

# UNOFFICIAL COPY

## MORTGAGE

141104508

This form is filed in connection with mortgages insured under the one-to-four-family provisions of the National Housing Act.

87035374

THIS INDENTURE, Made this 12TH day of JANUARY, 1987, between RICHARD E. PETERSON AND PATRICIA L. PETERSON, HUSBAND/WIFE

Mortgagor, and RESIDENTIAL FINANCIAL CORP.  
a corporation organized and existing under the laws of NEW JERSEY

Mortgagee.

WITNESSETH: That whereas the Mortgagor is justly indebted to the Mortgagee, as is evidenced by a certain promissory note bearing even date herewith, in the principal sum of EIGHTY-FIVE THOUSAND, ONE HUNDRED AND 00 /100

Dollar (\$ 85,100.00 )

SEVEN AND ONE-HALF

See adjustable rate rider

payable with interest at the rate of  $\frac{7.500}{100}$  per centum ( 7.500 %) per annum on the unpaid balance until paid, and made payable to the order of the Mortgagee at its office in

1445 VALLEY ROAD, WAYNE, NEW JERSEY 07470

or at such

place as the holder may designate in writing, and delivered; the said principal and interest being payable in monthly installments of FIVE HUNDRED NINETY-FIVE AND 03 /100

See adjustable rate rider.

Dollars (\$ 595.03 ) on the first day

of MARCH, 1987, and a like sum on the first day of each and every month thereafter until the note is fully paid, except that the final payment of principal and interest, if not sooner paid, shall be due and payable on the first day of FEBRUARY 2017

NOW, THEREFORE, the said Mortgagor, for the better securing of the payment of the said principal sum of money and interest and the performance of the covenants and agreements herein contained, does by these presents MORTGAGE and WARRANT unto the Mortgagee, its successors or assigns, the following described Real Estate situate, lying, and being in the County of COOK and the State of Illinois, to wit:

LOT 28 IN BLOCK 6 IN MARKWOODS ADDITION TO CHICAGO, A SUBDIVISION IN SECTION 25 AND 36, TOWNSHIP 40 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JUNE 2, 1913 AS DOCUMENT NUMBER 51 97 471 IN COOK COUNTY, ILLINOIS.

"SEE ATTACHED PREPAYMENT OPTION RIDER MADE A PART HEREOF."

"SEE ATTACHED ONE TIME MIP RIDER MADE A PART HEREOF."

"SEE ATTACHED ADJUSTABLE RATE RIDER MADE A PART HEREOF."

property address: 2332 N. 74th Ct., Elmwood Park  
P.I. # 12-36-202-021M C  
AAO

TOGETHER, with all and singular the tenements, hereditaments and appurtenances thereunto belonging, and the rents, issues, and profits thereof, and all apparatus and fixtures of every kind for the purpose of supplying or distributing heat, light, water, or power, and all plumbing and other fixtures in, or that may be placed in, any building now or hereafter standing on said land, and also all the estate, right, title, and interest of the said Mortgagor in and to said premises.

TO HAVE AND TO HOLD the above-described premises, with the appurtenances and fixtures, unto the said Mortgagee, its successors and assigns, forever, for the purposes and uses herein set forth, free from all rights and benefits under and by virtue of the Homestead and Exemption Laws of the State of Illinois, which said rights and benefits the said Mortgagor does hereby expressly release and waive.

AND SAID MORTGAGOR covenants and agrees:

To keep said premises in good repair, and not to do, or permit to be done, upon said premises, anything that may impair the value thereof, or of the security intended to be effected by virtue of this instrument; not to suffer any lien of mechanics men or material men to attach to said premises; to pay to the mortgagee, as hereinafter provided, until said note is fully paid, (1) a sum sufficient to pay all taxes and assessments on said premises, or any tax or assessment that may be levied by authority of the State of Illinois, or of the county, town, village, or city in which the said land is situate, upon the Mortgagor on account of the ownership thereof; (2) a sum sufficient to keep all buildings that may at any time be on said premises, during the continuance of said indebtedness, insured for the benefit of the Mortgagee in such forms of insurance, and in such amounts, as may be required by the Mortgagee.

