

UNOFFICIAL COPY

91132437

PREPARED BY AND  
AFTER RECORDING MAIL TO:

GREAT WESTERN MORTGAGE CORPORATION  
P.O. BOX 1900  
NORTHRIDGE, CA 91328

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**MORTGAGE**

ADJUSTABLE INTEREST RATE MORTGAGE

Loan No.: 0-984278-4

OFFICE NUMBER: 184

COUNTY CODE: 016

THIS MORTGAGE ("Security Instrument") is given on MARCH 15, 1991

The mortgagor is:  
ABE BAROUD AND LILY BAROUD, HUSBAND AND WIFE

DEPT-01 RECORDING \$17.00  
T42222 FROM 7157 03/25/91 14.48.00  
#009 # B \* -91-132437  
COOK COUNTY RECORDER

("Borrower"). This Security Instrument is given to  
GREAT WESTERN MORTGAGE CORPORATION, A DELAWARE CORPORATION, which is organized and existing  
under the laws of DELAWARE, and whose address is  
9451 CORBIN AVENUE, NORTHRIDGE, CA 91328 ("Lender").

Borrower owes Lender the principal sum of ONE HUNDRED SEVENTY EIGHT THOUSAND AND 00/100---  
Dollars (U.S. \$178,000.00). 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 1, 2031. 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 9 IN BLOCK 5 IN SMITH AND DAWSON'S FIFTH ADDITION TO  
COUNTRY CLUB ACRES, PROSPECT HEIGHTS, ILLINOIS, IN THE  
WEST 1/2 OF SECTION 22, TOWNSHIP 42 NORTH, RANGE 11 EAST  
OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT  
THEREOF RECORDED NOVEMBER 20, 1940 AS DOCUMENT NUMBER  
12582196, IN COOK COUNTY, ILLINOIS.

-91-132437

PIN/TAX ID#: 03-22-311-009, VOLUME 233.

which has the address of:

209 EAST CIRCLE AVENUE, PROSPECT HEIGHTS

(Street)

(City)

Illinois

60070

(Zip Code)

("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."

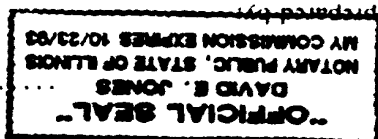
BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to  
mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record.  
Borrower warrants and will defend generally the title to the Property against all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

# UNOFFICIAL COPY

101 SOUTH SCHULTER RD, SUITE B-200, LINCOLNSHIRE, IL. 60069-9513

SUZANNE K. ERICKSON



David E. Jones  
Notary Public

My Commission expires:

Given under my hand and official seal, this 15 day of March, 1991.

set forth.

signed and delivered the said instrument as a 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

, personally known to me to be the same person(s) whose names are

do hereby certify that

ABE BAROUD AND LILLY BAROUD

a Notary Public in and for said county and state,

County ss: LAKE

STATE OF ILLINOIS

I, DAVID E. JONES

—Borrower—  
(Seal)

—Borrower—  
(Seal)

—Borrower—  
(Seal)

—Borrower—  
(Seal)

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

— (Other(s) [specify])

— Graduated Payment Rider

— Adjustable Rate Rider

— Condominium Rider

— 1-4 Family Rider

XX [Check applicable rider(s)]

Instrument. [Check applicable rider(s)]

23. Rider 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.

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 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:

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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.



**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 of 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 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 unreasonable 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 not merge Lender agrees to the merger in writing.

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

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

## ADJUSTABLE RATE RIDER (ARM-G)

Loan No. 0-984278-4

**THIS ADJUSTABLE RATE RIDER** dated **MARCH 15, 1991** changes and adds to the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") I signed this day. The Security Instrument secures my Note (the "Note") to

**GREAT WESTERN MORTGAGE CORPORATION, A DELAWARE CORPORATION**

(the "Lender").

also signed this day, and covers my property as described in the Security Instrument and located at:

**209 EAST CIRCLE AVENUE  
PROSPECT HEIGHTS, ILLINOIS 60070**  
(Property Address)

**ATTENTION: THE NOTE CONTAINS PROVISIONS ALLOWING FOR ADJUSTMENTS TO MY INTEREST RATE AND MY MONTHLY INSTALLMENT. THE NOTE LIMITS THE MINIMUM AND MAXIMUM INTEREST I MUST PAY AND HAS THE POTENTIAL FOR NEGATIVE AMORTIZATION.**

The amount of my scheduled monthly installment could be less than the amount required to pay the interest due after a rate adjustment for that installment period. If so, the Note Holder will subtract the amount of my scheduled monthly installment from the amount of interest that I owe for that month and will add the difference to the outstanding principal balance of my loan. This occurrence is known as negative amortization. This unpaid interest is called "deferred interest". Under the Note, I must pay interest on the amount added to the principal balance at the same rate of interest I am required to pay on the outstanding loan balance each month.

