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MORTGAGE

279047-5

THIS MORTGAGE ("Security Instrument") is given on NOVEMBER 23 19 90 The mortgagor is MICHAEL MICHALOWICZ AND CECILIA MICHALOWICZ, HUSBAND AND WIFE

("Borrower"). This Security Instrument is given to THE TALMAN HOME FEDERAL SAVINGS AND LOAN ASSOCIATION OF ILLINOIS which is organized and existing under the laws of THE UNITED STATES OF AMERICA, and whose address is 4242 NORTH HARLEN NORRIDGE, ILLINOIS 60634 ("Lender").

Borrower owes Lender the principal sum of ONE HUNDRED TWENTY ONE THOUSAND FIVE HUNDRED AND NO/100

Dollars (U.S. \$ 121,500.00 ). 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 DECEMBER 29, 2011. 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 125 IN WILLIAM ZELOSKY'S SUBDIVISION OF BLOCKS 1, 2, 3 AND 4 IN RIDGELAND, A SUBDIVISION OF THE SOUTH 1/2 OF THE NORTH EAST 1/4 OF THE SOUTH WEST 1/4 AND THE SOUTH WEST OF THE NORTH WEST 1/4 OF THE SOUTH EAST 1/4 OF SECTION 7, TOWNSHIP 40 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

\$ 17.00

13-07-315-020-0000

which has the address of 5044 NORTH NEWLAND (Street) CHICAGO (City) Illinois 60656 ("Property Address");

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.

ILLINOIS - Single Family - FNMA/FHLMC UNIFORM INSTRUMENT

Form 3014 12/83 Amended 5/87

6F(IL) 09/9

VMP MORTGAGE FORMS • (312)293-8100 • (800)521-7291

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WA 64465 723148 Selony

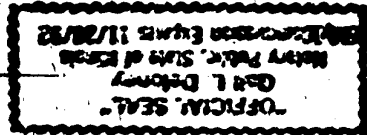
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BOX 333 - GG

THE TALMAN HOME FEDERAL SAVINGS AND LOAN ASSOCIATION OF ILLINOIS  
4901 WEST IRVING PARK ROAD  
CHICAGO, ILLINOIS 60618  
ATTENTION: JOYCE GRADL

RECORD AND RETURN TO:

JOYCE GRADL  
CHICAGO, IL 60618



*[Signature]*  
Notary Public

Given under my hand and official seal, this 23rd day of November, 1990

My Commission Expires:

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 **THEY** ARE

**MICHAEL MICHALOWICZ AND CECILIA MICHALOWICZ, HUSBAND AND WIFE**

, a Notary Public in and for said county and state.

County ss:

STATE OF ILLINOIS

*[Signature]*  
MICHAEL MICHALOWICZ  
Borrower  
*[Signature]*  
CECILIA MICHALOWICZ/HIS WIFE  
Borrower  
*[Signature]*  
Borrower  
*[Signature]*  
Borrower  
*[Signature]*  
Borrower

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.

- Adjustable Rate Rider
- Condominium Rider
- 1-4 Family Rider
- Graduated Payment Rider
- Planned Unit Development Rider
- Other(s) (specify) Weekly Payment Rider

[Check applicable box(es)]

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 date; (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 and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower. 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 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.

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.

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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 or amortization of the sum 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, in 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 accommodation 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 limit, 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 the sums secured by this Security Instrument. However, this option shall not be exercised by Lender. 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.

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

appearing in court, paying reasonable attorney's fees and entering on the Property to make repairs. Although Lender may Property, Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations), and agreement contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's 7. **Protection of Lender's Rights in the Property; Mortgage Insurance.** If Borrower fails to perform the covenants and fee title shall merge unless Lender agrees to the merger in writing.

and fee title shall merge unless Lender agrees to the merger in writing. Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold change the Property, allow the Property to deteriorate or commit waste. If this Security Instrument is on a leasehold, instrument immediately prior to the acquisition.

6. **Preservation and Maintenance of Property; Leasehold.** Borrower shall not destroy, damage or substantially If under paragraph 7 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments, Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend when the notice is given.

