

# UNOFFICIAL COPY

0 3 2 4 2 5 3 0  
LOAN # 150526

PREPARED BY AND MAIL TO:

MIDWEST MORTGAGE SERVICES, INC.  
1901 SOUTH MEYERS ROAD, SUITE 300  
OAKBROOK TERRACE, IL 60148

rec 12/15/97 H E J 2



88242538

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## MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on **MAY 31st**  
19 **88** The mortgagor is  
**RICARDO S. MORALIZ and GERALDINE MORALIZ, HUSBAND and WIFE**

("Borrower"). This Security Instrument is given to  
**NORTHWEST NATIONAL BANK, A NATIONAL BANKING ASSOCIATION**  
which is organized and existing under the laws of **THE UNITED STATES OF AMERICA**, and whose address is  
**3985 MILWAUKEE AVENUE CHICAGO, IL 60641**

("Lender").

Borrower owes Lender the principal sum of  
**ONE HUNDRED FIFTEEN THOUSAND & 00/100**

**Dollars (U.S. \$ 115,000.00)** 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 27 OF SPRINGVALLEY ESTATES SUBDIVISION, BEING A SUBDIVISION OF PART OF  
THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 23, TOWNSHIP 41 NORTH,  
RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.**

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DEPT-01 RECORDING \$16.25  
T#1111 TRAM 2695 06/06/88 09:32:00  
#2044 # A 1-88-242538  
COOK COUNTY RECORDER

TAX ID # **07-23-400-013**  
**07-23-400-014** (both affect underlying land)

which has the address of **813 SPRING VALLEY COURT**, **SCHAUMBURG**

Illinois **60172** ("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

OFFICIAL SEAL  
CHUPA COULES  
Notary Public, State of Illinois  
My Commission Expires 8/21/90

RECORD AND RETURN TO:  
MIDWEST MORTGAGE SERVICES, INC.  
1901 SOUTH MEYERS ROAD, SUITE 300  
OAKBROOK TERRACE, IL 60148

My Commission Expires Prepared By:  
KAREN FINDLEY

Notary Public  
Given under my hand and official seal, this  
31st day of May, 1988  
*Chupa Coules*

set forth.  
signed and delivered the said instrument as *their* free and voluntary act, for the uses and purposes therein  
subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that *the y*  
*MORALIZ, his wife, personally known to me to be the same person(s) whose name(s) are*  
do hereby certify that *Ricardo S. Moraliz and Geraldine*  
I, *the undersigned*  
STATE OF ILLINOIS, *Chupa* County ss: a Notary Public in and for said county and state.

[Space Below This Line For Acknowledgment]

*Ricardo S. Moraliz*  
Borrower (Seal)  
*Geraldine Moraliz*  
Borrower (Seal)  
*Chupa Coules*  
Borrower (Seal)

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]
  - Graduated Payment Rider
  - Adjustable 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 boxes]
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 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.
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 reinstatement 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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**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 attach to the Property; (b) yearly hazard insurance premiums; and (c) yearly leasehold payments or ground rents on the Property, 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, unless 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. A charge assessed by Lender in connection with Borrower's entering into this Security Instrument to pay the cost of an independent tax reporting service shall not be a charge for purposes of the preceding sentence. 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 attach to the Property 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 attach to this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or satisfy the lien or a portion 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 from damage to 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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## ADJUSTABLE RATE RIDER

(1 Year Treasury Index—Rate Caps—Fixed Rate Conversion Option)

THIS ADJUSTABLE RATE RIDER is made this 31st 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 Adjustable Rate Note (the "Note") to NORTHWEST NATIONAL BANK, A NATIONAL BANKING ASSOCIATION (the "Lender") of the same date and covering the property described in the Security Instrument and located at:

813 SPRING VALLEY COURT SCHAUMBURG, ILLINOIS 60172  
(Property Address)

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT THE BORROWER'S ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BORROWER MUST PAY. THE NOTE ALSO CONTAINS THE OPTION TO CONVERT THE ADJUSTABLE RATE TO A FIXED RATE.

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

## A. ADJUSTABLE RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial interest rate of 7.850 %. The Note provides for changes in the adjustable interest rate and the monthly payments, as follows:

## 4. ADJUSTABLE INTEREST RATE AND MONTHLY PAYMENT CHANGES

## (A) Change Dates

The adjustable interest rate I will pay may change on the first day of JUNE, 19 89, and on that day every 12th month thereafter. Each date on which my adjustable interest rate could change is called a "Change Date."

