

2371486

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A.T.G.F.
BOX 370

89418290

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MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on August 31, 1989. The mortgagor is Michelle Claire Hoppe and Ernesto Joseph Villegas, Husband and Wife ("Borrower"). This Security Instrument is given to American Airlines Employees Federal Credit Union, its successors and/or which is organized and existing under the laws of The United States of America and whose address is 4200 Amon Carter Blvd., Fort Worth, TX 76155 ("Lender").

Borrower owes Lender the principal sum of Ninety-One Thousand Eight Hundred and no/100 Dollars (U.S. \$ 91,800.00). 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 30, 2019. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following described property located in Cook County, Illinois:

UNIT NUMBER 2349-3 IN FULLERTON COLONNADE CONDOMINIUM AS DELINEATED ON A SURVEY OF THE FOLLOWING DESCRIBED REAL ESTATE: THE WEST 67 FEET (EXCEPTING THEREFROM THE EAST 4 FEET OF (CH) NORTH 75 FEET THEREOF) OF LOT 19 IN WILLIAM BARRY'S SUBDIVISION OF BLOCK 4 IN THE CANAL TRUSTEE'S SUBDIVISION OF SECTION 33, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS WHICH SURVEY IS ATTACHED AS EXHIBIT A TO THE DECLARATION OF CONDOMINIUM RECORDED AS DOCUMENT 25190428 TOGETHER WITH ITS UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS.

PIN #14-33-105-036-1011

DEPT-01

\$20.00

145555 TRAN 2757 09/06/89 15:26:00
 14881 E *89-418290
 COOK COUNTY RECORDER

which has the address of 2349 N. Cleveland #3S, Chicago [Street] [City]
 Illinois 60614 ("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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Box 370

D E L I V E R Y

INSTRUCTIONS
OR
NAME Fred R. McMorris
STREET Rooks, Pltcs and Poust
201 Naperville Road
CITY Wheaton, IL 60187

FOR RECORDERS INDEX PURPOSES
INSERT STREET ADDRESS OF ABOVE
DESCRIBED PROPERTY HERE
2349 N. Cleveland, #35
Chicago, IL 60614
This Instrument Was Prepared By
Fred R. McMorris, 201 Naperville Rd.
Wheaton, IL 60187

[Signature]
Notary Public

My Commission expires 4/15/90

STATE OF ILLINOIS, Cook County ss: I, the undersigned, a Notary Public in and for said county and state, do hereby certify that Michelle Claire Hoppe and Ernest Joseph Villegas, Husband and Wife, personally known to me to be the same person (s) whose name (s) are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their free and voluntary act, for the uses and purposes therein set forth.

[Space Below This Line For Acknowledgment]

Ernesto Joseph Villegas (Borrower) (Seal)
Michelle Claire Hoppe (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.

- 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. (Check applicable box(es))
 Adjustable Rate Rider
 Graduated Payment Rider
 Other(s) (specify)
- 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 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.

- Condominium Rider
- Planned Unit Development Rider
- 2-4 Family Rider

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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 in priority over this Security Instrument; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (d) yearly mortgage insurance premiums, if any. These items are called "escrow items." Lender may estimate the Funds due on the basis of current data and reasonable estimates of future escrow items.

The Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay the escrow items. Lender may not charge for holding and applying the Funds, analyzing the account or verifying the escrow items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing that interest shall be paid on the Funds. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.

If the amount of the Funds held by Lender, together with the future monthly payments of Funds payable prior to the due dates of the escrow items, shall exceed the amount required to pay the escrow items when due, the excess shall be at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly payments of Funds. If the amount of the Funds held by Lender is not sufficient to pay the escrow items when due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as required by Lender.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 19 the Property is sold or acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Security Instrument.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to late charges due under the Note; second, to prepayment charges due under the Note; third, to amounts payable under paragraph 2; fourth, to interest due; and last, to principal due.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attach in priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of, the lien in legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attach in 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 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 an excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 19 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. Preservation and Maintenance of Property; Leaseholds. Borrower shall not destroy, damage or substantially change the Property, allow the Property to deteriorate or commit waste. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in the Property; Mortgage Insurance. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's action may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

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

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

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

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

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

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

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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CONDOMINIUM RIDER

THIS CONDOMINIUM RIDER is made this 31st day of August, 1989 and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to American Airlines Employees Federal Credit Union, its successors and/or (the "Lender") of the same date and covering the Property described in the Security Instrument and located at assigns 2349 N. Cleveland, #3S, Chicago, Illinois 60614 [Property Address]

The Property includes a unit in, together with an undivided interest in the common elements of, a condominium project known as: Fullerton Colonnade Condominium [Name of Condominium Project]

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

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

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

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

(i) Lender waives the provision in Uniform Covenant 2 for the monthly payment to Lender of one-twelfth of the yearly premium installments for hazard insurance on the Property; and

(ii) Borrower's obligation under Uniform Covenant 5 to maintain hazard insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Owners Association policy.