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

of paid premiums and renewal notices. In the event of loss, Borrower shall promptly give to Lender all receipts shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender withheld.

carrier providing the insurance shall be chosen, by Borrower subject to Lender's approval which shall not be unreasonably 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 5. **Hazard Insurance.** Borrower shall keep the improvement now existing or hereafter erected on the Property days of the giving of notice.

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

dividing the payments. Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) B

paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower 4. **Charges; Taxes; Borrower's Obligations.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the paragraphs 1 and 2 shall be applied; first, to late charges due under the Note; second, to preparation charges due under the paragraphs 1 and 2 shall be applied; first, to late charges due under the Note; second, to preparation charges due under the

Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under 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 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 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 If the amount of the Funds held by Lender is not sufficient to pay the escrow items when due, Borrower shall pay to be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly payments of Funds. to the due dates of the escrow items, shall exceed the amount required to pay the escrow items when due, the excess shall If the amount of the Funds held by Lender, together with the future monthly payments of Funds payable prior was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.

annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds shall be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an shall be paid on the Funds. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not service shall not be a charge for purposes of the preceding sentence. Borrower and Lender may agree in writing that interest by Lender in connection with Borrower's entering into this Security Instrument to pay the cost of an independent tax reporting Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. A charge assessed Lender may not charge for holding and applying the Funds, analyzing the account or verifying the escrow items, unless or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay the escrow items. The Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a federal current data and reasonable estimates of future escrow items.

insurance premiums, if any. These items are called "escrow items." Lender may estimate the Funds due on the basis of leasehold payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (d) yearly mortgage (equal to one-twelfth of: (a) yearly taxes and assessments which may attain priority over this Security Instrument; (b) yearly pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds"), 7. **Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note. 1. **Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the

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

18058506

6. (omitted)  
5. (omitted)

If I make all by biweekly payments on time and pay all other amounts owed under this Note, I will repay my loan in full on **DECEMBER 29, 2011**, which is called the "Maturity Date". If on the Maturity Date, I still owe amounts under this Note, I will pay those amounts in full on that date.

4. TERM

I understand that the Note Holder, or an entity acting for the Note Holder, may deduct the amount of my biweekly payment from the account to pay the Note Holder for each biweekly payment on the date it is due until I have paid all amounts owed under this Note.  
I will keep sufficient funds in the account to pay the full amount of each biweekly payment on the date it is due. I will not change the account from which my biweekly payments are deducted to a new account with the Note Holder without the prior written consent of the Note Holder.  
My biweekly payments will be made by an automatic deduction from an account I will maintain with the Note Holder. On or before the date of this Note, I will cause the Note Holder to have in its possession my written authorization and voided check for the account from which my biweekly payments will be deducted. I will maintain with the Note Holder an account from which my biweekly payments are deducted to a new account with the Note Holder without the prior written consent of the Note Holder.

(C) Manner of Payment

My biweekly payment will be in the amount of U.S. \$ **521.94**

(B) Amount of Biweekly Payments

I will make my biweekly or any monthly payments at **4242 NORTH HARLEM NORRIDGE, ILLINOIS 60634** or at a different place if required by the Note Holder.

(A) Time and Place of Payments

I will pay principal and interest by making payments every fourteen calendar days (the "biweekly payments"), beginning on **JANUARY 10 19 91**. I will make the biweekly payments every fourteen days until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. My biweekly or any monthly payments will be applied to interest before principal.

3. PAYMENTS

The interest rate required by Section 2 of the Note will increase 0.25% if the Note Holder exercises its option to terminate biweekly payments pursuant to Section 7(C) of the Note and this Rider.

