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THIS INSTRUMENT WAS PREPARED BY: MARGARET WALTER, 111 E. Rand Rd. Mt. Prospect, IL 60056-#577-1270

ADJUSTABLE MORTGAGE LOAN MORTGAGE

27 315 518

CITICORP SAVINGS

Corporate Office One South Dearborn Street Chicago, Illinois 60603 Telephone (312) 977-5000 LOAN NO. 000544411

\$18.00

THIS MORTGAGE ("Security Instrument") is made this 19TH day of OCTOBER 19 84, between the Mortgagor, JOSEPH M. PATTI AND KATHY J. PATTI, HIS WIFE

~~18.00~~

(herein "Borrower"), and the Mortgagee, Citicorp Savings of Illinois, a Federal Savings and Loan Association, a corporation organized and existing under the laws of The United States, whose address is One South Dearborn Street, Chicago, Illinois 60603 (herein "Lender").

WHEREAS, Borrower is indebted to Lender in the principal sum of EIGHTY-FOUR THOUSAND TWO HUNDRED AND 00/100 Dollars, which indebtedness is evidenced by Borrower's note dated 10-19-84 (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 1ST, 2014

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, Borrower does hereby mortgage, grant and convey to Lender the following described property located in the County of COOK, State of Illinois

Lot 89 in Parkview Heights Subdivision, being a Subdivision in the North East 1/4 of Section 36, Township 41 North, Range 10 East of the Third Principal Meridian, according to the Plat thereof recorded April 12, 1978 as Document 24399728 in Cook County, Illinois.

07-36-210-039

COOK COUNTY, ILLINOIS FILED FOR RECORD

1986 APR 23 AM 9:59

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COOK COUNTY, ILLINOIS FILED FOR RECORD

1984 OCT 30 AM 9:51

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This mortgage is being re-recorded to correct the mortgage rider, 4.(B).

which has the address of ILLINOIS 60007 (State and Zip Code)

832 DEBRA LANE (Street) (herein "Property Address"):

ELK GROVE VILLAGE (City)

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 (of the leasehold estate if this Mortgage is on a leasehold) as 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.

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8. Inspection. Lender shall make reasonable inspections of the Property and inspect the Property Lender shall give Borrower notice at the time of the inspection.

7. Protection of Lender's Rights in the Property; Mortgage Insurance. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding in bankruptcy, probate, for condemnation 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.

6. Preservation and Maintenance of Property; Leaseholds. Borrower shall not destroy, damage or substantially change the Property, allow the Property to deteriorate or commit waste. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

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 any other hazards for which Lender requires insurance. This insurance shall be maintained in the amount and for the periods that Lender requires. The insurance carrier 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.

4. Charges; Taxes. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attach prior to the security instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender receipts evidencing the payments.

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

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") equal to one-twelfth of: (a) yearly taxes and assessments imposed by governmental bodies which may attach priority over this Security Instrument; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; (d) yearly mortgage insurance premiums, if any. These items are called "escrow items." Lender may estimate the Funds due on the basis of current data and reasonable estimates of future escrow items.

1. Payment of Principal and Interest. Borrower and Lender covenant and agree as follows: independent evidence by the Note and any prepayment and late charges due under the Note.

The Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay the escrow items, Lender may not charge for holding and applying the Funds, analyzing the account or verifying the escrow items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing that interest shall be paid on the Funds. 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. 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 debt to the Funds was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.

If the amount of the Funds held by Lender, together with the future monthly payments of Funds payable prior to the due dates of the escrow items, shall exceed the amount required to pay the escrow items when due, the excess shall be at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly payments of Funds. If the amount of the Funds held by Lender is not sufficient to pay the escrow items when due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as required by Lender.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 19 the Property is sold or acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Security Instrument.

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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 applications 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 such payments.

10. Borrower Not Released; 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 amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower'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 Assigns 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 agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

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 interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) 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 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 specified 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 notice 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 to 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 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 provision. To this end the provisions of the Security Instrument 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, assigned or transferred and Borrower is not a natural person) or if Borrower enters into Articles of Agreement for Deed or any agreement for installment sale of the Property or the beneficial interest in Borrower (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.

