

VMC LOAN NO: 193927-1

DEPT-01

\$17.00

T#4444 TRAN 1553 08/12/88 11:00:00

#7882 # D *-88-366102

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FILE NUMBER RECORDED

MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on AUGUST 01 1988. The mortgagor is TIMOTHY A. HILL AND VILETTE HILL, HIS WIFE ("Borrower"). This Security Instrument is given to VALLEY NATIONAL MORTGAGE COMPANY AN ARIZONA CORPORATION, which is organized and existing under the laws of THE STATE OF ARIZONA, and whose address is P.O. BOX 29627 PHOENIX, ARIZONA 85038 ("Lender"). Borrower owes Lender the principal sum of EIGHTY FIVE THOUSAND FIVE HUNDRED AND 00/100 ***** Dollars (U.S. \$85,500.00*****). 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 AUGUST 01, 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:

-88-366102

LOT 18 IN CREEKSIDE SUBDIVISION PHASE 1, BEING A SUBDIVISION OF PART OF THE SOUTHWEST 1/4 OF SECTION 17, TOWNSHIP 35 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N. 31-17-306-006

PROPERTY ADDRESS: 6206 BEECHWOOD ROAD MATTESON, ILLINOIS 60443

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BOX 260



which has the address of 6206 BEECHWOOD ROAD MATTESON [Street] [City] Illinois 60445 ("Property Address"); [Zip Code]

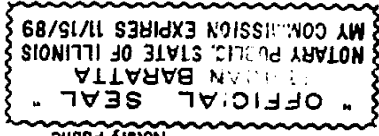
TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all fixtures now or hereafter a part of the property. All replacements and additions shall also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

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

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

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(Space Below This Line Reserved For Lender and Recorder)



My Commission expires: 11-15-89
Given under my hand and official seal, this 1 day of August, 1988
J. Brian Baratta
Notary Public

signed and delivered the said instrument as 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 he is

his wife personally known to me to be the same person(s) whose name(s) is/are
I, Timothy A. Hill & Vilette Hill
do hereby certify that
Timothy A. Hill & Vilette Hill
a Notary Public in and for said county and state,
County ss: State of Illinois

VALLEY NATIONAL MORTGAGE COMPANY
15000 SOUTH CICERO AVENUE
OAK FOREST, ILLINOIS 60452
VILLETTE HILL
Borrower
TIMOTHY A. HILL
Borrower

PREPARED BY AND AFTER
RECORDING RETURN TO:
IN WITNESS WHEREOF, Borrower has executed this Mortgage.

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

19. ACCELERATION; REMEDIES. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraphs 13 and 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence.
20. Lender in Possession. Upon acceleration under paragraph 19 or abandonment of the Property and at any time prior to the expiration of any period of redemption following judicial sale, Lender (in person, by agent or by judicially appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. Any rents collected by Lender or the receiver shall be applied first to payment of the receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Security Instrument.
21. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument without charge to Borrower. Borrower shall pay any recordation costs.
22. Waiver of Homestead. Borrower waives all right of homestead exemption in the Property.
23. RIDERS to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. (Check applicable box(es))
 Adjustable Rate Rider
 Graduated Payment Rider
 Other(s) (specify)

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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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requesting payment.

the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement. Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Lender may take action under this paragraph 7, Lender does not have to do so.

Lender may take action under this paragraph 7, Lender does not have to do so. 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'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.

6. **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.

7. **Preservation and Maintenance of Property; Leasehold.** 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.

8. **Restoration and Repair.** If the Property is damaged, if the restoration or repair is economically feasible and Lender's security is not lessened, Lender and Borrower shall 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.

9. **Insurance.** 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 pay to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition. 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.

10. **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.

11. **Assignment 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.

12. **Charges; Lien.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attach to this Security Instrument, and leasehold payments or ground rents, if any. 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 notice identifying the lien. Borrower shall satisfy the lien or take up or more of the actions set forth above within 10 days of the giving of notice.