In case of the refusal or neglect of the Mortgagor to make such payments, or to satisfy any prior lien or incumbrance other than that for taxes or assessments on said premises, or to keep said premises in good repair, the Mortgagee may pay such taxes, assessments, and insurance premiums, when due, and may make such repairs to the property herein mortgaged as in its discretion it may deem necessary for the proper preservation thereof, and any moneys so paid or expended shall become so much additional indebtedness, secured by this mortgage, to be paid out of proceeds of the sale of the mortgaged premises, if not otherwise paid by the Mortgagor.

It is expressly provided, however (all other provisions of this mortgage to the contrary notwithstanding), that the Mortgagee shall not be required nor shall it have the right to pay, discharge, or remove any tax, assessment, or tax lien upon or against the premises described herein or any part thereof or the improvements situated thereon, so long as the Mortgagor shall, in good faith, contest the same or the validity thereof by appropriate legal proceedings brought in a court of competent jurisdiction, which shall operate to prevent the collection of the tax, assessment, or lien so contested and the sale or forfeiture of the said premises or any part thereof to satisfy the same.

Replaces FHA-2116M, which may be used until supply is exhausted

STATE OF ILLINOIS  
HUD-92116M (5-80)

120028

Box 158

87035374

UNOFFICIAL COPY

ANN M. WENZ  
ARLINGTON HEIGHTS, IL 60005  
155 E. ALCONQUIN ROAD  
RESIDENTIAL FINANCIAL CORP.  
RETURN TO AND PREPARED BY:

at \_\_\_\_\_ o'clock \_\_\_\_\_ m., and duly recorded in Book \_\_\_\_\_ of \_\_\_\_\_  
County, Illinois, on the \_\_\_\_\_ day of \_\_\_\_\_ A.D. 1987

DOC. NO. \_\_\_\_\_, Filed for Record in the Recorder's Office of \_\_\_\_\_

GIVEN under my hand and Notarial Seal this 12TH day JANUARY A.D. 1987  
*Notary Public*

Do hereby certify that RICHARD E. PETERSON AND PATRICIA L. PETERSON, HUSBAND AND WIFE  
personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me  
this day in person and acknowledged that THEY signed, sealed, and delivered the said instrument as THEIR free and voluntary act  
for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

COUNTY OF Cook

STATE OF ILLINOIS

87033371 (SEAL)

RICHARD E. PETERSON (SEAL)

PATRICIA L. PETERSON (SEAL)

WITNESS the hand and seal of the Mortgagor, the day and year first written.

of this mortgage.

THE COVENANTS HEREIN CONTAINED shall bind, and use benefit and advantages shall inure, to the respective heirs, executors, administrators, successors, and assigns of the parties hereto. Wherever used, the singular shall include the plural, the plural the singular, and the masculine gender shall include the feminine. See adjustable rate rider attached hereto and made a part hereof for

IT IS EXPRESSLY AGREED that no extension of the time for payment of the debt hereby secured given by the mortgagee to any successor in interest of the mortgagee shall operate to release, in any manner, the original liability of the mortgagee.

release or satisfaction by mortgagee.

If Mortgagee shall pay said note at the time and in its full amount, and shall abide by, comply with, and duly perform all the covenants and agreements herein, then this conveyance shall be null and void and of no force or effect, and the mortgagee shall be bound to execute a

release or satisfaction by mortgagee.

AND THERE SHALL BE INCURRED in any decree foreclosing this mortgage and be paid out of the proceeds of any sale made in pursuance of any such decree: (1) All the costs of such suit or of the advertising, sale, and conveyance, including attorneys', solicitors', and stenographers' fees, outlays for documentary evidence and cost of said abstract and examination of title; (2) All the moneys advanced by the mortgagee, if any, for the purpose authorized in the mortgage with interest on such advances at the rate set forth in the note secured hereby, from the time such advances are made; (3) All the accrued interest remaining unpaid on the indebtedness hereby secured; (4) All the costs, principal money remaining unpaid. The overplus of the proceeds of sale, if any, shall then be paid to the

mortgagee.

