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This instrument was prepared by:
Michelle M. Larsen
Richmond Bank
(Name)
Richmond, Ill., 60071
(Address)

ILLINOIS

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MORTGAGE

THIS MORTGAGE is made this 28th day of October 1985, between the Mortgagor, Rick N. Nelson and Donna M. Nelson, his wife (herein "Borrower"), and the Mortgagee, Bank of Richmond, a corporation organized and existing under the laws of The State of Illinois whose address is 18910 Main Street - Richmond, Illinois 60071 (herein "Lender").

1700

WHEREAS, Borrower is indebted to Lender in the principal sum of One hundred thirty-five thousand and no/100 Dollars, which indebtedness is evidenced by Borrower's note dated October 28, 1985 (herein "Note"), providing for monthly installments of principal and interest, with the balance of the indebtedness, if not sooner paid, due and payable on November 1, 2005.

To SECURE to Lender (a) the repayment of the indebtedness evidenced by the Note, with interest thereon, the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Mortgage, and the performance of the covenants and agreements of Borrower herein contained, and (b) the repayment of any future advances, with interest thereon, made to Borrower by Lender pursuant to paragraph 21 hereof (herein "Future Advances"), Borrower does hereby mortgage, grant and convey to Lender the following described property located in the County of Cook, State of Illinois:

Lot 16 in Glen Estates, a subdivision in the East one-half in the Southeast one-quarter of Section 11, Township 41 North, Range 12 East of the Third Principal Meridian, according to the plat thereof recorded June 18, 1984 as document 27133915, in Cook County, Illinois.

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Clerk's Office

which has the address of 2732 Maynard Court, Glenview, Illinois 60025 (herein "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, water rights, and water stock, and all fixtures now or hereafter attached to the property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Mortgage; and all of the foregoing, together with said property (or the leasehold estate if this Mortgage is on a leasehold) are herein referred to 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, that the Property is unencumbered, and that Borrower will warrant and defend generally the title to the Property against all claims and demands, subject to any declarations, easements or restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring Lender's interest in the Property.

7. Protection of Lender's Security. If Borrower fails to perform the covenants and agreements contained in this Mortgage, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements involving a bankruptcy or decedent, then Lender, at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs. If Lender required mortgage insurance as a condition of making the loan secured by this Mortgage, Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Borrower's and

6. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments. Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Mortgage is on a leasehold. If this Mortgage is on a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, and consistent documents, and shall comply with the provisions of any lease if this Mortgage is on a unit in a condominium or a planned unit development. Borrower shall amend and supplement the covenants and agreements of this Mortgage as if the rider were a part hereof.

5. Hazard 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 such other hazards as Lender may require and in such amounts and for such periods as Lender may require, provided that Lender shall not require that the amount of such coverage exceed that amount of coverage required to pay the sums secured by this Mortgage.

4. Charges; Taxes. Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over his Mortgage, and leasehold payments or ground rents, if any, in the manner provided under paragraph 2 hereof or, if not paid in such manner, by Borrower making payment, when due, directly to the principal on any Future Advances.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraph 1 and 2 hereof shall be applied by Lender first in payment of amounts payable to Lender by Borrower under paragraph 2 hereof, then to interest payable on the Note, then to the principal of the Note, and then to interest and principal on any Future Advances.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay a sum (herein "Funds") equal to one-twelfth of the yearly taxes and assessments which may attain priority over this Mortgage, and ground rents on the Property, if any, plus one-twelfth of yearly premium installments for hazard insurance, plus one-twelfth of yearly premium installments for mortgage insurance, if any, all as reasonably estimated initially and from time to time by Lender on the basis of assessments and bills and reasonable estimates thereof.

1. Payment of Principal and Interest. Borrower shall promptly pay when due the principal of and interest on any Future Advances secured by this Mortgage, and late charges as provided in the Note, and the principal of and interest on any Future Advances secured by this Mortgage.

85 274 542

Lender's written agreement or applicable law. Borrower shall pay the amount of all mortgage insurance premiums in the manner provided under paragraph 2 hereof.

Any amounts disbursed by Lender pursuant to this paragraph 7 with interest thereon shall become additional indebtedness of Borrower secured by this Mortgage. Lender, Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower to post payment thereon and shall bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law. Nothing contained in this paragraph 7 shall require Lender to incur any expense or take any action hereunder.

8. **Inspection.** Lender may make or cause to be made reasonable entries upon and inspections of the Property provided that Lender shall give Borrower notice prior to any such inspection or specifying reasonable cause therefor related to Lender's interest in the Property.