2. INTEREST

1. (omitted)

The Note provides for the Borrower's biweekly loan payments and the termination of the Borrower's right to make the biweekly payments as follows:

A. BIWEEKLY PAYMENTS

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

Property Address

**5044 NORTH NEWLAND, CHICAGO, ILLINOIS 60656**

**ILLINOIS** curily instrument and located at  
**LOAN ASSOCIATION OF** (the "Lender") of the same date and covering the property described in the Se-  
lower") to secure Borrower's Note (the "Note") to **THE TALMAN HOME FEDERAL SAVINGS AND**  
of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Bor-  
19 90 and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed  
THIS BIWEEKLY PAYMENT RIDER is made this **23RD** day of **NOVEMBER**

(FIXED RATE)

BIWEEKLY PAYMENT RIDER

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FORM NO-1185 APR 82

FOR ILLINOIS USE ONLY

Borrower (Seal) \_\_\_\_\_  
 CECILIA MICHALOWICZ/HIS WIFE  
 Borrower (Seal) \_\_\_\_\_  
 MICHAEL MICHALOWICZ

18058506

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Biweekly Payment Rider.

2. If Lender terminates Borrower's right to make biweekly payments under the conditions stated in Section A of this Biweekly Payment Rider, the amendments to the Security Instrument contained in Section B1 above shall then cease to be in effect, and the provisions of the Security Instrument shall instead be in effect without the amendments stated in this Biweekly Payment Rider.

(a) The word "month" is changed to "biweekly" in the Security Instrument wherever "month" appears.

(b) In Uniform Covenant 2 of the Security Instrument ("Funds for Taxes and Insurance"), the words "one-twelfth" are changed to "one twenty-sixth."

1. Until Borrower's right to make biweekly payments is terminated under the conditions stated in Section A of this Biweekly Payment Rider, the Security Instrument is amended as follows:

## B. BIWEEKLY PAYMENT AMENDMENTS TO THE SECURITY INSTRUMENT

The Note Holder will determine my new payments by calculating an amount sufficient to repay the balance which would be owed under the Note (assuming all payments had been made on time) at the increased interest rate in substantially equal monthly installments from the effective date of the interest rate increase to the Maturity Date. As soon as the Note Holder elects to convert payments to monthly due dates, a Conversion Notice will be sent to me specifying the effective date of the change to monthly due dates; the amounts of the new monthly payments; the new interest rate; the effective date of the change to monthly due dates; and the aggregate amount of any past due payments. The effective date of the change to monthly due dates will, however, precede the effective date of the interest rate increase. Monthly payments which precede the effective date of the interest rate increase will be calculated at the original interest rate and may include interest and principal payments for any number of days which fall between the last biweekly payment due date and effective date of change to monthly due dates. The amounts of these monthly payments will also be set forth in the Conversion Notice. After Conversion, I will pay all sums due pursuant to the Conversion Notice, and if I still owe amounts under this Note at the Maturity Date, I will pay those amounts in full on that date in accordance with Section 4 above.

Upon conversion, automatic deductions will cease. All monthly payments will be due on the first day of each month and must be remitted by means other than automatic deduction. Once converted, payments can never be changed back to biweekly due dates.

- (i) If for any reason (including but not limited to insufficient funds or unavailable funds in my account or processing errors made by an entity other than the Note Holder) the Note Holder is unable to deduct the full biweekly payment due on any three biweekly payment due dates during any twelve consecutive months of the loan term.
- (ii) I fail to deliver my written authorization and voided check as required under Section 3(C) above;
- (iii) I fail to maintain the account I am required to maintain under Section 3(C) above;

If any one of the following conditions exist, the Note Holder may increase the interest rate pursuant to Section 2 above and the amounts of future payments due under the Note and change the due date of each such payment from biweekly to monthly (this is called a Conversion):

## (C) Conversion From Biweekly Payments

If I do not pay the full amount of my biweekly or monthly payment on the date it is due, I will be in default.

## (B) Default

If the Note Holder does not receive the full amount of any biweekly payment on the date it is due, I will pay a \$25.00 processing charge to the Note Holder. If the Note Holder has not received the full amount of any biweekly or monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5% of my overdue payment of the principal and interest. I will pay this late charge and processing charge promptly but only once on each late payment.

## (A) Late Charge for Overdue Payments

## 7. BORROWER'S FAILURE TO PAY AS REQUIRED