AND IN CASE OF FORECLOSURE of the mortgage by said Mortgagee in any court of law or equity, a reasonable sum shall be allowed for the solicitor's fees, and attorney's fees of the complainant in such proceeding, and also for all outlays for documentary evidence and the cost of a complete abstract of title for the purpose of such foreclosure, and in case of any other suit, or legal proceeding, wherein the mortgagee shall be made a party thereby by reason of this mortgage, its costs and expenses, and the reasonable fees and charges of the attorneys or solicitors of the mortgagee, so made parties, for services in such suit or proceeding, shall be a further lien and charge upon the said premises under this mortgage, and all such expenses shall become so much additional indebtedness secured hereby and be allowed in and / or decree foreclosing this mortgage.

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AND the said Mortgagor further covenants and agrees as follows:

~~That privilege is reserved to pay the debt in whole, or in an amount equal to one or more monthly payments on the principal that are next due on the note, on the first day of any month prior to maturity; provided, however, that written notice of an intention to exercise such privilege is given at least thirty (30) days prior to prepayment.~~ "SEE ATTACHED PREPAYMENT OPTION RIDER."

That, together with, and in addition to, the monthly payments of principal and interest payable under the terms of the note secured hereby, the Mortgagor will pay to the Mortgagee, on the first day of each month until the said note is fully paid, the following sums:

- (a) An amount sufficient to provide the holder hereof with funds to pay the next mortgage insurance premium if this instrument and the note secured hereby are insured, or a monthly charge (in lieu of a mortgage insurance premium) if they are held by the Secretary of Housing and Urban Development, as follows:
  - (I) If and so long as said note of even day and this instrument are insured or are reinsured under the provisions of the National Housing Act, an amount sufficient to accumulate in the hands of the holder one (1) month prior to its due date the annual mortgage insurance premium, in order to provide such holder with funds to pay such premium to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder; or
  - (II) If and so long as said note of even date and this instrument are held by the Secretary of Housing and Urban Development, a monthly charge (in lieu of a mortgage insurance premium) which shall be in an amount equal to one-twelfth (1/12) of one-half (1/2) per centum of the average outstanding balance due on the note computed without taking into account delinquencies or prepayments;
- (b) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other hazard insurance covering the mortgaged property, plus taxes and assessments next due on the mortgaged property (all as estimated by the Mortgagee) less all sums already therefor divided by the number of months to elapse before one month prior to the date when such ground rents, premiums, taxes and assessments will become delinquent, such sums to be held by Mortgagee in trust to pay said ground rents, premiums, taxes and special assessments; and
- (c) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the note secured hereby shall be added together and the aggregate amount thereof shall be paid by the Mortgagor each month in a single payment to be applied by the Mortgagee to the following items in the order set forth:

- (I) premium charges under the contract of insurance with the Secretary of Housing and Urban Development, or monthly charge (in lieu of mortgage insurance premium), as the case may be;
- (II) ground rents, if any, taxes, special assessments, fire, and other hazard insurance premiums;
- (III) interest on the note secured hereby; and
- (IV) amortization of the principal of the said note.

Any deficiency in the amount of any such aggregate monthly payment shall, unless made good by the Mortgagor prior to the due date of the next such payment, constitute an event of default under this mortgage. The Mortgagee may collect a "late charge" not to exceed four cents (4¢) for each dollar (\$1) for each payment more than fifteen (15) days in arrears, to cover the extra expense involved in handling delinquent payments.