9. **Condemnation.** The proceeds of any award or claim for damages, interest or compensation of any proceeding with any condemnation or other taking of the Property or part thereof or for a proceeding for an order 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 Mortgage, with the excess if any, paid to Borrower. In the event of a partial taking of the Property, Lender, Borrower and Lender otherwise agree in writing, there shall be applied to the sums secured by this Mortgage a proportion of the proceeds at a ratio to that proportion which the amount of the sums secured by this Mortgage immediately prior to the date of taking bears to the fair market value of the Property immediately prior to the date of taking, with the balance of the proceeds paid to Borrower.

If the Property is damaged by Borrower or a party acting by Lender, Borrower that the condemner offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds of Lender's claim, either as a setoff or in lieu of the Property or to the sums secured by this Mortgage.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the monthly installments referred to in paragraphs 1 and 2 hereof or change the amount of such installments.

10. **Borrower Not Released.** In the event of the time for payment or satisfaction of any sum secured by this Mortgage granted by Lender to Borrower in respect of Borrower shall not operate to release in any manner the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or cause to extend time for payment or otherwise modify any variation of the sums secured by this Mortgage by reason of any demand made by the original Borrower and Borrower's successors in interest.

11. **Forbearance by Lender Not a Waiver.** Any forbearance by Lender in exercising any right or remedy hereunder or otherwise afforded by applicable law shall not be a waiver or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Mortgage.

12. **Remedies Cumulative.** All remedies provided in this Mortgage are distinct and cumulative to any other right or remedy under this Mortgage or afforded by law or equity and may be exercised concurrently, independently or successively.

13. **Successors and Assigns Bound; Joint and Several Liability; Captions.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to the benefit of, successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17 hereof. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

14. **Notice.** Except for any notice required under applicable law, any notice to be given in another manner, in any notice to Borrower provided for in this Mortgage shall be given by mailing a copy to be certified mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and the any notice to Lender shall be given by certified mail to the relevant address of Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Mortgage shall be deemed to have been given to Borrower if Lender acts in the manner designated herein.

15. **Uniform Mortgage; Governing Law; Severability.** This form of mortgage, including form covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property. This Mortgage shall be governed by the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision, and to this end the provisions of the Mortgage and the Note are declared to be severable.

16. **Borrower's Copy.** Borrower shall be furnished a confirmed copy of the Note and of this Mortgage at the time of execution or after recording hereof.

17. **Transfer of the Property; Assumption.** If all or any part of the Property or an interest therein is sold or transferred by Borrower without Lender's prior written consent, excluding (a) the creation of a lien or encumbrance subordinate to this Mortgage (b) the creation of a purchase money security interest for household appliances, (c) a transfer by devise, descent or by operation of law upon the death of a person entitled to the grant of the household interest, (d) a lease of five years or less not containing an option to purchase, Lender may, at Lender's option, declare all the sums secured by this Mortgage to be immediately due and payable. Lender shall have waived such option to accelerate if, prior to the sale or transfer, Lender and the person to whom the Property is to be sold or transferred reach agreement in writing that the credit of that person is satisfactory to Lender and that the interest payable on the sums secured by this Mortgage shall be at such rate as Lender shall request. If Lender has waived the option to accelerate provided in this paragraph 17, and if Borrower's successor in interest has executed a written assumption agreement accepted in writing by Lender, Lender shall release Borrower from all obligations under this Mortgage and the Note.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with paragraph 14 hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by paragraph 18 hereof.

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

18. **Acceleration; Remedies.** Except as provided in paragraph 17 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this Mortgage, including the covenants to pay when due any sums secured by this Mortgage, Lender prior to acceleration shall mail notice to Borrower as provided in paragraph 14 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than 30 days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage, 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 breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may foreclose this Mortgage by judicial proceeding. Lender shall be entitled to collect in such proceeding all expenses of foreclosure, including, but not limited to, reasonable attorney's fees, and costs of documentary evidence, abstracts and title reports.

