

# UNOFFICIAL COPY

COOK COUNTY, ILLINOIS  
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LCAN NO. 31963755

(Space Above This Line For Recording Data)

## MORTGAGE

\$17.00

THIS MORTGAGE ("Security Instrument") is given on MAY 27  
 1988. The mortgagor is CHARLES A. HORSTMANN AND ANN L. HORSTMANN, HIS WIFE  
 ("Borrower"). This Security Instrument is given to LAKE-COOK MORTGAGE COMPANY  
 which is organized and existing  
 under the laws of ILLINOIS, and whose address is 550 FRONTAGE ROAD, SUITE 272, NORTHFIELD, ILLINOIS 60093 ("Lender").  
 Borrower owes Lender the principal sum of FOUR HUNDRED FOUR THOUSAND AND 00/100  
00 Dollars (U.S. \$ 404,000.00). 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 JUNE 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:

LOT 37 IN INDIAN HILL ESTATES UNIT 2 A SUBDIVISION OF PART OF THE SOUTH EAST  
 1/4 OF SECTION 29, TOWNSHIP 42 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL  
 MERIDIAN, IN COOK COUNTY, ILLINOIS.

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TAX I.D. NUMBER 05 29 418 010 0000

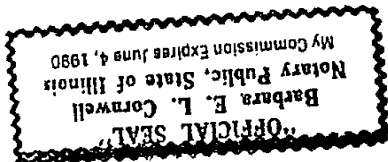
which has the address of 1055 CHEROKEE ROAD WILMETTE  
(Street) (City)  
 Illinois 60091 ("Property Address");  
(Zip Code)

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.

# UNOFFICIAL COPY



RECORD AND RETURN TO:  
JEAN DYKER  
FIRST NATIONWIDE BANK  
2900 OGDEN AVENUE  
LISLE, ILLINOIS 60532

PREPARED BY:  
JEAN DYKER

MY COMMISSION EXPIRES: 6/11/1980  
OF  
MAY 19 88  
GIVEN UNDER MY HAND AND OFFICIAL SEAL, THIS  
DAY

PURPOSES THEREIN SET FORTH.  
THE SAID INSTRUMENT AS THEIR FREE AND VOLUNTARY ACT, FOR THE USES AND  
BEFORE ME THIS DAY IN PERSON, AND ACKNOWLEDGED THAT THEY SIGNED AND DELIVERED  
PERSONS WHOSE NAMES ARE SUBSCRIBED TO THE FOREGOING INSTRUMENT, APPEARED  
AND FOR SAID COUNTY AND STATE, DO HEREBY CERTIFY THAT *Walter A. Horstmann*  
PERSONALLY KNOWN TO ME TO BE THE SAME  
I, *Barbara E. L. Cornwell*,  
COUNTY SS: ILLINOIS, COCK COUNTY

ANN L. HORSTMANN  
CHARLES A. HORSTMANN  
Walter A. Horstmann  
Ann L. Horstmann

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.

- Other(s) [Specify FIXED RATE CONVERSION OPTION]
- Graduated Payment Rider
- Adjusted Rate Rider
- Condominium Rider
- 2-4 Family Rider
- Planned Unit Development Rider

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)]

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

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.

20. Lender in Possession. Upon acceleration under paragraph 19 or abandonment of the Property and at any time but not limited to, reasonable attorneys' fees and costs of title evidence.

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 date of 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.

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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 accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

12. **Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

13. **Legislation Affecting Lender's Rights.** If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Security Instrument unenforceable according to its terms, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument and may invoke any remedies permitted by paragraph 19. If Lender exercises this option, Lender shall take the steps specified in the second paragraph of paragraph 17.

14. **Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

15. **Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of 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: (a) pays Lender all sums which then would be due under this Security Instrument and the Note had no acceleration occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraphs 13 or 17.

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# UNOFFICIAL COPY

**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 be levied on the Property; (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 arise prior to 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. 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 affect 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 amounts 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 of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened, 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 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 the Property and Lender's rights in the Property, 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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RIDER TO SECURITY INSTRUMENT

DOC. 022

This Security Instrument Rider is attached to and made part of a Security Instrument (Deed of Trust, Mortgage or Deed of Trust to Secure Debt) dated MAY 27, 1988 given by the undersigned (the "Borrower") to secure Borrower's Note to LAKE-COOK MORTGAGE COMPANY (the "Lender") of the same date and shall be deemed to amend and supplement said Security Instrument.

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

A. ASSUMPTION

Lender will consent to a transfer of the property subject to the Security Instrument if (i) the credit of Borrower's successor in interest meets the Lender's then current underwriting criteria; (ii) Borrower's successor in interest has executed a written assumption agreement accepted in writing by Lender; and (iii) Borrower's successor in interest pays to Lender an assumption fee in an amount requested by Lender, which shall not exceed the amount requested by Lender for similar transactions.

