

This instrument prepared by:  
Lana Heyden  
2 Crossroads of Commerce, Ste. 740  
Rolling Meadows, IL. 60008

UNOFFICIAL COPY

284360-5

COOK COUNTY, ILLINOIS  
FILED FOR RECORD

1988 MAY -5 PM 3:00

88192299

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(Space Above This Line For Recording Data)

MORTGAGE

\$17.00

THIS MORTGAGE ("Security Instrument") is given on May 4  
1988. The mortgagor is Lora J. Kerr, a spinster  
..... ("Borrower"). This Security Instrument is given to  
AmeriMac Savings Bank, F.S.B...... which is organized and existing  
under the laws of the State of Illinois..... and whose address is 2 Crossroads of Commerce,  
Ste 740, Rolling Meadows, IL. 60008..... ("Lender").  
Borrower owes Lender the principal sum of Fifty Four Thousand and 00/100's  
..... Dollars (U.S. \$ 54,000.00.....). 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 May 8, 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:

UNIT 3B IN RIDGE EAST CONDOMINIUM AS DELINEATED ON SURVEY OF THE FOLLOWING DESCRIBED  
PARCEL OF REAL ESTATE: LOT 'A' IN PLAT OF CONSOLIDATION OF LOTS 2 AND 3 IN BLOCK 4  
IN ADAMS AND BROWNS ADDITION TO EVANSTON. SAID ADDITION BEING A SUBDIVISION OF PART  
OF THE NORTH 1/2 OF THE NORTH 1/2 OF THE SOUTH WEST 1/4 LYING EAST OF RIDGE ROAD  
(EXCEPT THE SOUTH 2 FEET THEREOF) IN SECTION 19, TOWNSHIP 41 NORTH, RANGE 14 EAST OF  
THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, WHICH SURVEY IS ATTACHED AS  
EXHIBIT 'A' TO DECLARATION OF CONDOMINIUM RECORDED AS DOCUMENT NUMBER 24080768  
TOGETHER WITH ITS UNDIVIDED PRECENTAGE INTEREST IN THE COMMON ELEMENTS.

PIN: 11-19-305-024-1010

which has the address of 910 Washington St. #3b..... Evanston  
.....  
60202..... (Street) (City)  
Illinois ..... ("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 seised of the estate hereby conveyed and has the right to  
mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record.  
Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any  
encumbrances of record.

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

71-58-771 DF Matthews

Clerk's Office

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UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows.

**1. Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

**2. Funds for Taxes and Insurance.** Subject to applicable law 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 which may attain priority over this Security Instrument; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (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.

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 debit 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.

**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.

**4. Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. 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 all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

**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 providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender 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.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30 day period will begin when the notice is given.

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 the payments. If under paragraph 19 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

**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.

**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 that may significantly affect Lender's rights in the Property (such as a 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.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this 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.

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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, modification of any portion of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify a authorization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower or a successor in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or prejudice the exercise of any right or remedy.

11. Successors and 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 (i) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property, (ii) agrees that Lender and any other Borrower may agree to extend 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, (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) as if sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may, at its option, reduce 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; Sovereignty. 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 Reinstatement. 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 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 reinstatement shall not apply in the case of acceleration under paragraphs 13 or 17.

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# UNOFFICIAL COPY CONDOMINIUM RIDER

THIS CONDOMINIUM RIDER is made this 4th day of May, 19 88, 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

AMERIMAC SAVINGS BANK, F.S.B.

(the "Lender")

of the same date and covering the Property described in the Security Instrument and located at:

910 Washington St., #3B Evanston, IL. 60202

(Property Address)

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

Ridge East 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 the 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.

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 9.

**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 of 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 amounts 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 this Condominium Rider.

Lora J. Kerr (Seal)  
Lora J. Kerr -Borrower

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

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

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

(Sign Original Only)

88192299

THIS COVENANT, CONDITION, RESTRICTION AND AGREEMENT IS MADE THIS 15th day of August 1988, between the undersigned parties, and a copy of this instrument has been filed for recording in the Public Records of Cook County, Illinois, under the name of the undersigned parties, and the date of recording is as shown on the recording stamp.

AMERICAN SAVINGS BANK, F.S.B.  
of the same date and covering the property described in the security instrument and the same date and covering the property described in the security instrument and the same date and covering the property described in the security instrument.