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

19. 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 paragraphs 13 and 17 unless applicable law provides otherwise). This 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 nonexistence 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

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BOX 165 - COOK COUNTY RECORDER
BR. # 86 — MT. PROSPECT

815 515 12

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J.H. 2.

BOX 165

ACCT#00054411

(Space Below This Line Reserved For Lender and Recorder)

Joseph M. Patti

Joseph M. Patti

My Commission expires: 2/25/88

Given under my hand and official seal, this 26th day of October, 1984, I, the undersigned, a Notary Public in and for said county and state, do hereby certify that JOSEPH M. PATTI AND KATHY J. PATTI, HIS WIFE, personally known to me to be the same Person(s) whose name(s) they subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that they signed and delivered the said instrument as their free and voluntary act, for the uses and purposes therein set forth.

STATE OF ILLINOIS, County ss: COOK

IN WITNESS WHEREOF, Borrower has executed this Mortgage.

JOSEPH M. PATTI
Joseph M. Patti

Borrower

KATHY J. PATTI
Kathy J. Patti

Borrower

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

- Adjustable Rate Rider
- Graded Payment Rider
- Other (specify)
- Condominium Rider
- Planned Unit Development Rider
- 2-4 Family Rider

(Check applicable boxes)

20. Lender in Possession. Upon acceleration under paragraph 19 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 past due. Any costs collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to 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 with charge to Borrower, for reasonable costs of preparation and delivery of a release deed. Borrower and Lender agree that if the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation buy all or some of the Lender's interest under this Security Instrument, such preparation and delivery of a release deed shall be without charge. Notwithstanding the foregoing Borrower shall pay all costs of recordation, if any.

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

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

NOTICE: The Security Instrument secures a Note which contains a provision allowing for changes in the interest rate. Increases in the interest rate will result in higher payments. Decreases in the interest rate will result in lower payments.

This Rider is made this 19TH day of OCTOBER, 19 84, 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 Note to CITICORP SAVINGS OF ILLINOIS, A FEDERAL SAVINGS AND LOAN ASSOCIATION (the "Lender") of the same date (the "Note") and covering the property described in the Security Instrument and located at 832 DEBRA LANE, ELK GROVE VILLAGE, ILLINOIS 60007
Property Address

MODIFICATIONS. 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 has an "Initial Interest Rate" of 13.125 %. The Note interest rate may be increased or decreased on the FIRST day of the month beginning on NOVEMBER 1ST, 19 87 and on that day of the month every 36 month(s) thereafter.

Changes in the interest rate are governed by changes in an interest rate index called the "Index". The Index is the: [Check one box to indicate Index.]

(1) * The weekly average yield on United States Treasury securities adjusted to a constant maturity of one year, as made available by the Federal Reserve Board.
In no event over the full term of the Note will the interest rate be increased or decreased more than FOUR percentage points (4.00 %) from the Initial Rate of Interest.
Before each Change Date the Note Holder will calculate the new interest rate by adding 2.15 percentage points (2.15 %) to the Current Index. However, the rate of interest that is required to be paid shall never be increased or decreased on any single Change Date by more than THREE percentage points (3.00 %) from the rate of interest currently being paid.

(2) * Other: _____

If the Interest rate changes, the amount of Borrower's monthly payments will change as provided in the Note. Increases in the interest rate will result in higher payments. Decreases in the interest rate will result in lower payments.

B. Loan Changes

It could be that the loan secured by the Security Instrument is subject to a law which sets maximum loan charges and that law is interpreted so that the interest or other loan charges collected or to be collected in connection with the loan would exceed permitted limits. If this is the case, then: (A) any such loan charges shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (B) 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.