If the total of the payments made by the Mortgagor under subsection (b) of the preceding paragraph shall exceed the amount of the payments actually made by the Mortgagee for ground rents, taxes, and assessments, or insurance premiums, as the case may be, such excess, if the loan is current, at the option of the Mortgagor, shall be credited on subsequent payments to be made by the Mortgagor, or refunded to the Mortgagor. If, however, the monthly payments made by the Mortgagor under subsection (b) of the preceding paragraph shall not be sufficient to pay ground rents, taxes, and assessments, or insurance premiums, as the case may be, when the same shall become due and payable, then the Mortgagor shall pay to the Mortgagee any amount necessary to make up the deficiency, on or before the date when payment of such ground rents, taxes, assessments, or insurance premiums shall be due. If at any time the Mortgagor shall tender to the Mortgagee, in accordance with the provisions of the note secured hereby, full payment of the entire indebtedness represented thereby, the Mortgagee shall, in computing the amount of such indebtedness, credit to the account of the Mortgagor all payments made under the provisions of subsection (a) of the preceding paragraph which the Mortgagee has not become obligated to pay to the Secretary of Housing and Urban Development, and any balance remaining in the funds accumulated under the provisions of subsection (b) of the preceding paragraph. If there shall be a default under any of the provisions of this mortgage resulting in a public sale of the premises covered hereby, or if the Mortgagee acquires the property otherwise after default, the Mortgagee shall apply, at the time of the commencement of such proceedings or at the time the property is otherwise acquired, the balance then remaining in the funds accumulated under subsection (b) of the preceding paragraph as a credit against the amount of principal then remaining unpaid under said note and shall properly adjust any payments which shall have been made under subsection (a) of the preceding paragraph.

AND AS ADDITIONAL SECURITY for the payment of the indebtedness aforesaid the Mortgagor does hereby assign to the Mortgagee all the rents, issues, and profits now due or which may hereafter become due for the use of the premises hereinabove described.

THAT HE WILL KEEP the improvements now existing or hereafter erected on the mortgaged property, insured as may be required from time to time by the Mortgagee against loss by fire and other hazards, casualties and contingencies in such amounts and for such periods as may be required by the Mortgagee and will pay promptly, when due, any premiums on such insurance provision for payment of which has not been made hereinbefore.

All insurance shall be carried in companies approved by the Mortgagee and the policies and renewals thereof shall be held by the Mortgagee and have attached thereto loss payable clauses in favor of and in form acceptable to the Mortgagee. In event of loss Mortgagor will give immediate notice by mail to the Mortgagee, who may make proof of loss if not made promptly by Mortgagor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Mortgagee instead of to the Mortgagor and the Mortgagee jointly, and the insurance proceeds, or any part thereof, may be applied by the Mortgagee at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In event of foreclosure of this mortgage or other transfer of title to the mortgaged property in extinguishment of the indebtedness secured hereby, all right, title and interest of the Mortgagor in and to any insurance policies then in force shall pass to the purchaser or grantee.

THAT if the premises, or any part thereof, be condemned under any power of eminent domain, or acquired for a public use, the damages, proceeds, and the consideration for such acquisition, to the extent of the full amount of indebtedness upon this Mortgage, and the Note secured hereby remaining unpaid, are hereby assigned by the Mortgagor to the Mortgagee and shall be paid forthwith to the Mortgagee to be applied by it on account of the indebtedness secured hereby, whether due or not.

THE MORTGAGOR FURTHER AGREES that should this mortgage and the note secured hereby not be eligible for insurance under the National Housing Act within ninety days from the date hereof (written statement of any officer of the Department of Housing and Urban Development or authorized agent of the Secretary of Housing and Urban Development dated subsequent to the ninety days time from the date of this mortgage, declining to insure said note and this mortgage, being deemed conclusive proof of such ineligibility), the Mortgagee or the holder of the note may, at its option, declare all sums secured hereby immediately due and payable.

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Property of Cook County Clerk's Office

87035371



ONE TIME MIP MORTGAGE RIDER  
RIDER TO STATE OF ILLINOIS  
MORTGAGE HUD-92116M (5-80)

This rider attached to and made part of the Mortgage between

Richard E. Peterson And Patricia L. Peterson

RESIDENTIAL FINANCIAL CORP.

dated 1/12/87

revises said Mortgage as follows:

Mortgagor and,  
Mortgagee.

