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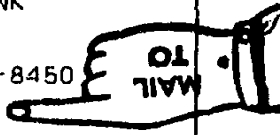
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This Instrument Was Prepared By:
MELINDA MORRIS

When Recorded Mail To

90152406

FIRST NATIONWIDE BANK,
A FEDERAL SAVINGS BANK
DOCUMENT CONTROL OPT
P.O. BOX 348450
SACRAMENTO, CA 95834-8450



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DOC. 070

MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on MARCH 29, 1990
The mortgagor is PETE DARDANES AND IRENE DARDANES, HIS WIFE-01 RECORDING \$19.25
: T#7777 TRAN 1631 04/04/90 13:25:00
: #601; F #--90-152406
: COOK COUNTY RECORDER

("Borrower"). This Security Instrument is given to FIRST NATIONWIDE BANK, A FEDERAL SAVINGS BANK, which is organized and existing under the laws of THE UNITED STATES OF AMERICA, and whose address is 700 MARKET STREET, SAN FRANCISCO, CA 94102

("Lender"). Borrower owes Lender the principal sum of ONE HUNDRED SEVENTY THOUSAND AND 00/100

Dollars (U.S. \$ ***** 170,000.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on APRIL 01, 2020. 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 7 IN CARRIAGE WAY WEST, BEING A RESUBDIVISION OF LOTS 1 AND 2 IN BLOCK 2 IN ARTHUR T. MCINTOSH AND COMPANY'S CHICAGO AVENUE FARMS, AS RECORDED MAY 3, 1926 PER DOCUMENT NUMBER 9261339 AND THE WEST 1/2 OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 16, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

TAX I.D. # 02-16-401-003, 02-16-401-002 AND 02-16-401-001 AFFECTS PROPERTY IN QUESTION AND OTHER PROPERTY

which has the address of 964 BOMBAY WAY
PALATINE, IL 60067-0000

("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.

CLOSER ID: 10222
FNMA/FHLMC Uniform Instrument 3014 12/83
Page 1 of 4 AIM1
L0959 (R03) 2/90 IL - Single Family

COPY 01 OF 03

Loan # 0045112612
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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 as 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 attorney's fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Paragraphs 13 or 17.

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Uniform Covenants. Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. **Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") equal to one-twelfth of: (a) yearly taxes and assessments which may attain 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.

A charge assessed by the Lender in connection with Borrower's entering into this Security Agreement to pay the cost of an independent tax reporting service shall not be a charge for purposes of the preceding sentence.

Borrower and Lender may agree in writing that interest shall be paid on the Funds. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.

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

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

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

4. **Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain 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 attain 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 any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in Paragraphs 1 and 2 or change the amount of the payments. If 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 actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorney's 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.

CLOSER ID: 10222

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L0959 (R03) 2/90 IL - Single Family

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Loan # 0045112612

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Non-Uniform Covenants. Borrower and Lender further covenant and agree as follows:

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 attorney's 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 attorney's 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)

Condominium Rider
 Planned Unit Development Rider
 Convertible Rider

1-4 Family Rider

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.

PETE DARDANES
PETE DARDANES

Date

TRENE DARDANES
TRENE DARDANES

Date

Date

(Age)
Date

(Space Below This Line For Acknowledgment)

STATE OF ILLINOIS

COUNTY OF Cook

I, Heidi Anderson, A NOTARY PUBLIC IN AND FOR SAID COUNTY AND STATE DO HEREBY CERTIFY THAT Pete to Dardanes & Irene Dardanes, his wife PERSONALLY KNOWN TO ME TO BE THE SAME PERSONS WHOSE NAMES 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.