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

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

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

D. Condemnation. The proceeds of any award or claim for damages, direct or consequential, payable to Borrower in connection with any condemnation or other taking of all or any part of the Property, whether of the unit or of the common elements, or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. Such proceeds shall be applied by Lender to the sums secured by the Security Instrument as provided in Uniform Covenant 9.

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

(i) the abandonment or termination of the Condominium Project, except for abandonment or termination required by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;

(ii) any amendment to any provision of the Constituent Documents if the provision is for the express benefit of Lender;

(iii) termination of professional management and assumption of self-management of the Owners Association; or

(iv) any action which would have the effect of rendering the public liability insurance coverage maintained by the Owners Association unacceptable to Lender.

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

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


Michelle Claire Hoppe (Seal) Borrower


Ernesto Joseph Villegas (Seal) Borrower

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Property of Cook County Clerk's Office

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AMERICAN AIRLINES EMPLOYEES FEDERAL CREDIT UNION

FIRST MORTGAGE LOAN ADJUSTABLE RATE RIDER

Michelle Claire Hoppe

BORROWER

Ernesto Joseph Villegas

CO-BORROWER

22800170

EMPLOYEE NUMBER

THE ADJUSTABLE RATE RIDER is made this August 31, 1989, 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 the Borrower's Adjustable Rate Note (the "Note") to AMERICAN AIRLINES EMPLOYEES FEDERAL CREDIT UNION (the "Lender") of the same date and covering the property described in the Security Instrument and located at:

2349 N. Cleveland, Chicago, IL 60614

#3S

(Property Address)

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. IF THE INTEREST RATE INCREASES, THE BORROWER'S MONTHLY PAYMENTS WILL BE HIGHER. IF THE INTEREST RATE DECREASES, THE BORROWER'S MONTHLY PAYMENTS WILL BE LOWER

1. CHANGES IN SECURITY INSTRUMENT MADE BY THIS RIDER

This Rider makes certain changes and additions to the terms of the Security Instrument. Whenever the terms contained in the Security Instrument differ from the terms of this Rider, the provisions of this Rider shall control.

2. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$ 91,800.00 (this amount is called "Principal") plus interest, to the order of the Lender. I understand that the Lender may transfer this Security Instrument.

3. INTEREST

Interest will be charged on that part of Principal which has not been paid, beginning on the date I receive Principal and continuing until the full amount of Principal has been paid.

Beginning on the date I receive Principal, I will pay interest at a yearly rate of 10.0%. The interest rate I will pay will change in accordance with Section 5 of this Rider. The interest rate required by this Section and Section 5 of this Rider, is the rate I will pay both before and after any default described in Section 7(B) of this Rider.

4. PAYMENTS

(A) TIME AND PLACE OF PAYMENTS

I will make my payments each payroll period while employed with AMR Corporation, its subsidiaries, affiliated companies, or other companies which may sponsor American Airlines Employees Federal Credit Union, beginning as soon as possible but no later than six (6) weeks from this date. I will make these payments until I have paid all of the Principal and interest and any other charges described below that I may owe under this Rider. My payments will be applied to interest before Principal. If, at loan maturity, I still owe amounts under this Rider, I will pay those amounts in full on that date, which is called maturity date. I will make my payments by direct payroll deduction or at a different place and on the first of each month if required by the Lender.

(B) AMOUNT OF PAYMENTS

My initial payments will be in the amount of U.S. \$ 404.19 per pay period. This amount will change if the interest rate that I must pay changes. The Lender will determine my new interest rate and the changed amount of my payment in accordance with Section 5 of this Rider.

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-2-

(C) BORROWER'S RIGHTS AND OBLIGATIONS

The terms and conditions in the Security Agreement and this Rider remain in force if the borrower leaves the employ of AMR Corporation, its subsidiaries, affiliated companies, or other companies which may sponsor American Airlines Employees Federal Credit Union.

5. INTEREST RATE AND PAYMENT CHANGES

(A) CHANGE DATES

My interest rate may be adjusted, based on the INDEX, once each year. The date on which the adjustment is effective is called the Change Date. The initial Change Date will be 12 months after my loan is closed, on the anniversary of the loan closing. Thereafter, my interest rate may be changed on the same date every 12 months for the entire term of the loan. Interest rate changes will take effect on the Change Date. Any interest rate change will result in an increase or decrease in my payment amount due on the next payroll period following the Change Date.