1. Page 2, the second covenant of the Mortgage is amended to read:

That, together with, and in addition to, the monthly payments of principal and interest payable under the terms of the note secured hereby, the Mortgagor will pay to the Mortgagee, on the first day of each month until the said note is fully paid, the following sums:

- (a) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other hazard insurance covering the mortgaged property, plus taxes and assessments next due on the mortgaged property (all as estimated by the Mortgagee) less all sums already paid therefore divided by the number of months to elapse before one month prior to the date when such ground rents, premiums, taxes and assessments will become delinquent, such sums to be held by Mortgagee in trust to pay said ground rents, premiums, taxes and special assessments; and
- (b) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the note secured hereby shall be added together and the aggregate amount thereof shall be paid by the Mortgagor each month in a single payment to be applied by the Mortgagee to the following items in the order set forth:
- (I) ground rents, if any, taxes, special assessments, fire, and other hazard insurance premiums;
  - (II) interest on the note secured hereby; and
  - (III) amortization of principal of the said note.

Any deficiency in the amount of any such aggregate monthly payment shall, unless made good by the Mortgagor prior to the due date of the next such payment, constitute an event of default under this mortgage. The Mortgagee may collect a "late charge" not to exceed four cents (4¢) for each dollar (\$1) for each payment more than fifteen (15) days in arrears, to cover the extra expense involved in handling delinquent payments.

If the total of the payments made by the Mortgagor under subsection (a) of the preceding paragraph shall exceed the amount of the payments actually made by the Mortgagee for ground rents, taxes, and assessments, or insurance premiums, as the case may be, such excess, if the loan is current, at the option of the Mortgagor, shall be credited on subsequent payments to be made by the Mortgagor, or refunded to the Mortgagor. If, however, the monthly payments made by the Mortgagor under subsection (a) of the preceding paragraph shall not be sufficient to pay ground rents, taxes, and assessments, or insurance premiums, as the case may be, when the same shall become due and payable, then the Mortgagor shall pay to the Mortgagee any amount necessary to make up the deficiency, on or before the date when payment of such ground rents, taxes, assessments, or insurance premiums shall be due. If at any time the Mortgagor shall tender to the Mortgagee, in accordance with the provisions of the note secured hereby, full payment of the entire indebtedness represented thereby, the Mortgagee shall, in computing the amount of such indebtedness, credit to the account of the Mortgagor any balance remaining in the funds accumulated under the provisions of subsection (a) of the preceding paragraph. If there shall be a default under any of the provisions of this mortgage resulting in a public sale of the premises covered hereby, or if the Mortgagee acquires the property otherwise after default, the Mortgagee

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shall apply, at the time of the commencement of such proceedings or at the time the property is otherwise acquired, the balance then remaining in the funds accumulated under subsection (a) of the preceding paragraph as a credit against the amount of principal then remaining unpaid under said note.

2. Page 2, the penultimate paragraph is amended to add the following sentence:

This option may not be exercised by the Mortgagee when the ineligibility for insurance under the National Housing Act is due to the Mortgagee's failure to remit the mortgage insurance premium to the Department of Housing and Urban Development.

Dated as of the date of the mortgage referred to herein.

  
Mortgagor Richard E. Peterson

  
Mortgagor Patricia L. Peterson

Property of Cook County Clerk's Office

17800000

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8 7 0 3 5 3 7 4

PREPAYMENT OPTION RIDER  
TO FHA MORTGAGE

The Rider dated the 12TH day of JANUARY , 1987 , amends the mortgage  
of even date by and between:

RICHARD E. PETERSON AND PATRICIA L. PETERSON, HUSBAND/WIFE

the Mortgagor, and RESIDENTIAL FINANCIAL CORP. , the Mortgagee,  
as follows:

1. In Paragraph one on page 2, the sentence which reads as follows is  
deleted:

"that privilege is reserved to pay the debt in whole, or in an amount  
equal to one or more monthly payments on the principal that are next  
due on the note, on the first day of any month prior to maturity:  
Provided, however, that a written notice of intention to exercise  
such privilege is given at least thirty (30) days prior to prepayment."