B. INTEREST RATE AND PAYMENT ADJUSTMENTS. The following paragraph is hereby added to the Security Instrument:

INTEREST RATE AND PAYMENT ADJUSTMENTS. The Promissory Note secured by this Security Instrument contains the following provisions:

3. INTEREST RATE ADJUSTMENTS

(A) Definitions

'INDEX' MEANS THE MONTHLY WEIGHTED AVERAGE COST OF FUNDS FOR ELEVENTH DISTRICT SAVINGS INSTITUTIONS, AS MADE AVAILABLE BY THE FEDERAL HOME LOAN BANK OF SAN FRANCISCO. IN THE EVENT SUCH INDEX IS NOT AVAILABLE, INDEX SHALL MEAN A SUBSTITUTE INDEX SELECTED BY THE NOTE HOLDER IN COMPLIANCE WITH FEDERAL LAW. 'INITIAL INDEX' MEANS THE INDEX RATE PUBLISHED BY THE FEDERAL HOME LOAN BANK THE MONTH PRIOR TO RECEIPT OF LOAN APPLICATION. THE INITIAL INDEX ON THIS LOAN IS 7.647%. 'CURRENT INDEX' MEANS THE INDEX VALUE PUBLISHED BY THE FEDERAL HOME LOAN BANK OF SAN FRANCISCO 45 DAYS PRIOR TO EACH CHANGE DATE.

"INITIAL DISCOUNT" The Initial Discount is 2.772 %.

"MARGIN" The Margin is 2.625 %.

"FULLY INDEXED RATE" is the sum of the applicable Index value plus the Margin.

"INTEREST RATE" means the annual rate of interest charged on the principal balance of the loan from time to time.

"INITIAL INTEREST RATE" means the Interest Rate charged as of the date the Note is executed as shown in Section 2. It is equal to the initial Fully Indexed Rate less the Initial Discount.

"CHANGE DATE" means each date on which the Interest Rate could change, which is the date on which every SIXTH regularly scheduled monthly payment is due.

"THEN CURRENT INTEREST RATE" means, for the period prior to the first Change Date, the Initial Interest Rate. Thereafter, it means the Interest Rate after the most recent Change Date.

"PAYMENT ADJUSTMENT DATE" means the date on which each Payment Adjustment shall be effective, namely the first day of the month following each Change Date.

(B) INTEREST RATE ADJUSTMENTS

I understand that on each Change Date, the Note Holder shall decrease, or may at its option, increase the Interest Rate as follows. Before each Change Date, the Note Holder will calculate the new Interest Rate by adding the Margin stated in the Loan Approval Letter and in Section 3(A) above, to the Current Index to arrive at the Fully Indexed Rate. The Note Holder then rounds the Fully Indexed Rate to the nearest one-eighth of one percentage point (0.125%). This rounded amount, subject to the following limitations, will be the new Interest Rate until the next Change Date. The Interest Rate will never be increased or decreased on any single Change Date by more than 1.00 PERCENT from the rate of interest in effect during the preceding SIX months. The Interest Rate will never be more than 12.9000 % nor be in excess of five percentage points (5%) below the Initial Interest Rate. The fact that the Note Holder may not have invoked a permissible increase in whole or in part shall not be deemed a waiver of the Note Holder's right to invoke such an increase at a later time.

4. PAYMENTS

(C) Amount of Monthly Payments. Monthly installments of principal and interest will be due on the first day of each month. Commencing on (date set forth in the Note), my monthly payments will be U.S. \$ (amount set forth in the Note), subject to adjustment as follows: as of each Change Date, the amount of the monthly installments of principal and interest will be increased or decreased to an amount sufficient to repay the remaining Principal Balance in full at the Then Current Interest Rate in substantially equal payments by the Final Payment Date (a "Payment Adjustment"). Each Payment Adjustment shall be effective on the first day of the month following each Change Date."

IN WITNESS WHEREOF, Borrower has executed this Security Instrument Rider.

\_\_\_\_\_  
Borrower Date

Charles A. Horstmann 5/27/88  
\_\_\_\_\_  
Borrower Date

CHARLES A. HORSTMANN

\_\_\_\_\_  
Borrower Date

Ann L. Horstmann 05/27/88  
\_\_\_\_\_  
Borrower Date

ANN L. HORSTMANN  
Loan # 31963755

LOAN ID HORS1055

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Property of Cook County Clerk's Office

RR330033

## ADDENDUM TO RIDER TO SECURITY INSTRUMENT (Fixed Rate Conversion Option)

This Addendum to Rider to Security Instrument is made this 27TH day of MAY 19 88, and is incorporated into and shall be deemed to amend and supplement the Rider to Security Instrument (the "Rider"), dated the same date as this Addendum and given by the undersigned (the "Borrower") to secure Borrower's Promissory Note, with Addendum to Promissory Note, to LAKE-COOK MORTGAGE COMPANY (the "Lender") and dated the same date as this Addendum to Promissory Note (the "Note"), covering the property described in the Security Instrument and located at:  
1055 CHEROKEE RD., WILMETTE, IL. 60091

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

### 1. CONVERSION PERIOD

I can make a written request to convert my loan to a fixed rate loan only during the Conversion Period, which begins on the due date of the 13th regularly scheduled monthly payment, and ends on the due date of the 60th regularly scheduled monthly payment. If the option is not exercised within this period, the loan will remain an adjustable rate loan for the remainder of the original term.

