Rate Loan Rider (the "Rider") to the Mortgage, Deed of Trust or Security Deed (the "Security Instrument"), each dated the same date as this Addendum and given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note with Addendum To Adjustable Rate Note to ST. PAUL FEDERAL BANK FOR SAVINGS, (the "Lender") and dated the same date as this Addendum (the "Note"), covering the property described in the Security Instrument and located at;

1413 ROSE BOULEVARD, BUFFALO GROVE, IL 60090 (Property Address)

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

#### A. FIXED INTELEST RATE OPTION

The Note provides for the Borrower's option to convert from an adjustable interest rate to a fixed interest rate, as follows:

#### 1. Option to Converto Fixed Rate

I have a Conversion Cotton which I can exercise unless I am in default or this Section A1 or Section A3 below will not permit me to do so. The "Conversion Option" is my option to convert the interest rate I am required to pay by the Note from an adjustable rate to a fixed rate.

The conversion can only take place on the third, fourth or fifth Change Date. Each Change Date on which my interest rate can convert from an adjustable rate to a fixed rate also is called a "Conversion Date." I can convert my interest rate only on one of these three Conversion Dates.

If I want to exercise the Conversion Ootlo 1, I must first meet certain conditions. Those conditions are that: (a) I must give the Note Holder notice that I am doing so at least 15 days before the next Conversion Date; (b) on the Conversion Date, I am not in default under the Note or the Security Instrument; (c) by the Conversion Date, I must pay the Note Holder a conversion fee equal 10 one percent (1.0%) of the unpaid principal I am expected to owe on that Conversion Date plus U.S. \$250,00 ; (d) by the Conversion Date, if an appraisal report is required by Section A3 below, the Note Holder has received the report and I have paid the appraisal fee and any amount necessary to reduce unpaid principal; and (c) I must sign and give the Note Holder any documents the Note Holder requires to effect the conversion.

#### 2. Calculation of Fixed Rate

My new, fixed interest rate will be equal to the Federal Navinal Mortgage Association's required net yield for 30-year, fixed rate mortgages covered by 30-day mandatory delicery commitments in effect as of the date 15 days before the Conversion Date, plus five-eighths of one percent (.625%). If this required net yield is not available, the Note Holder will determine my interest rate by using a comparable figure.

#### 3. Reduction of Principal Balance Before Conversion; Appraisal

If the unpaid principal I am expected to owe on the Conversion Date will be reater than the original principal amount of my loan, the Note Holder may require an appraisal report on the valua of the property described in the Security Instrument. The appraisal report must be prepared by a qualified appraisal sections by the Note Holder will pay the Note Holder a reasonable fee for this appraisal report.

The unpaid principal I am expected to owe on the Conversion Date could be an a nount greater than 95% of the appraisal report's stated value of the property securing my loan. If so, I cannot exercise the Conversion Option unless I pay the Note Holder an amount sufficient to reduce my unpaid principal count amount equation 95% of the stated value of the property.

#### 4. Determination of New Payment Amount

If I choose to exercise the Conversion Option, the Note Holder will determine the amount of the monthly payment that would be sufficient to repay the unpaid principal I am expected to owe on the Conversion Date in full by the final payment date at my new fixed interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment. Beginning with my first monthly payment after the Conversion Date, I will pay the new amount as my monthly payment until the final payment date.

### INOFFICIAL COPY B. ASSUMPTION OPTI

and the first the same

The provisions of Uniform Covenant 17 of the Security Instrument provides 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.

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.

Notwithstanding the provisions of Uniform Covenant 17 of the Security Instrument, Lender shall waive such option to accelerate and shall release Borrower from all obligations under the Security Instrument and the Note provided that, prior to the sale or transfer, (a) Borrower is not in default of the terms and conditions of the Security Instrument and the Note, (b) the credit of the person to whom the Property is to be sold or transferred is satisfactory to cender, (c) Lender is paid Lender's then applicable assumption fee, (d) the person to whom the property is to be sold or transferred executes an assumption agreement acceptable to Lender wherein such person agrees to assume all of the Borrower's obligations under the Security Instrument and the Note.

NON MANNAH PASE BY SIGNING BEI (W) Borrower accepts and agrees to the terms and covenants contained in this Addendum To Adjustable Rate Loan Rider.

(Seal)

(Seal)