2. Paragraph one on page 2, is amended by the addition of the  
following:

"Privilege is reserved to pay the debt, in whole or in part,  
on any installment due date."

3. A new provision has been added as follows:

The mortgagee shall, with the prior approval of the Federal Housing Commissioner,  
or his designee, declare all sums secured by this mortgage to be immediately due and  
payable if all or a part of the property is sold or otherwise transferred (other than  
by devise, descent or operation of law) by the mortgagor, pursuant to a contract of  
sale executed not later than 24 months after the date of execution of this mortgage  
or not later than 24 months after the date of a prior transfer of the property subject  
to this mortgage, to a purchaser whose credit has not been approved in accordance  
with the requirements of the Commissioner.

IN WITNESS WHEREOF,  
RICHARD E. PETERSON AND PATRICIA L. PETERSON, HUSBAND/WIFE

has set his hand and seal the day and year first aforesaid.

*Richard E. Peterson* (SEAL)  
RICHARD E. PETERSON  
*Patricia L. Peterson* (SEAL)  
PATRICIA L. PETERSON

\_\_\_\_\_  
(SEAL)

\_\_\_\_\_  
(SEAL)

Signed, sealed and delivered  
in the presence of

*Mary J. Anderson*

87035374

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Property of Cook County Clerk's Office

1788082





RESIDENTIAL FINANCIAL CORP.

UNOFFICIAL COPY 87035374

For use only with an Adjustable Rate Mortgage, Deed of Trust or Security Deed insured under section 203(b), 203(k) (first lien only) or 234(c) of the National Housing Act, using the Margin method.

### ADJUSTABLE RATE RIDER

THIS ADJUSTABLE RATE RIDER is made this 12TH day of JANUARY 19 87, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed ("Mortgage"), of even date herewith, given by the undersigned ("Mortgagor") to secure Mortgagor's Adjustable Rate Note ("Note"), of even date herewith to RESIDENTIAL FINANCIAL CORP. ("Mortgagee"), covering the premises described in the Mortgage and located at 2332 NORTH 74TH COURT, ELMWOOD PARK, IL 60635

Notwithstanding anything to the contrary set forth in the Mortgage, Mortgagor and Mortgagee hereby agree to the following:

1. Under the Note, the initial stated interest rate of SEVEN AND ONE-HALF percentum ( 7.500 %) per annum ("Initial Interest Rate") on the unpaid principal balance is subject to change, as hereinafter described. When the interest rate changes, the equal monthly installments of principal and interest also will be adjusted, as hereinafter provided, so that each installment will be in an amount necessary to fully amortize the unpaid principal balance of the Note, at the new adjusted interest rate, over the remaining term of the Note.
2. The first adjustment to the interest rate (if any adjustment is required) will be effective on the first day of APRIL 19 88 (which date will not be less than twelve months nor more than eighteen months from the due date of the first installment payment under the Note), and thereafter each adjustment to the interest rate will be made effective on that day of each succeeding year during the term of the Mortgage ("Change Date").
3. Each adjustment to the interest rate will be made based upon the following method of employing the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year ("Index"; the Index is published in the Federal Reserve Bulletin and made available by the United States Treasury Department in Statistical Release H. 15 (519)). As of each Change Date, it will be determined whether or not an interest rate adjustment must be made, and the amount of the new adjusted interest rate, if any, as follows:
  - (a) The amount of the Index will be determined, using the most recently available figure, thirty (30) days before the Change Date ("Current Index").
  - (b) 2.0000 percentage points ( 2.0000 %; the "Margin") will be added to the Current Index and the sum of this addition will be rounded to the nearest one-eighth of one percentage point (0.125%). The rounded sum, of the Margin plus the Current Index will be called the "Calculated Interest Rate" for each Change Date.
  - (c) The Calculated Interest Rate will be compared to the interest rate being earned immediately prior to the current Change Date (such interest rate being called the "Existing Interest Rate"). Then the new adjusted interest rate, if any, will be determined as follows:
    - (i) If the Calculated Interest Rate is the same as the Existing Interest Rate, the interest rate will not change.
    - (ii) If the difference between the Calculated Interest Rate and the Existing Interest Rate is less than or equal to one percentage point, the new adjusted interest rate will be equal to the Calculated Interest Rate (subject to the maximum allowable change over the term of the Mortgage of five percentage points, in either direction, from the Initial Interest Rate, herein called the "5% Cap").
    - (iii) If the Calculated Interest Rate exceeds the Existing Interest Rate by more than one percentage point, the new adjusted interest rate will be equal to one percentage point higher than the Existing Interest Rate (subject to the 5% Cap).
    - (iv) If the Calculated Interest Rate is less than the Existing Interest Rate by more than one percentage point, the new adjusted interest rate will be equal to one percentage point less than the Existing Interest Rate (subject to the 5% Cap).
  - (d) Notwithstanding anything contained in this Adjustable Rate Rider, in no event will any new adjusted interest rate be more than five percentage (5%) points higher or lower than the Initial Interest Rate. If any increase or decrease in the Existing Interest Rate would cause the new adjusted interest rate to exceed the 5% Cap, the new adjusted interest rate will be limited to five percentage (5%) points higher or lower, whichever is applicable, than the Initial Interest Rate.
  - (e) Mortgagee will perform the functions required under Subparagraphs 3(a), (b) and (c) to determine the amount of the new adjusted rate, if any. Any such new adjusted interest rate will become effective on the Change Date and thereafter will be deemed to be the Existing Interest Rate. The new Existing Interest Rate will remain in effect until the next Change Date on which the interest rate is adjusted.