### 2. CONVERSION CONDITIONS

To qualify to exercise my conversion option, I must pay the conversion fee in certified funds, and sign the Modification Agreement. I also must be current on my loan, and must not have had any delinquencies of 30 days or more during the preceding 12 months.

### 3. CONVERSION INTEREST RATE

(A) The fixed interest rate in effect on my loan after conversion is called the "Conversion Interest Rate." The Conversion Interest Rate will be calculated by adding 0.875% to the Federal National Mortgage Association's ("FNMA") required net yield for fixed rate mortgages covered by the applicable 60-day mandatory delivery requirements ("FNMA yield"), and rounding the result to the nearest one-eighth of one percent (0.125%). If my mortgage has a 30-year term, FNMA yield will mean the relevant net yield on 30-year fixed rate mortgages; if my mortgage has a 15-year or shorter term, FNMA yield will mean the relevant net yield on 15-year fixed rate mortgages. If the required FNMA yield is not available, the Lender will determine my Conversion Interest Rate by using a comparable figure.

(B) The Lender has the right to select a more current FNMA yield.

(C) The maximum Conversion Interest Rate is the same as the Maximum Interest Rate stated in the Promissory Note.

### 4. CONVERSION PROCEDURE

(A) **Conversion Request.** The conversion procedure begins when I notify the Lender in writing of my request to convert my loan. I must send my request to the Lender either by certified or express mail. Upon receipt of my written request and the conversion fee in certified funds, the Lender will send me a Modification Agreement, which I will sign and return to the Lender by a specified due date. Cancellations will not be allowed after receipt by the Lender of the signed Modification Agreement.

If I exercise my option to convert, the date on which my written request and conversion fee are received by the Lender is called the "Registration Date." The "Conversion Date" will be the date the Conversion Interest Rate becomes effective. If the Registration Date is on or before the 15th calendar day of the month, the Conversion Date will be the first calendar day of the month following the Registration Date. If the Registration Date falls between the 16th calendar day and the end of the month, the Conversion Date will be the first calendar day of the second month following the Registration Date.

(B) Conversion Fee. The Conversion Fee is \$250.00. If I fail to submit my signed Modification Agreement to the Lender by the specified due date, the Lender will not guarantee the Conversion Interest Rate, and I will be required to pay an additional \$125.00 to the Lender to redraw a Modification Agreement with the current Conversion Interest Rate. If I fail to return the Modification Agreement to the Lender by the second due date, I will forfeit all conversion fees paid. If I choose to convert at some time in the future, I will be required to pay the conversion fee again at that time. The conversion fee is refundable if the Lender disapproves my request to convert because my loan is not current, or has had one or more delinquencies within the last 12 months. The conversion fee is nonrefundable if I have not submitted certain supplementary information requested by the Lender within the time allotted.

(C) Time Limits. The Conversion Interest Rate quoted in my Modification Agreement will be valid for a specified period of time beginning on the Registration Date. If the Lender requests any supplementary information, I must provide it within this period. If I do not provide the information within the time allotted, I will not be able to convert at the Conversion Interest Rate specified in the Modification Agreement, and my conversion fee will not be refunded.

(D) Modification Agreement. If the Lender approves my request to convert, the Lender and I will prepare a Modification Agreement, modifying the Promissory Note. Under the Modification Agreement, the Conversion Interest Rate will go into effect on the Conversion Date. As a result of the new interest rate, the amount of my monthly payment will change, beginning on the first calendar day of the month following the Conversion Date, and will remain the same for the remaining term of the loan. My new monthly payment will be in an amount sufficient to repay my loan based on the Conversion Interest Rate, outstanding principal balance on the Conversion Date, and the remaining term of the loan. The remaining term of the loan after conversion will be the same as before conversion.

5. DUE-ON-SALE

After the Conversion Date, my loan is no longer transferable. The Modification Agreement will contain a provision revising the Due-on-Sale clause in the Note.

Charles A. Horstmann 5/27/88  
Borrower CHARLES A. HORSTMANN Date

Ann L. Horstmann 05/27/88  
Borrower ANN L. HORSTMANN Date

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Borrower Date

\_\_\_\_\_  
Borrower Date