C. Prior Liens

If Lender determines that all or any part of the sums secured by this Security Instrument are subject to a lien which has priority over this Security Instrument, Lender may send Borrower a notice identifying that lien. Borrower shall promptly act with regard to that lien as provided in paragraph 4 of the Security Instrument or shall promptly secure an agreement in a form satisfactory to Lender subordinating that lien to this Security Instrument.

D. Transfer of the Property

If there is a transfer of the Property subject to paragraph 17 of the Security Instrument, Lender may require (1) an increase in the current Note interest rate, or (2) an increase in (or removal of) the limit on the amount of any one interest rate change (if there is a limit), or (3) a change in the Base Index figure, or all of these, as a condition of Lender's waiving the option to accelerate provided in paragraph 17.

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

*If more than one box is checked or if no box is checked, and Lender and Borrower do not otherwise agree in writing, the first Index named will apply.

Joseph M. Patti (Seal)
JOSEPH M. PATTI - Borrower
Kathy J. Patti (Seal)
KATHY J. PATTI - Borrower

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**ADJUSTABLE RATE
LOAN
CONVERTIBLE RIDER**

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Citicorp Savings of Illinois

A Federal Savings and Loan Association

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THIS CONVERTIBLE LOAN RIDER is made this 19TH day of OCTOBER, 19 84, 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 (the "Note") to

CITICORP SAVINGS OF ILLINOIS, A FEDERAL SAVINGS AND LOAN ASSOCIATION
(the "Lender") of the same date and covering the property described in the Security Instrument and located at:

832 DEBRA LANE, ELK GROVE VILLAGE, ILLINOIS 60007

(Property Address)

The Adjustable Note contains provisions allowing for changes in the interest rate. 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. On every Change Date, Borrower may convert the adjustable rate loan into a fixed rate, level payment, fully amortizing loan or into an adjustable rate loan with a different Change Date period.

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 13.125%. Section 4 of the Note provides for changes in the interest rate and the monthly payments, as follows:

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The interest rate I will pay may change on the first day of NOVEMBER, 19 87, and on that day every 36 MONTHS 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 3 year(s), as made available by the Federal Reserve Board. The most recent Index figure available as of the date 60 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 2.15 percentage points (2.15%) to the Current Index.

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, subject to subsection (D) below.

(D) Limits on Interest Rate Changes

If checked below, the Note provides for certain limits on interest rate changes:

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- (i) The rate of interest I am required to pay shall never be increased or decreased on any single Interest Change Date by more than 3.00 % from the rate of interest I have been paying for the preceding 36 months.
- (ii) My interest rate will never increase more than 4.00 % from the rate established in Section 2.

(E) Effective Date of Changes

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

(F) Notice of Changes

The Note Holder will mail or deliver to me a notice of any changes in 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 questions I may have regarding the notice.

B. BORROWER'S OPTION TO CONVERT

Borrower may, at Borrower's option, modify the repayment terms of the indebtedness on every Change Date. At that time, Borrower may convert the Adjustable Rate Loan into: (i) a fixed interest rate loan to be fully amortized over a reduced term of 15 years, (ii) a fixed interest rate loan to be fully repaid in equal monthly payments of principal and interest over the remaining term of the loan; or (iii) an Adjustable Rate Loan with a different Change Date period.

Borrower may choose the option to convert if the following conditions are met: (i) the adjustable rate loan is not currently in foreclosure or default; (ii) the adjustable rate loan payments are current as of 45 days prior to the effective conversion date; and, (iii) there have not been two or more late charges in the twelve (12) months prior to the effective conversion date.

In addition, Borrower may only choose the option to convert to a fixed interest rate loan to be fully repaid in equal monthly payments of principal and interest over a reduced term of fifteen (15) years (180 months), upon a review of Borrower's credit information to determine if it meets the Lender's normal credit standards for this type of loan.