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Mortgagor  
(Seal)

Mortgagor  
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Mortgagor  
(Seal)

PATRICIA L. PETERSON

RICHARD E. PETERSON

Rider.

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

adjustment to Mortgagor's monthly installment payments of principal and interest as provided for herein.

Nothing contained in this Adjustable Rate Rider will permit Mortgagor to accomplish an interest rate adjustment through an

increase (or decrease) to the unpaid principal balance. Changes to the Existing Interest Rate may only be reflected through an

adjustment to Mortgagor's monthly installment payments of principal and interest as provided for herein.

Notwithstanding anything contained in this Adjustable Rate Rider, in the event that (i) the Existing Interest Rate was

reduced on a Change Date, and (ii) Mortgagor failed to give the Adjustment Notice when required, and (iii) Mortgagor,

consequently, has made any monthly installment payment in excess of the amount which would have been set forth in such

Adjustment Notice ("Excess Payments"), then Mortgagor, at Mortgagor's sole option, may either (1) demand the return

from Mortgagor (who for the purposes of this sentence will be deemed to be the mortgagor, or mortgagor, who received

such Excess Payments, whether or not any such mortgage subsequently assigned the Mortgage) of all or any portion of

such Excess Payments, with interest thereon at a rate equal to the index on the Change Date when the Existing Interest Rate

was so reduced, from the date each such Excess payment was made; or (2) request that all or any

portion of such Excess Payments, together with all interest thereon calculated as provided above, be applied as payments

against principal.

(c) Notwithstanding anything contained in this Adjustable Rate Rider, in the event that (i) the Existing Interest Rate was

reduced on a Change Date, and (ii) Mortgagor failed to give the Adjustment Notice when required, and (iii) Mortgagor,

consequently, has made any monthly installment payment in excess of the amount which would have been set forth in such

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portion of such Excess Payments, together with all interest thereon calculated as provided above, be applied as payments

against principal.

(d) Notwithstanding anything contained in this Adjustable Rate Rider, in the event that (i) the Existing Interest Rate was

reduced on a Change Date, and (ii) Mortgagor failed to give the Adjustment Notice when required, and (iii) Mortgagor,

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was so reduced, from the date each such Excess payment was made; or (2) request that all or any

portion of such Excess Payments, together with all interest thereon calculated as provided above, be applied as payments

against principal.

(e) Notwithstanding anything contained in this Adjustable Rate Rider, in the event that (i) the Existing Interest Rate was