(B) THE INDEX

1) The Caped One-Year ARM is an adjustable rate loan. The index used is the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year. The interest rate will change each year based on the change in the interest rate index.

2) My new interest rate on each Change Date will equal the Current INDEX plus the Margin. The Margin is the number 2.75 that is added to the Current INDEX to determine my interest rate and is established at the time of application. The Margin is a constant number that will never change over the life of the ARM.

(C) CALCULATION OF INTEREST RATE CHANGES

The interest rate will be adjusted on each Change Date to that rate which is 2.75 percentage points higher than the value of the current INDEX.

(D) MANDATORY CHANGE IN INTEREST RATE

Any change in interest rate shall be mandatory. However, the Lender, at its option, may waive or defer any interest rate increase. Such waiver shall be effective only if made in writing by the Lender or its authorized agent.

(E) LIMITATION ON CHANGES

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1) Any interest rate change will be limited to 2.0 percentage points on any Change Date.

2) The maximum interest rate on my loan will never be greater than 5.0 percentage points above the initial rate unless the initial rate is below 10%. If the initial rate is below 10%, the maximum rate may be adjusted not to exceed 15%. The minimum interest rate on my loan will never be less than 4.0 percentage points below the initial rate.

3) Changes will be rounded up to the nearest 1/8 of 1 percentage point (0.125%).

(F) NOTICE OF CHANGES

The Lender will send me notice of any change in my interest rate and payment amount ("Notice of Changes") approximately 30 days before each Change Date. The notice will tell me how the INDEX has changed and how my interest rate and payment amount will be affected. A notice may be sent when my interest rate or payment amount remain the same. All interest rate changes will be based on the INDEX made available at the time the notice is sent, rather than on the Change Date with an effective date as indicated in Section 5(A).

6. BORROWER'S RIGHT TO REPAY

I have the right to make payments of Principal at any time before they are due. I may make a full prepayment or a partial prepayment without paying any penalty. The Lender will use all of my prepayments to first reduce any accrued interest then an amount of Principal that I owe under this Rider. If I make a partial prepayment, there will be no delays in the due dates of my payments. A partial prepayment may reduce the payment amount, but only after the first Change Date following the partial payment.

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7. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) LATE CHARGE

If the Lender receives any monthly payment required by the Note and Security Instrument more than fifteen (15) days after the due date, the Lender may impose a late charge. This late charge will be five percent (5%) of the late monthly payment.

(B) DEFAULT

Default procedures referenced in the Security Instrument are superseded by the following:

If I fail to keep any promise or agreement made in this Security Instrument including the promises to pay when due the amounts that I owe to Lender, Lender may, without notice, require that I immediately pay the entire amount remaining unpaid under the Note and this Security Instrument. This requirement will be called "Immediate Payment in Full".

(C) NOTICE OF DEFAULT

If I am in default, the Lender may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Lender may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe. That date must be at least 30 days after the date on which the notice is mailed or delivered to me.

(D) NO WAIVER BY THE LENDER

Even if, at a time which I am in default, the Lender does not require me to pay immediately in full as described above, the Lender will still have the right to do so if I am in default at a later time.

(E) PAYMENT OF LENDER'S COSTS AND EXPENSES

If the Lender has required me to pay immediately in full as described above, the Lender will have the right to be paid back by me for all costs and expenses in enforcing this Rider to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorney's fees.

(F) PAYMENTS BY THE LENDER

If I do not pay all taxes, assessments, sewer rents or water rates, insurance premiums, costs to protect the value of the Property, maintenance or any other payments I am required to make, the Lender may pay those charges, without prior notice to me. If the Lender does pay them, I will repay the Lender promptly at its request, with interest at the rate provided in the Note.

8. GIVING OF NOTICES

The Lender is not required to give me any notice prior to taking any action necessary to protect the Property or the Lender's rights in the Property or making an inspection of the Property.

Any notice that must be given to the Lender under this Rider will be given by mailing it by Certified Mail to the Lender at P.O. Box 619001, MD2100, DFW Airport, TX 75261-9001, or at a different address if I am given a notice of that different address.

9. OBLIGATIONS OF PERSONS UNDER THIS RIDER

If more than one person signs this Rider, each person is fully and personally obligated to keep all of the promises made in this Rider, including the promise to pay the full amount owed. Any person who is a guarantor, surety, or endorser of this Rider is also obligated as indicated above. Any person who takes over these obligations, including the obligations of a guarantor, surety, or endorser of this Rider, is also obligated to keep all of the promises made in this Rider. The Lender may enforce its rights under this Rider against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Rider.

