

# UNOFFICIAL COPY

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COOK COUNTY, ILLINOIS  
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06E-007845-51

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## MORTGAGE

\$18.00

THIS MORTGAGE ("Security Instrument") is given on DECEMBER 28  
 1987. The mortgagor is ERIC M. ENGDALH AND KAY L. H. BURNETT HIS WIFE  
 ("Borrower"). This Security Instrument is given to  
GOLDWELL BANKER RESIDENTIAL MORTGAGE SERVICES, INC., which is organized and existing  
 under the laws of THE STATE OF CALIFORNIA, and whose address is  
#28 EXECUTIVE PARK, SUITE 200, IRVINE, CALIFORNIA 92714 ("Lender").  
 Borrower owes Lender the principal sum of NINETY ONE THOUSAND THREE HUNDRED FIFTY AND NO/100  
91,350.00 Dollars (U.S. \$ 91,350.00). This debt is evidenced by Borrower's note  
 dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not  
 paid earlier, due and payable on JANUARY 1, 2018. This Security Instrument  
 secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and  
 modifications; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this  
 Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and  
 the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following described property  
 located in COOK County, Illinois:

PARCEL 1: UNIT NUMBER 307 TOGETHER WITH ITS PERCENTAGE INTEREST IN THE  
 COMMON ELEMENTS IN GREEN STREET LOFT CONDOMINIUM AS DELINEATED AND DEFINED  
 IN THE DECLARATION OF CONDOMINIUM OWNERSHIP AND PLAT OF SURVEY RECORDED  
 AS DOCUMENT NUMBER 86266022, EXCEPT AS SPECIFICALLY EXCLUDED IN SUCH  
 DECLARATION AND PLAT, IN THE FOLLOWING DESCRIBED REAL ESTATE: LOTS 1,  
 2, 3 AND 4 (EXCEPT THE WEST 8 FEET OF SAID LOTS TAKEN FOR ALLEY) IN BLOCK  
 22 IN DUNCAN'S ADDITION TO CHICAGO, BEING A SUBDIVISION OF THE EAST 1/2  
 OF THE NORTH EAST 1/4 OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 14 EAST OF  
 THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PERMANENT INDEX NO: 17-17-237-007 VOL 591 & 17-17-237-008 VOL 591.

CONDOMINIUM RIDER ATTACHED HERETO AND MADE A PART HEREOF.

ADJUSTABLE RATE RIDER ATTACHED HERETO AND MADE A PART HEREOF.  
 MORTGAGE ALSO HEREBY GRANTS TO THE MORTGAGEE ITS SUCCESSORS AND ASSIGNS,  
 AS RIGHTS AND EASEMENTS APPURTENANT TO THE ABOVE DESCRIBED REAL ESTATE,  
 THE RIGHTS AND EASEMENTS FOR THE BENEFIT OF SAID PROPERTY SET FORTH IN THE  
 DECLARATION OF CONDOMINIUM AFORESAID.

PARCEL 2: EASEMENT FOR INGRESS AND EGRESS FOR THE BENEFIT OF PARCEL  
 1 AS SET FORTH IN THE DECLARATION OF EASEMENTS, RESTRICTIONS AND  
 OPERATING AGREEMENTS DATED MAY 29, 1986 AND RECORDED JUNE 27, 1986  
 AS DOCUMENT NUMBER 86266024.

17-17-237-013-1025

which has the address of 400 S. GREEN STREET, UNIT 307 CHICAGO  
(Street) (City)  
 Illinois 60607-3504 ("Property Address");  
(Zip Code)

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights,  
 appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all fixtures now or  
 hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the  
 foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to  
 mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record.  
 Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any  
 encumbrances of record.

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

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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). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

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 rents 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 without charge to Borrower. Borrower shall pay any recordation costs.

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. [Check applicable box(es)]

- Adjustable Rate Rider
- Condominium Rider
- 2-4 Family Rider
- Graduated Payment Rider
- Planned Unit Development Rider
- Other(s) [specify]

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.

*Eric M. Engdahl* ..... (Seal)  
ERIC M. ENGDahl  
-Borrower

*Kay L.H. Burnett* ..... (Seal)  
KAY L.H. BURNETT  
-Borrower

MAIL TO: \_\_\_\_\_ (Space Below This Line For Acknowledgment)

THIS INSTRUMENT WAS PREPARED BY:  
DOLDINE B. ROACH

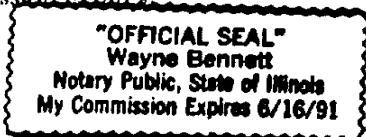
COLDWELL BANKER RESIDENTIAL MORTGAGE SERVICES, INC.  
1211 W. 22nd STREET, SUITE 727  
OAK BROOK, ILLINOIS 60521  
BOX 333 - CO  
DB

State of Illinois, *Cook* County ss:

I, ... THE UNDERSIGNED, ..., a Notary Public in and for said county and state, do hereby certify that . ERIC M. ENGDahl AND KAY L. H. BURNETT x HIS WIFE . . . . . personally known to me to be the same person(s) whose name(s) ARE . . . . . 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.