19. **Borrower's Right to Reinstate.** Notwithstanding Lender's acceleration of the sums secured by this Mortgage, Borrower shall have the right to have any proceedings begun by Lender to enforce this Mortgage discontinued at any time

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(Space Below This Line Reserved For Lender and Recorder)

Michelle M. Nelson
Notary Public

My Commission expires: 8-31-89

Given under my hand and official seal, this 28th day of October, 19 85

set forth.

signed and delivered the said instrument as their 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 the X's

personally known to me to be the same person(s) whose name(s) are

do hereby certify that Rick K. Nelson and Donna M. Nelson, his wife

I, the undersigned, a Notary Public in and for said county and state,

County ss: _____

Donna M. Nelson
Borrower

Rick K. Nelson
Borrower

IN WITNESS WHEREOF, Borrower has executed this Mortgage.

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

22. Release. Upon payment of all sums secured by this Mortgage, Lender shall release this Mortgage without charge to Borrower. Borrower shall pay all costs of recordation, if any.

21. Future Advances. Upon request of Borrower, Lender, at Lender's option prior to release of this Mortgage, may make Future Advances to Borrower. Such Future Advances, with interest thereon, shall be secured by this Mortgage when

indebtedness secured by this Mortgage, not including sums advanced in accordance herewith to protect the security of this Mortgage, except the original amount of the Note plus US \$ _____.

20. Assignment of Rents; Appointment of Receiver; Lender in Possession. As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property, provided that Borrower shall, prior to acceleration under paragraph 18

hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable. Upon acceleration under paragraph 18 hereof or abandonment of the Property, and at any time prior to the expiration

of any period of redemption following judicial sale, Lender, in person, by agent or by judicially appointed receiver, shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those

Property and collection of rents, including, but not limited to receiver's fees, premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Mortgage. Lender and the receiver shall be liable to account only for

those rents actually received.

19. Acceleration. Upon request of Borrower, Lender, at Lender's option prior to release of this Mortgage, may make Future Advances to Borrower. Such Future Advances, with interest thereon, shall be secured by this Mortgage when

indebtedness secured by this Mortgage, not including sums advanced in accordance herewith to protect the security of this Mortgage, except the original amount of the Note plus US \$ _____.

18. Acceleration. Upon request of Borrower, Lender, at Lender's option prior to release of this Mortgage, may make Future Advances to Borrower. Such Future Advances, with interest thereon, shall be secured by this Mortgage when

indebtedness secured by this Mortgage, not including sums advanced in accordance herewith to protect the security of this Mortgage, except the original amount of the Note plus US \$ _____.

17. Acceleration. Upon request of Borrower, Lender, at Lender's option prior to release of this Mortgage, may make Future Advances to Borrower. Such Future Advances, with interest thereon, shall be secured by this Mortgage when

indebtedness secured by this Mortgage, not including sums advanced in accordance herewith to protect the security of this Mortgage, except the original amount of the Note plus US \$ _____.

16. Acceleration. Upon request of Borrower, Lender, at Lender's option prior to release of this Mortgage, may make Future Advances to Borrower. Such Future Advances, with interest thereon, shall be secured by this Mortgage when

indebtedness secured by this Mortgage, not including sums advanced in accordance herewith to protect the security of this Mortgage, except the original amount of the Note plus US \$ _____.

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ADJUSTABLE RATE RIDER

THIS ADJUSTABLE RATE RIDER is made this 28th day of October, 1985, and 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 Adjustable Rate Note to Richmond Bank (the "Lender") of the same date (the "Note") and covering the property described in the Security Agreement and located at:

2732 Maynard Court, Glenview, Illinois 60025

(Property Address)

The Note contains provisions allowing for changes in the interest rate every six months. If the interest rate increases, the Borrower's monthly payments will be higher. If the interest rate decreases, the Borrower's monthly payments will be lower.

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

A. INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial interest rate of 9.25%. Sections 4 and 7 of the Note provide for changes in the interest rate and the monthly payments, as follows:

"4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

A. Change Dates

The interest I will pay may change on the first day of August 1, 1985, and on that day every six 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 weekly average yield on United States Treasury securities adjusted to a constant maturity of one years, as made available by the Federal Reserve Board. The most recent Index figure available as of the date 45 days before each Change Date 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.

C. Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding two percentage points (2.00%) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). 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 balance of my loan I am expected to owe on the Change Date in full on the maturity date at my new interest rate in substantially equal payments. The result of this calculation is called the "Full Payment Amount," and it will be the new amount of my monthly payment unless I choose the amount permitted by Section 5(A) below.