210 Washington St., 133 Westwood, IL 60603  
The property includes a unit together with an attached garage in the common elements of a certain condominium project known as:

Ridge East Condominium  
The project is located at the intersection of Ridge Street and East 116th Street, Chicago, Illinois. The project is a condominium project consisting of 100 units and a common area of approximately 10,000 square feet.

CONDOMINIUM COVENANTS. In addition to the covenants and restrictions contained in the Declaration of Condominium, the following covenants and restrictions shall apply to the units and common elements of the project:

A. Condominium Obligations. Borrower shall perform all of the obligations of a unit owner as set forth in the Declaration of Condominium, the Condominium Bylaws, and the Condominium Rules and Regulations.

B. Hazard Insurance. Borrower shall maintain hazard insurance on the unit and common elements of the project in the amount of \$100,000 per year. The insurance shall be in the name of the Association and shall cover the unit and common elements of the project.

C. Public Liability Insurance. Borrower shall maintain public liability insurance on the unit and common elements of the project in the amount of \$1,000,000 per year. The insurance shall be in the name of the Association and shall cover the unit and common elements of the project.

D. Condominium. The project is a condominium project as defined in the Illinois Condominium Property Act. The project is subject to the provisions of the Illinois Condominium Property Act and the Declaration of Condominium, the Condominium Bylaws, and the Condominium Rules and Regulations.

E. Lender's Prior Consent. Borrower shall not assign, sublease, or otherwise dispose of the unit or common elements of the project without the prior written consent of the Lender.

F. The abandonment or removal of the unit or common elements of the project shall be subject to the provisions of the Illinois Condominium Property Act and the Declaration of Condominium, the Condominium Bylaws, and the Condominium Rules and Regulations.

G. Any attachment to any provision of the Declaration of Condominium, the Condominium Bylaws, or the Condominium Rules and Regulations shall be subject to the provisions of the Illinois Condominium Property Act and the Declaration of Condominium, the Condominium Bylaws, and the Condominium Rules and Regulations.

H. Remedies. If Borrower does not pay any assessment, fee, or charge due to the Association, the Association may take any action which would have the effect of enforcing the provisions of the Declaration of Condominium, the Condominium Bylaws, and the Condominium Rules and Regulations.

I. Borrower acknowledges that the project is a condominium project as defined in the Illinois Condominium Property Act. Borrower agrees to be bound by the provisions of the Illinois Condominium Property Act and the Declaration of Condominium, the Condominium Bylaws, and the Condominium Rules and Regulations.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and conditions of this instrument and the Declaration of Condominium, the Condominium Bylaws, and the Condominium Rules and Regulations.

\_\_\_\_\_  
Borrower's Name

\_\_\_\_\_  
Lender's Name

\_\_\_\_\_  
Notary Public

Property of Cook County, Illinois

AR5500000



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## MORTGAGE RIDER (Adjustable Rate Loan)

Loan No. 284360-5  
Date 05-04-88

THE NOTE WHICH THIS MORTGAGE SECURES, CONTAINS, AMONG OTHERS, PROVISIONS FOR AN ADJUSTABLE INTEREST RATE, CHANGES IN THE MONTHLY PAYMENT AT PERIODIC INTERVALS AND INCREASES, UNDER CERTAIN CIRCUMSTANCES, IN THE PRINCIPAL AMOUNT OWED ON THE LOAN, WHICH PROVISIONS ARE AS FOLLOWS:

**INITIAL INTEREST RATE AND MONTHLY INSTALLMENT PAYMENTS.** The initial interest rate under the Note shall be 7.250 % per annum. Principal and Interest shall be payable in monthly installments initially of \$ 368.38 each, which is based on an amortization period of 30 years, to be applied first to interest on the unpaid balance and then to principal, beginning on the 8th day of June, 19 88, and continuing on the 8th day of each month thereafter, until the 8th day of May, 2018 at which time the entire indebtedness evidenced by the the Note shall all become due and payable.

**INTEREST RATE ADJUSTMENT PERIOD.** The Borrower agrees that the interest rate under the Note shall be increased or decreased during the term thereof, as hereinafter provided, with the first change to become effective on the 8th day of November, 19 88, and on the 8th day of each month thereafter (the "Interest Adjustment Period").