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10. PAYMENT FOR TAXES AND INSURANCE

All references made in the Security Instrument to taxes, assessments and ground rents shall be deemed to include sewer rent and water charges. All references to hazard insurance shall be deemed to include flood insurance.

11. FLOOD INSURANCE

If the Lender requires it, I will obtain flood insurance in the amount of the Principal balance I owe or the maximum amount which is obtainable under the National Flood Insurance Program, whichever is less.

12. VIOLATIONS AFFECTING PROPERTY

If my use, occupation or maintenance of the Property violates any law or rule of any governmental body, then I agree to correct such violation within ninety (90) days after I am notified.

13. FORECLOSURE

If Lender requires "Immediate Payment in Full", Lender may bring any lawsuit to take away all my remaining rights in the Property and to have the Property sold. At this sale, Lender or another person may acquire the Property. This is known as "foreclosure and sale". If a lawsuit is commenced to foreclose this Security Instrument and there is a sale at foreclosure, I agree that the Property may be sold in one parcel. The Lender may ask an attorney to foreclose the Security Instrument, or to enforce any of the promises I have not kept. If the Lender does so, it may add all reasonable legal fees costs, allowances and disbursements to the amount I owe it, together with interest, at the rate specified in the Note.

14. DISCONTINUANCE OF FORECLOSURE

References to remedies to acceleration are hereby deleted.

15. CHANGING THIS RIDER

This Rider may be changed only if the Lender and I both give our written consent.

16. LENDER'S RIGHT TO INSURANCE PROCEEDS

References in the Security Instrument to hazard insurance proceeds is amended in the following respect:

Upon receipt of insurance proceeds, the Lender, at its sole option, may use said proceeds to reduce the amount I owe under the Note and Security Instrument or release the proceeds to me for use in the repair of the damaged Property.

17. DISCHARGE OF SECURITY INSTRUMENT

References in the Security Instrument to release of the Security Instrument are hereby deleted.

Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument.

I agree to pay Lender's reasonable attorneys' fees to the extent allowed by law for the preparation of the certificate discharging this Security Instrument and I will pay all costs of recording the discharge in the proper official records.

18. BORROWER'S WAIVERS

I waive my rights to require the Lender to do certain things. Those things are: (a) to demand payment of amounts due (known as "presentment"); (b) to give notice that amounts due have not been paid (known as "notice of dishonor"); and (c) to obtain an official certification of nonpayment (known as a "protest"). Anyone else (i) agrees to keep the promises made in this Note, or (ii) who agrees to make payments to the Lender if I fail to keep my promises under this Note, or (iii) who signs this Note to transfer it to someone else (known as "guarantors, sureties, endorsers"), also waives these rights.

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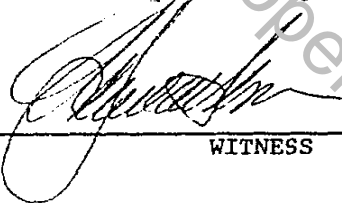
19. LIEN AND SETOFF

Both Spouse/Co-Borrower and I each give the Credit Union a lien and right of setoff for all Borrower's and Spouse/Co-Borrower liabilities arising hereunder upon and against Borrower's and Spouse/Co-Borrower deposits, credits and property now or hereafter in the possession or control of Credit Union or in transit to it. Credit Union may, at any time, without notice and without first resorting to any collateral which may secure this note, apply all or any part of said deposits, credits and property to Borrower's or Spouse/Co-Borrower liabilities.


20. OTHER CHARGES

I agree to pay the Lender a reasonable charge for its work in changing its records caused by any change of ownership of the Property, for any letter I may require from the Lender showing the amount due on the Note and Security Instrument, or for its inspection of the Property in connection with payment of fire insurance money or for any other document which I may request from the Lender concerning the Note and Security Instrument for the Property.


Notwithstanding a sale or transfer, Borrower will continue to be obligated under the Rider and Security Instrument unless Lender has released Borrower in writing.



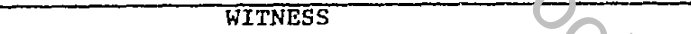
WITNESS



BORROWER
Michelle Claire Hoppe



SPOUSE/CO-BORROWER
Ernesto Joseph Villegas



WITNESS

SUBSCRIBED AND SWORN TO BEFORE ME on this 31st day of August, 1989.

My Commission Expires: 4/16/90



NOTARY PUBLIC

State of Illinois County of Cook