13. **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.

14. **Escrow.** Lender shall apply the Funds to pay the escrow items when due, the excess shall be at Borrower's option, either promptly repaid to Borrower or credited 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.

15. **Escrow Items.** Lender shall apply the Funds to pay the escrow items when due, the excess shall be at Borrower's option, either promptly repaid to Borrower or credited 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.

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19. **Escrow Items.** Lender shall apply the Funds to pay the escrow items when due, the excess shall be at Borrower's option, either promptly repaid to Borrower or credited 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.

20. **Escrow Items.** Lender shall apply the Funds to pay the escrow items when due, the excess shall be at Borrower's option, either promptly repaid to Borrower or credited 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.

21. **Escrow Items.** Lender shall apply the Funds to pay the escrow items when due, the excess shall be at Borrower's option, either promptly repaid to Borrower or credited 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.

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ADJUSTABLE RATE RIDER

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

1939271

THIS ADJUSTABLE RATE RIDER is made this 1ST day of AUGUST, 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 VALLEY NATIONAL MORTGAGE COMPANY, an Arizona Corporation (the "Lender") of the same date and covering the property described in the Security Instrument and located at:

6206 BEECHWOOD ROAD, MATTESON, IL 60443
(Property Address)

THIS 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 ADJUSTABLE 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 7.250 %. 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 will pay may change on the first day of AUGUST, 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."

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 AND 75/100 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 9.25 % or less than 5.25 %. Thereafter, my 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 11.25 % even if I convert to a fixed rate in accordance with Section 5 below.

(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:

MULTISTATE ADJUSTABLE RATE RIDER-ARM PLAN 57
Single Family - FNMA Form 3118 7/87

(Rev. 01/88)
Conversion Option

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5. FIXED INTEREST RATE CONVERSION OPTION**(A) Option to Convert to Fixed Rate**

I may choose to convert my adjustable rate to a fixed rate as of the first day of MARCH, 1989 if this is not a construction loan or, if this is a construction loan, as of the first day of the month following the Note Holder's receipt of six consecutive monthly principal and interest payments. I may convert my loan on the first day of any of the following months up until the last possible interest Conversion Date, which is AUGUST, 1993.

If I exercise this conversion option, I must give the Note Holder a written request that I wish to convert. Upon receipt of this request, and provided I am eligible to convert, the Note Holder will mail to me all documents necessary to modify the loan to a fixed rate, level payment loan. The effective date of the conversion ("Effective Conversion Date") will be the first day of the month following a period of up to thirty days from the date the modification documents are received by the Note Holder. Beginning with the Effective Conversion Date, if such conversion has been chosen, my interest rate will be equal to the Federal Home Loan Mortgage Corporation's published Required Net Yield for 30-year, or 15-year if the original term of this Note is for 15 years, fixed rate mortgages covered by 60-day mandatory delivery commitments that was in effect on the day my request to convert was received by the Note Holder, plus either one-half percent (0.5%) per annum if the remaining unpaid balance at the time of conversion is equal to or less than \$ 168,700; or one percent (1.0%) per annum if my loan is secured by a property which is not my primary residence or the remaining unpaid balance at the time of conversion is equal to or greater than \$ 168,700, but less than or equal to \$ 500,000; or one and one-half percent (1.5%) per annum if the remaining unpaid balance at the time of conversion is greater than \$ 500,000. In the event my loan does not carry private mortgage insurance, my fixed rate upon conversion will be based upon the foregoing calculation, plus 0.375% if my loan-to-value ratio is between 80.01% and 85%, or plus 0.50% if my loan-to-value ratio is between 85.01% and 90%. The loan-to-value ratio shall be defined as the remaining unpaid principal balance at the time of conversion divided by the lesser of the original sales price (if applicable) or appraised value at the time of loan closing. The resulting rate will then be rounded up to the nearest one-eighth of one percent (0.125%). If such Required Net Yield is not available, Note Holder will determine my new fixed interest rate by using a comparable figure.