19 90

GIVEN UNDER MY HAND AND OFFICIAL SEAL THIS

29 DAY OF March

MY COMMISSION EXPIRES:

Heidi Anderson
NOTARY PUBLIC

90152A06

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Property of Cook County Clerk's Office

01/20/18

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

DOC. 020

This Addendum to Rider to Security Instrument is made this 29TH day of MARCH, 1990, and is incorporated into and shall be deemed to amend and supplement the Rider to Security Instrument (the "Rider"), dated the same date as this Addendum and given by the undersigned (the "Borrower") to secure Borrower's Promissory Note, with Addendum to Promissory Note, to FIRST NATIONWIDE BANK, A FEDERAL SAVINGS BANK (the "Lender") and dated the same date as this Addendum to Promissory Note (the "Note"), covering the property described in the Security Instrument and located at:
964 BOMBAY WAY
PALATINE, IL 60067-0000

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

1. CONVERSION PERIOD

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

2. CONVERSION CONDITIONS

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

3. CONVERSION INTEREST RATE

(A) The fixed interest rate in effect on my loan after conversion is called the "Conversion Interest Rate." The Conversion Interest Rate will be calculated by adding 0.625% to the Federal National Mortgage Association's ("FNMA") required net yield for fixed rate mortgages covered by the applicable 60-day mandatory delivery requirements ("FNMA yield"), and rounding the result to the nearest one-eighth of one percent (0.125%). If my mortgage has a 30-year term, FNMA yield will mean the relevant net yield on 30-year fixed rate mortgages; if my mortgage has a 15-year or shorter term, FNMA yield will mean the relevant net yield on 15-year fixed rate mortgages. If the required FNMA yield is not available, the Lender will determine my Conversion Interest Rate by using a comparable figure.

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

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

4. CONVERSION PROCEDURE

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

If I exercise my option to convert, the date on which my written request and fee are received by the Lender is called the "Registration Date." The "Conversion Date" will be the date the Conversion Interest Rate

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Loan # 0045112612
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CSA2 1.1228

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1.1228A2 (R02) 2/R9 NATIONWIDE

CLOSER ID: 10222

Date _____
(Serial)