**INTEREST RATE ADJUSTMENT.** The interest rate for each Interest Adjustment Period, as hereinabove described, shall be adjusted, as hereinafter set forth, at the commencement of each said Interest Adjustment Period to correspond directly to the movement of the Average Cost of Funds to Federal Savings and Loan Insurance Corporation - insured savings and loan associations, for the Federal Home Loan Bank Board 11th District (the "Index"), as computed monthly, published and made available by the Board. In the event the Index is not published and made available, the Lender shall substitute any other similar index conforming to the Federal Home Loan Bank Board, or its successor, regulations. The adjusted interest rate for the Interest Adjustment Period shall equal the most recently available value of the Index at, or within six months prior to, the date of the interest rate adjustment, plus 2.500 % points. Provided however, the interest rate under the Note shall never be increased to more than 12.875 % or decreased to less than 3.625 % per annum. There shall be no further limitation on the amount of interest rate increases or decreases under the Note except as hereinafter set forth in the paragraph entitled "Maximum Rate of Interest". Except as hereinabove set forth, interest rate increases and decreases pursuant to the movement of the Index are mandatory. The fact that the holder may not have invoked a mandatory increase in the interest rate, in whole or in part, whether intentional or through mistake or inadvertence, shall not preclude the holder, at the next or any subsequent Interest Adjustment Period, from adjusting the interest rate to that rate which would otherwise be determined at such Interest Adjustment Period pursuant to the terms of this paragraph, subject only to the limitations hereinabove set forth.

**DEFERRED INTEREST AND INCREASING PRINCIPAL BALANCE.** To the extent any monthly installment payment is less than the amount of interest accrued during the month with respect to which the installment is payable, the difference shall be added to the principal of the loan as of the due date of the installment and thereafter shall bear interest as part of the principal ("Additions to Principal").

**MONTHLY INSTALLMENT PAYMENT ADJUSTMENT PERIOD.** The monthly installment payment of principal and interest (the "Monthly Installment Payment") shall be adjusted as of the 8th day of May of each year during the term of the loan herein to implement interest adjustments hereunder, with the first said monthly payment adjustment to become effective on the 8th day of June, 19 89, and

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annually thereafter (the "Loan Year"). The Monthly Installment Payment amount shall be adjusted so that it shall be equal to that amount required to amortize the unpaid principal balance, including any Additions to Principal, after the Monthly Installment Payment for May of each Loan Year is applied, together with interest thereon at the rate of interest in effect as of the 8th day of May of each Loan Year, by the end of the original amortization period. Provided however, in no event shall any annual adjustment of the Monthly Installment Payment be adjusted to exceed a maximum increase of 7.500 % over the amount of the Monthly Installment Payment in effect for the immediately preceding Loan Year; provided further, however, at the option of the holder of the Note, the above described 7.500 % limitation on the amount of the increase to the Monthly Installment Payment shall not apply at the time of the fifth annual adjustment to the Monthly Installment Payment, and the annual adjustments to the Monthly Installment Payments for each five years thereafter, when there shall be no limit on the amount of the increase to the annual adjustment of the Monthly Installment Payment. The adjusted Monthly Installment Payment shall remain fixed during the remainder of such Loan Year, notwithstanding changes in the interest rate under the Note during such Loan Year, until the time for the next annual Monthly Installment Payment adjustment as herein above set forth. Provided however, notwithstanding anything to the contrary contained herein, in the event at any time during the term hereof, the unpaid principal balance of the Note, including Additions to Principal, shall exceed 125% of the original principal balance of the Note, the Monthly Installment Payment shall be immediately adjusted so that it shall be equal to that amount required to amortize the then unpaid principal balance of the Note, including any Additions to Principal, at the then existing interest rate, by the end of the original amortization period. The exercise of this adjustment shall not affect the next annual Monthly Installment Payment adjustment period, or any subsequent annual Monthly Installment Payment adjustment period, pursuant to the terms hereof.

**NOTICE OF PAYMENT ADJUSTMENT.** At least thirty but not more than 120 days before the 8th day of May of each Loan Year during the term of the Note, the Lender shall send written notification to the Borrower stating, among other things, the new Monthly Installment Payment amount, any change in the interest rate and any change in the outstanding principal balance.

**MAXIMUM RATE OF INTEREST.** If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from me which exceed permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment.

Executed this 4th day of May, 19 88.

Lora J. Kerr  
Lora J. Kerr

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