Given under my hand and official seal, this . 28TH. DAY. OF. DECEMBER . . . . ., 19 87. . . . .

My Commission expires:



*Wayne Bennett* .....  
Notary Public

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If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the insurance in effect until such time as the requirement for the insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.

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

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

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

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 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 accommodation 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 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 this 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 or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

**18. Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (i) pays Lender all sums which then would be due under this Security Instrument and the Note had no acceleration occurred; (ii) cures any default of any other covenants or agreements; (iii) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (iv) 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.

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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). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

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 rents 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 without charge to Borrower. Borrower shall pay any recordation costs.

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. [Check applicable box(es)]

- Adjustable Rate Rider
- Condominium Rider
- 2-4 Family Rider
- Graduated Payment Rider
- Planned Unit Development Rider
- Other(s) [specify]

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.

*Eric M. Engdahl* ..... (Seal)  
ERIC M. ENGDALH ..... -Borrower

*Kay L.H. Burnett* ..... (Seal)  
KAY L.H. BURNETT ..... -Borrower

MAIL TO: \_\_\_\_\_ [Space Below This Line For Acknowledgment]

THIS INSTRUMENT WAS PREPARED BY:  
DOLDINE B. ROACH  
COLDWELL BANKER RESIDENTIAL MORTGAGE SERVICES, INC.  
1211 W. 22nd STREET, SUITE 727  
DAN BROOK, ILLINOIS 60521

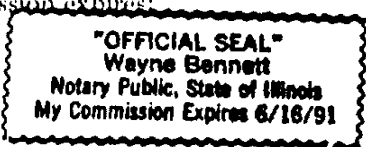
**BOX 333 - CG**  
DB

State of Illinois, *Cook* County ss:

I, ... THE UNDERSIGNED, ..., a Notary Public in and for said county and state, do hereby certify that ERIC M. ENGDALH AND KAY L. H. BURNETT, HIS WIFE ... personally known to me to be the same person(s) whose name(s) ARE ... 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.

Given under my hand and official seal, this 28TH DAY OF DECEMBER, 1987.

My Commission expires:



*Wayne Bennett* .....  
Notary Public

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## CONDOMINIUM RIDER

Loan Number: 06E-007845-51

THIS CONDOMINIUM RIDER is made this 28TH day of DECEMBER, 19 87, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to COLDWELL BANKER RESIDENTIAL MORTGAGE SERVICES, INC. (the "Lender") of the same date and covering the Property described in the Security Instrument and located at:

400 S GREEN STREET, UNIT 307, CHICAGO, ILLINOIS 60607-3504  
(Property Address)

This Property includes a unit in, together with an undivided interest in the common elements of, a condominium project known as:

GREEN STREET CONDOMINIUM

(Name of Condominium Project)

(the "Condominium Project"). If the owners association or other entity which acts for the Condominium Project (the "Owners Association") holds title to property for benefit or use of its members or shareholders, the Property also includes Borrower's interest in the Owners Association and the uses, proceeds and benefits of Borrower's interest.

### CONDOMINIUM COVENANTS

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

#### (A) Condominium Obligations

Borrower shall perform all of Borrower's obligations under the Condominium Project's Constituent Documents. The "Constituent Documents" are the: (i) Declaration or any other document which creates the Condominium Project; (ii) by-laws; (iii) code of regulations; and (iv) other equivalent documents. Borrower shall promptly pay, when due, all dues and assessments imposed pursuant to the Constituent Documents.

#### (B) Hazard Insurance

So long as the Owners Association maintains, with a generally accepted insurance carrier, a "master" or "blanket" policy on the Condominium Project which is satisfactory to Lender and which provides insurance coverage in the amounts, for the periods, and against the hazards Lender requires, including fire and hazards included within the term "extended coverage," then:

- (i) Lender waives the provision in Uniform Covenant 2 for the monthly payment to Lender of one-twelfth of the yearly premium installments for hazard insurance on the Property; and
- (ii) Borrower's obligation under Uniform Covenant 5 to maintain hazard insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Owners Association policy.

Borrower shall give Lender prompt notice of any lapse in required hazard insurance coverage.

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In the event of a distribution of hazard insurance proceeds in lieu of restoration or repair following a loss to the Property, whether to the unit or to common elements, any proceeds payable to Borrower are hereby assigned and shall be paid to Lender for application to the sums secured by the Security Instrument, with any excess paid to Borrower.