(B) Notice By Note Holder

Upon receipt of my written request to convert, the Note Holder will mail or deliver to me a notice containing the following:

- My new interest rate as the Effective Conversion Date;
- The amount of my new monthly payment;
- The amount of the conversion fee, if applicable; and
- The date, within approximately 10 days, by which the Note Holder must be in possession of my signed documents making the changes to the Note that are necessary to effect the conversion to the new fixed interest rate.

This confirmation notice will include all information required by law to be given to me and also the title and telephone number of a person who will answer any questions I may have regarding the notice.

(C) Election to Convert

I may make inquiry and request verbal quotes of the current conversion rate applicable to my loan at any time. However, if I have provided a written request to convert and subsequently do not proceed with the conversion, or do not meet the deadlines specified in the Note Holder's modification documents, I will forfeit any future right to the conversion option. My loan will remain an adjustable rate loan as provided in this Note.

(D) Conversion Qualifications

Payments: In order to be eligible to exercise the conversion feature, each and every payment must have been received by the Note Holder on or before the 15th day of the month in which the payment was due and the loan must be current at the time of conversion. In addition, if this loan involves construction, the improvements must be completed to the Note Holder's satisfaction.

Owner Occupancy: If the property being financed is intended to be occupied by me at the time the loan is closed, and, at the time of conversion, the property is occupied by me as my primary residence, I may convert the loan, subject to the above conditions, at the then outstanding loan balance and without a fee.

Non-Owner Occupancy: If the property was not intended to be occupied by me as my primary residence, the Note Holder must receive a fee in the amount of 1% of the then outstanding loan balance prior to conversion. Additionally, the outstanding loan balance must conform to the maximum loan limits established by the Federal Home Loan Mortgage Corporation (FHLMC) in effect at the time of conversion for property types similar to that securing my loan; i.e., single family, duplex, tri-plex, or four-plex.

If I choose to convert to a fixed rate of interest as provided above, the Note Holder will then determine the amount of my monthly payment using the unpaid principal balance as of the Effective Conversion Date, the new interest rate, and the original maturity date of the loan. The new payment (the "New Payment Amount") will be an amount that will be sufficient to repay the loan in full on the maturity date in substantially equal payments.

(E) Payment of New Payment Amount; Continuation of Fixed Rate

If I have chosen the foregoing conversion, beginning with my first monthly payment after the Effective Conversion Date, I will pay the New Payment Amount as my monthly payment, and the interest rate I pay will not change from the fixed rate established as of the Effective Conversion Date.

(F) Temporary Buydowns

If, under the original terms, this loan involved the use of a temporary buydown (monthly payment subsidies), these funds will continue to supplement my monthly payment, until the funds have been depleted in accordance with the original buydown schedule.

(G) Failure to Choose Conversion

If I do not, at least 30 days before the last possible Interest Conversion Date specified above, give the Note Holder notice that I choose to convert my adjustable rate to a fixed rate and do the other things that I must do within the specified times, I will no longer have the right to choose such a conversion of interest rate.

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

1. Until Borrower exercises the Conversion Option under the conditions stated in Section B of this Adjustable Rate Rider, Uniform Covenant 17 of the Security Instrument is amended to read as follows:

Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) 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. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.


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

2. If Borrower exercises the Conversion Option under the conditions stated in Section B of this Adjustable Rate Rider, the amendment to Uniform Covenant 17 of the Security Instrument contained in Section C.1. above shall then cease to be in effect, and the provisions of Uniform Covenant 17 of the Security Instrument shall instead be in effect, as follows:

Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) 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.

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


TIMOTHY A. HILL (Seal) Borrower


VILETTE HILL (Seal) Borrower

(Seal) Borrower

(Seal) Borrower

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