ADJUSTABLE RATE RIDER - One Year Treasury Index (R) - Single Family
6/83 - FNMA Uniform Instrument

If Lender determines that all or any part of the Property is subject to a lien which may attain a priority over this Security Instrument, Lender shall send Borrower notice identifying such lien. Borrower shall satisfy such lien or take one or more of the actions set forth above within ten days of the giving of notice.

subordinating such lien to this Security Instrument. holder of such lien an agreement in a form satisfactory to Lender of the Property or any part thereof; or (c) shall secure from the of Lender operate to prevent the enforcement of the lien or forfeiture enforcement of such lien in, legal proceedings which in the opinion (b) shall in good faith contest such lien by, or defend against obligation secured by such lien in a manner acceptable to Lender; long as Borrower: (a) shall agree in writing to the payment of the that Borrower shall not be required to discharge any such lien so lien which has priority over this Security Instrument; provided, evidencing such payments. Borrower shall promptly discharge any directly, Borrower shall promptly furnish to Lender receipts this paragraph, and in the event Borrower shall make payment shall promptly furnish to Lender all notices of amounts due under making payment, when due, directly to the payee thereof. Borrower under Paragraph 2 hereof or, if not paid in such manner, by Borrower leasehold payments or ground rents, if any, in the manner provided which may attain a priority over this Security Instrument, and other charges, fines and impositions attributable to the Property Charges; Liens. Borrower shall pay all taxes, assessments, and

Uniform Covenant 4 of the Security Instrument is amended to read as follows:

8. CHARGES; LIENS

5. NOTICE OF CHANGES
The Note Holder will mail or deliver to me a notice of any changes in the amount of my monthly payment at least thirty days 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."

0. 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.

(check one box to indicate whether there is any maximum limit on interest rate changes, if no box is checked, there will be no maximum limit on changes) 1. If this box is checked, there will be no maximum limit on changes in the interest rate up or down. The preliminary rate will be the new interest rate.
2. If this box is checked, the interest rate will not be changed by more than one percentage points on any Change Date. The Note Holder will adjust the preliminary rate so that the change in the interest rate will not be more than that limit. The new interest rate will equal the figure that results from this adjustment of the preliminary rate. The maximum rate change will be 5.00% over the life of the loan over or below the initial rate.
3. Effective Date of Changes

85 274 542

C. NOTICE

Uniform Covenant 14 of the Security Instrument is amended to read as follows:

14. Notice. Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by first class mail to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

D. UNIFORM SECURITY INSTRUMENT; GOVERNING LAW; SEVERABILITY

Uniform Covenant 15 of the Security Instrument is amended to read as follows:

15. Uniform Security Instrument; Governing Law; Severability. This form of 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. This Security Instrument shall be governed by federal law 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 provisions, and to this end the provisions of this Security Instrument and the Note are declared to be severable.

E. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

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

17. Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or an interest therein 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 Lender's option, declare all the sums secured by this Security Instrument to be immediately due and payable. However, this option shall not be exercised by Lender if exercise is not authorized by Federal law.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with paragraph 14 hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by paragraph 18 hereof.

F. COVENANT DELETED

Non-Uniform Covenant 21 of the Security Instrument ("Future Advances") is deleted.

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My commission expires: 8-27-89

October 19, 1985

Given under my hand and official seal, this 28th day of

for the uses and purposes therein set forth.
delivered the said instrument as their free and voluntary act,

me this day in person, and acknowledged that they signed and
subscribed to the foregoing instrument, appeared before

personally known to me to be the same person(s) whose name(s) are

do hereby certify that Rick K. Nelson and Donna M. Nelson, his wife

I, the undersigned, a Notary Public in and for said County and State,

STATE OF ILLINOIS
COUNTY OF McHENRY

(Sign Original Only)

Borrower
(SEAL)

Donna M. Nelson
Borrower
(SEAL)

Rick K. Nelson
Borrower
(SEAL)

IN WITNESS WHEREOF, Borrower has executed this Adjustable Rate Rider.

If, after the date hereof, enactment or expiration of applicable laws have the effect either of rendering the provisions of the Note, the Security Instrument or this Adjustable Rate Rider (other than this paragraph H) unenforceable according to their terms, or all or any part of the sums secured hereby uncollectable, as otherwise provided in the Security Instrument and this Adjustable Rate Rider, or of diminishing the value of Lender's security, then Lender, at Lender's option, may declare all sums secured by the Security Instrument to be immediately due and payable.

H. LEGISLATION

If the loan secured by the Security Instrument is subject to a law which sets maximum loan charges, 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 permitted limits, then: (1) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (2) any sums 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 reduces principal, the reduction will be treated as a partial prepayment under the Note.

G. LOAN CHARGES

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