**(C) Public Liability Insurance**

Borrower shall take such actions as may be reasonable to insure that the Owners Association maintains a public liability insurance policy acceptable in form, amount, and extent of coverage to Lender.

**(D) Condemnation**

The proceeds of any award or claim for damages, direct or consequential, payable to Borrower in connection with any condemnation or other taking of all or any part of the Property, whether of the unit or of the common elements, or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. Such proceeds shall be applied by Lender to the sums secured by the Security Instrument as provided in Uniform Covenant.

**(E) Lender's Prior Consent**

Borrower shall not, except after notice to Lender and with Lender's prior written consent, either partition or subdivide the Property or consent to:

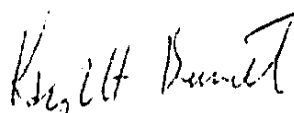
- (i) the abandonment or termination of the Condominium Project, except for abandonment or termination required by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;
- (ii) any amendment to any provision of the Constituent Documents if the provision is for the express benefit of Lender;
- (iii) termination for professional management and assumption of self-management of the Owners Association; or
- (iv) any action which would have the effect of rendering the public liability insurance coverage maintained by the Owners Association unacceptable to Lender.

**(F) Remedies**

If Borrower does not pay condominium dues and assessments when due, then Lender may pay them. Any amount disbursed by Lender under this paragraph F shall become additional debt of Borrower secured by the Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note Rate and shall be payable with interest, upon notice from Lender to Borrower requesting payment.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in the Condominium Rider.

  
Borrower ERIC H. ENGDALH (Seal)

  
Borrower KAY L. H. BURNETT (Seal)

88009109



## ADJUSTABLE RATE RIDER

(1 Year Index - Interest Rate Caps)

Loan Number: 06E-007845-51

THIS ADJUSTABLE RATE RIDER is made this 28<sup>TH</sup> day of DECEMBER, 1987, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to COLDWELL BANKER RESIDENTIAL MORTGAGE SERVICES, INC., a California Corporation (the "Lender") of the same date and covering the property described in the Security Instrument, and located at:

400 S. GREEN STREET, UNIT 307, CHICAGO, ILLINOIS 60607-3504

(Property Address)

The Note contains provisions allowing for changes in my interest rate and monthly payments. The Note limits the amount the borrower's interest rate can change at any one time and the maximum rate the Borrowers must pay.

**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 8.375%. The Note provides for changes in the interest rate and 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 JANUARY 1, 1989, and on that day every 12th 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 monthly average yield on United States Treasury Securities adjusted to a constant maturity of one year, 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 Interest Rate Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding two and three quarters percentage points (2.75%) 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%). Subject to the limit stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal, that I am expected to owe at the Change Date in full on the maturity date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly principal and interest payment.

#### (D) Limit on Interest Rate Changes

The interest rate I am required to pay at the first Interest Change Date will not be greater than 10.375% or less than 6.375%. Thereafter, my interest rate will never be increased or decreased on any single Interest Change Date by more than two percentage points (2.0%) from the rate of interest I have been paying for the preceding twelve months. My interest rate will never be greater than 12.950%.

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**(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 deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any questions I may have regarding the notice.

**B. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER**

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

**"Transfer of the Property or a Beneficial Interest in Borrower.**

If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person), Borrower shall cause to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee. If the intended transferee meets Lender's qualification and underwriting criteria to be approved for a new loan as well as all closing conditions, Lender shall allow the assumption to occur. If the intended transferee fails to meet Lender's qualification and underwriting criteria to be approved for a new loan as well as all closing conditions, the Lender will not allow the assumption. Lender may require immediate payment in full of all sums secured by the Security Instrument if Lender, following the guidelines set forth above, can not approve the transferee or the transferee fails to meet all closing conditions and therefore Lender does not allow the assumption, but Borrower nevertheless proceeds with the sale or transfer to an unapproved transferee."

"To the extent permitted by applicable law, Lender may charge a reasonable assumption fee as a condition to Lender's consent to the loan assumption. That assumption fee shall be in an amount not greater than one percent (1%) of the outstanding principal balance of the loan as of the date of the sale or transfer. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. That assumption agreement shall contain a provision under which the maximum interest rate of the loan as specified in Section 4(D) of the Note will be changed so that subsequent interest rate adjustment shall not result in an interest rate that is more than five (5) percentage points greater than the interest rate in effect at the time of the loan assumption. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing."

"If Lender exercises the option to require immediate payment in full, 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."

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

\_\_\_\_\_  
Witness  
ERIC M. ENGDALH (Seal)  
Borrower

\_\_\_\_\_  
Witness  
KAY L. H. BURNETT (Seal)  
Borrower

\_\_\_\_\_  
Borrower (Seal)

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Borrower (Seal)

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