C. LENDER'S NOTICE TO BORROWER

Lender's Notice of Changes to Borrower pursuant to the Adjustable Rate Note given prior to each Change Date shall also contain the following additional information pertaining to Borrower's option to convert:

- (i) the fixed interest rate payable by Borrower if Borrower converts to one of the fixed interest rate loan, and the amount of Borrower's new monthly payments at the fixed rates of interest; and
- (ii) the interest rates for each alternate adjustable rate loan payable by Borrower if Borrower converts to another adjustable rate loan, and the amount of Borrower's new monthly payment at each interest rate for each adjustable rate loan; and
- (iii) a date, not more than 15 days from the date the notice is given, by which Borrower must execute and deliver to Lender a document in the form required by Lender evidencing the modification of the Note to provide for either a fixed interest rate loan or an adjustable rate loan with a different Change Date period.

D. SELECTION OF FIXED RATE OR ALTERNATIVE ADJUSTABLE RATE LOAN AND MONTHLY PAYMENT ADJUSTMENT

Lender shall set the interest rates payable by the Borrower 45 days prior to the Conversion Date as follows:

- (i) the fixed interest rate of loans for the remaining term is the sum of the current Federal Home Loan Mortgage Corporation's Required Net Yield for 60-day delivery of 30 year, fixed rate mortgages plus THREE-EIGHTH'S (.375 %).

- (ii) the fixed interest rate of loans for the remaining term or fifteen (15) years (180 months), whichever is less, is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 7 years, plus (2.250 _____%) as made available by the Federal Reserve Board.
- (iii) the adjustable rate mortgages initial interest rates for the remaining term are the weekly average yield on United States Treasury securities, as made available by the Federal Reserve Board, adjusted to a constant maturity of:

- 1 year(s), plus 2.50 % for a 1 year adjustable rate mortgage. The rate of interest will never increase or decrease on any subsequent Change Date by more than 2.00 % from the rate of interest paid in the preceding 12 months.
- 3 year(s), plus 2.25 % for a 3 year adjustable rate mortgage. The rate of interest will never increase or decrease on any subsequent Change Date by more than 3.00 % from the rate of interest paid in the preceding 36 months.
- 5 year(s), plus 2.25 % for a 5 year adjustable rate mortgage. The rate of interest will never increase or decrease on any subsequent Change Date by more than 3.00 % from this rate.
- 7 year(s), plus 2.25 % for a 7 year adjustable rate mortgage. The rate of interest will never increase or decrease on any subsequent Change Date by more than 4.00 % from this rate.
- 10 year(s), plus 2.25 % for a 10 year adjustable rate mortgage. The rate of interest will never increase or decrease on any subsequent Change Date by more than 4.00 % from this rate.

The interest rate will never increase by more than 4.00 % from the rate established in Section 2 of Borrower's Adjustable Rate Note.

If any of the indexes are no longer available, the Lender will choose new indexes which are based on comparable information. The new interest rate will become effective on the Conversion Date if the Borrower chooses to convert.

Borrowers monthly payments at the new interest rate will begin as of the first monthly payment after the Conversion Change Date. The monthly payment will be the amount that is necessary to repay in full the principal Borrower is expected to owe on the Conversion Change Date in substantially equal payments by the maturity date at the new interest rate.

E. BORROWER'S ELECTION NOT TO CONVERT

Borrower must execute and deliver to Lender the document evidencing the modification of the Note within the period set in Lender's notice as provided in paragraph H above. If Borrower does not do this within the specified date, Borrower can no longer exercise the option to convert. In this case, the terms of Borrower's Note will continue in effect without any change.

F. CONVERSION FEE

Borrower agrees to pay the Lender at the time the document evidencing the modification of the Note is executed and delivered a nonrefundable conversion fee equal to ONE-HALF PERCENT (.50 %) of the unpaid principal balance as of the Change Date or \$500.00, whichever is greater.

G. EFFECTIVENESS OR PROVISIONS

Upon Borrower's delivery of the executed modification of the Note, paragraph A above shall cease to be effective.

In Witness Whereof, Borrower has executed this Convertible Loan Rider.

Joseph M Patti (Seal)
-Borrower

JOSEPH M. PATTI
Kathy J Patti (Seal)
-Borrower

KATHY J. PATTI

-Borrower

(Sign Original Only)

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