Date _____

Date _____
IRENE DARDANES

Date _____
PETE DARDANES

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

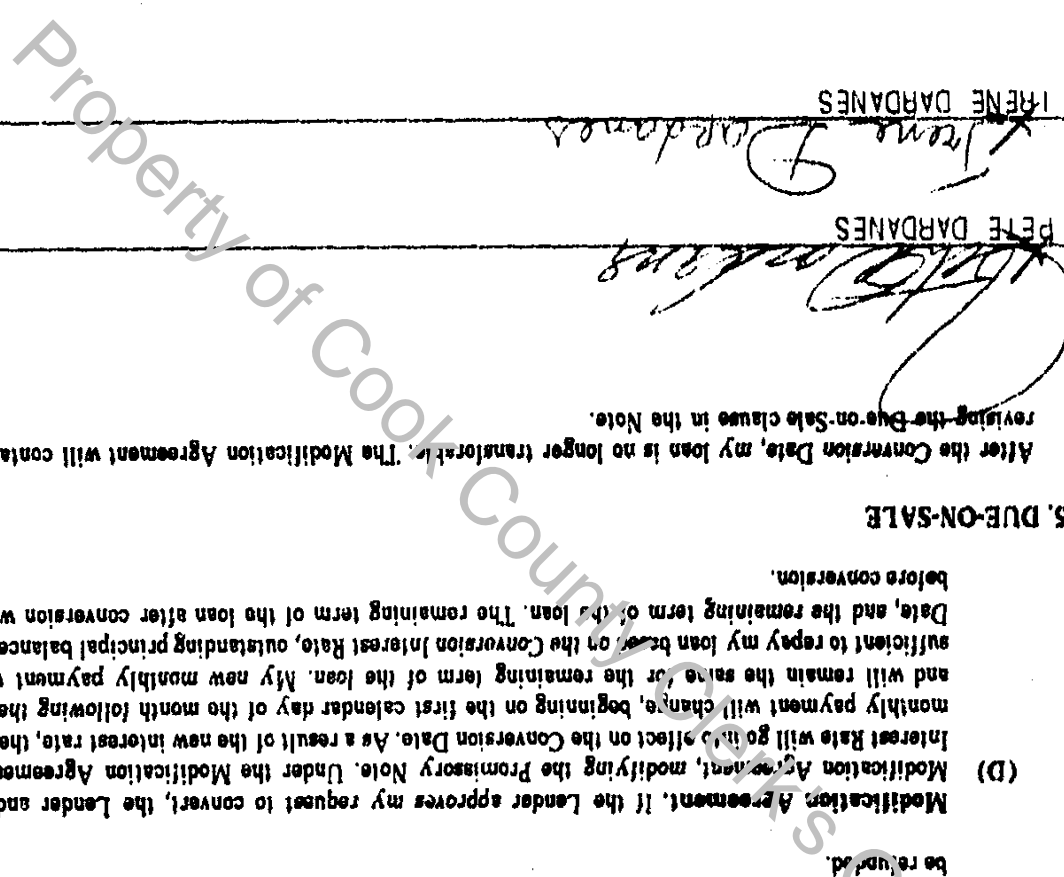
5. DUE-ON-SALE

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

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

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

Date will be the first calendar day of the month following the Registration Date. If the Registration Date falls between the 15th calendar day and the end of the month, the Conversion Date will be the first calendar day of the second month following the Registration Date.



IRENE DARDANES
PETE DARDANES

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RIDER TO SECURITY INSTRUMENT

DOC. 022

This Security Instrument Rider is attached to and made a part of a Security Instrument (Deed of Trust, Mortgage or Deed to Secure Debt) dated MARCH 29, 1990 given by the undersigned (the "Borrower") to secure Borrower's Note to FIRST NATIONWIDE BANK, A FEDERAL SAVINGS BANK (the "Lender") of the same date and shall be deemed to amend and supplement said Security Instrument.

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

A. ASSUMPTION

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

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

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

"3. INTEREST RATE ADJUSTMENTS

(A) Definitions

"INDEX" MEANS THE WEEKLY AVERAGE YIELD ON UNITED STATES TREASURY SECURITIES ADJUSTED TO A CONSTANT MATURITY OF 1 YEAR, AS PUBLISHED BY THE FEDERAL RESERVE BOARD. IN THE EVENT SUCH INDEX IS NOT AVAILABLE, INDEX SHALL MEAN A SUBSTITUTE INDEX SELECTED BY NOTE HOLDER IN COMPLIANCE WITH FEDERAL LAW. "CURRENT INDEX" MEANS THE INDEX VALUE MADE AVAILABLE BY THE FEDERAL RESERVE BOARD 45 DAYS PRIOR TO EACH CHANGE DATE.

"MARGIN" The Margin is 2.8750%.

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

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

"INITIAL INTEREST RATE" means the Interest Rate charged as of the date this Note is executed as shown in Section 2.

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

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

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

(B) INTEREST RATE ADJUSTMENTS:

I understand that on each Change Date, the Note Holder shall decrease, or may at its option, increase the Interest Rate as follows. Before each Change Date, the Note Holder will calculate the new Interest Rate by adding the Margin stated in the Loan Approval Letter and in Section 3(A) above, to the Current Index to arrive at the Fully Indexed Rate. The Note Holder then rounds the Fully Indexed Rate to the nearest one-eighth of one

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percentage point (0.125%). This rounded amount, subject to the following limitations, will be the new Interest Rate until the next Change Date. The Interest Rate will never be increased or decreased on any single Change Date by more than TWO percent from the rate of interest in effect during the preceding TWELVE months. The Interest Rate will never be more than 14.500%. It will never be less than 5% below Initial Interest Rate. The fact that the Note Holder may not have invoked a permissible increase in whole or in part shall not be deemed a waiver of the Note Holder's right to invoke such an increase at a later time."

"4. PAYMENTS

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

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


PETE DARDANES

Date


IRENE DARDANES

Date

Date

Date

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