## (B) The Index

Beginning with the first Change Date, my adjustable interest rate will be based on an Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 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." THE INITIAL INDEX VALUE FOR THIS LOAN IS 6.920% RSM GM

If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give me notice of this choice.

## (C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding TWO & THREE FOURTHS percentage points ( 2.750 %) 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 limits 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 payment.

## (D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than 9.850 % or less than 5.850 %. Thereafter, my adjustable interest rate will never be increased or decreased on any single Change Date by more than two percentage points (2.0%) from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than 13.850 %, which is called the "Maximum Rate".

## (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 adjustable 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 question I may have regarding the notice.

## B. FIXED INTEREST RATE OPTION

The Note provides for the Borrower's option to convert from an adjustable interest rate with interest rate limits to a fixed interest rate, as follows:

## 5. FIXED INTEREST RATE CONVERSION OPTION

## (A) Option to Convert to Fixed Rate

I have a Conversion Option that I can exercise unless I am in default or this Section 5(A) will not permit me to do so. The "Conversion Option" is my option to convert the interest rate I am required to pay by this Note from an adjustable rate with interest rate limits to the fixed rate calculated under Section 5(B) below.

The conversion can only take place on a date(s) specified by the Note Holder during the period beginning on the first Change Date and ending on the fifth Change Date. Each date on which my adjustable interest rate can convert to the new fixed rate is called the "Conversion Date."

If I want to exercise the Conversion Option, I must first meet certain conditions. Those conditions are that: (i) I must give the Note Holder notice that I want to do so; (ii) on the Conversion Date, I must not be in default under the Note or the Security Instrument; (iii) by a date specified by the Note Holder, I must pay the Note Holder a conversion

(Seal) Borrower

(Seal) Borrower

(Seal) Borrower

(Seal) Borrower

Handwritten signatures and names: RICARDO S. MORALIZ, GERALDINE MORALIZ

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

any remedies permitted by this Security Instrument without further notice or demand on Borrower. Lender may invoke 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

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period as of the date of this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law

without Lender's prior written consent. Lender may, at its option, require immediate payment in full of all sums secured (sold or transferred) or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person)

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) follows:

cease to be in effect, and the provisions of Uniform Covenant 17 of the Security Instrument shall instead be in effect, as Rider, the amendment to Uniform Covenant 17 of the Security Instrument contained in Section C 1 above shall then

2. If Borrower exercises the Conversion Option under the conditions stated in Section B of this Adjustable Rate

or demand on Borrower. Lender may invoke any remedies permitted by this Security Instrument without further notice

expiration of this period. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke

which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the

tion. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of accelera-

Borrower in writing. 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

Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases

Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security

the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to

Lender.

assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to

submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made

to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan

as of the date of this Security Instrument. Lender also shall not exercise this option if: (a) Borrower causes to be

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

sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person)

Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is

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

1. If Borrower exercises the Conversion Option under the conditions stated in Section B of this Adjustable Rate

C. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

as my monthly payment. Beginning with my first monthly payment after the Conversion Date, I will pay the new amount

of my monthly payment. The result of this calculation will be the new amount

that would be sufficient to repay the unpaid principal I am expected to owe on the Conversion Date in full on the maturity

If I choose to exercise the Conversion Option, the Note Holder will determine the amount of the monthly payment

(C) New Payment Amount and Effective Date

not be greater than the Maximum Rate stated in Section 4(D) above.

will determine my interest rate by using comparable information. My new rate calculated under this Section 5(B) will

If this required net yield cannot be determined because the applicable commitments are not available, the Note Holder

plus five-eighths of one percentage point (0.625%), rounded to the nearest one-eighth of one percentage point (0.125%),

Note is 15 years or less, 15-year fixed rate mortgages covered by applicable 60-day mandatory delivery commitments,

point (0.625%), rounded to the nearest one-eighth of one percentage point (0.125%), or (ii) if the original term of this

fixed rate mortgages covered by applicable 60-day mandatory delivery commitments, plus five-eighths of one percentage

date and time of day specified by the Note Holder for (1) if the original term of this Note is greater than 15 years, 30-year

My new, fixed interest rate will be equal to the Federal National Mortgage Association's required net yield as of a

(B) Calculation of Fixed Rate

Holder requires to effect the conversion.

fee of U.S. \$ 100.00----- and (iv) I must sign and give the Note Holder any documents the Note

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