### INTEREST RATE AND MONTHLY INSTALLMENT ADJUSTMENTS

The Note provides for adjustments in my interest rate and my monthly installments as follows:

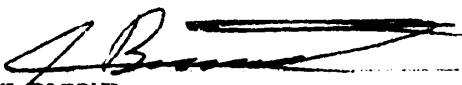
|                             |               |                                     |                 |
|-----------------------------|---------------|-------------------------------------|-----------------|
| Initial Interest Rate       | 7.250%        | First Interest Rate Adjustment Date | OCTOBER 1, 1991 |
| Initial Monthly Installment | \$1,138.62    |                                     |                 |
| First Installment Due Date  | MAY 1, 1991   | Installment Due Date                | 1ST             |
| Maturity Date               | APRIL 1, 2031 | First Installment Adjustment Date   | MAY 1, 1992     |
| Minimum Rate*               | 7.000%        | Maximum Rate*                       | 13.750%         |
| Rate Differential           | 2.000         |                                     |                 |

\*The Minimum Rate and Maximum Rate are subject to adjustment as provided in Section 1(d).

**ALL TERMS AND CONDITIONS CONTINUED ON THE BACK OF THIS RIDER ARE PART OF THIS RIDER  
SIGNATURES OF BORROWERS:**

(Please sign your name exactly as it appears below.)

BY SIGNING BELOW, I accept and agree to the terms and covenants in this Adjustable Rate Rider.

|                                                                                                   |        |                                                                                                    |        |
|---------------------------------------------------------------------------------------------------|--------|----------------------------------------------------------------------------------------------------|--------|
| <br>ABE BAROUD | (Seal) | <br>LILY BAROUD | (Seal) |
|---------------------------------------------------------------------------------------------------|--------|----------------------------------------------------------------------------------------------------|--------|

(Space Below This Line for Acknowledgement)

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## 1. METHOD OF COMPUTING INTEREST RATE ADJUSTMENTS.

(a) **Adjustment Dates.** The interest rate I will pay will be adjusted on the First Interest Rate Adjustment Date (shown on the front of this Rider) and on every Interest Rate Adjustment Date thereafter.

(b) **The Index.** Beginning with First Interest Rate Adjustment Date, my interest rate will be based on an index (the "Index") is the monthly weighted average cost of savings, borrowings and advances by the Federal Home Loan Bank of San Francisco (called the "Bank") to Arizona, California and Nevada savings institutions of a type that were eligible to be members of the Bank under applicable federal law in effect on August 8, 1989 (called "Eligible Savings Institutions"). Based on statistics tabulated and published by the Bank during the term of this Note, if the Index is no longer published or is deemed by the Note Holder, in its sole discretion, to be substantially recalculated in a manner that no longer represents the monthly weighted average cost of savings, borrowings and advances by the Bank to Eligible Savings Institutions, then the Note Holder may select an alternate Index to permit interest rate adjustments, and that alternate Index shall be the "Index." If the alternate Index selected by the Note Holder is no longer published, the Note Holder may choose another alternate Index to permit interest rate adjustments. Each published update of the Index is called the "Current Index".

(c) **Calculation of Adjustment.** The Note Holder will determine each adjusted interest rate by adding the Rate Differential (shown on the front of this Rider) to the most recently published Current Index. The sum of the Current Index and the Rate Differential is the interest rate that will apply to my loan until the next month's interest rate adjustment.

The Note Holder may choose not to increase my interest rate even if an increase is permitted because of an increase in the Current Index. The Note Holder is not required to give me advance notice of interest rate adjustments.

(d) **Limits on Interest Rate Adjustments.** The interest rate I am required to pay during the term of this loan will not be greater than the Maximum Rate nor less than the Minimum Rate (shown on the front of this Rider), unless the property securing this loan is sold and the loan is assumed. Sale of the property and assumption of my loan require the Note Holder's consent.

If the property is sold and my loan is assumed, the Note Holder may adjust the Maximum Rate up to five percentage points (5.0%) above the interest rate in effect on the date of the assumption. The Note Holder may also reduce the Minimum Rate up to five percentage points (5.0%) below the interest rate in effect on the date of the assumption. The Note Holder may also reduce the Note Holder may increase or decrease the Maximum Rate and the Minimum Rate each time the property is sold and the loan is assumed. The Note Holder, however, may choose not to adjust the Maximum Rate or Minimum Rate each time the property is sold and the loan is assumed. The Note Holder's choice whether to adjust the Maximum or Minimum Rates will be made at the time the Note Holder consents to the sale and assumption.

## 2. METHOD OF COMPUTING ADJUSTMENTS TO THE MONTHLY INSTALLMENT.

(a) **Adjustment Dates.** My monthly installment will be adjusted on the First Installment Adjustment Date (shown on the front of this Rider) and annually thereafter. The date the installment will be adjusted is called the "Installment Adjustment Date".

(b) **Calculation of Adjustments.** The new installment will be calculated approximately 60 days prior to the closing on the Installment Adjustment Date. I will regularly scheduled installments are made. The new installment will be an amount which would be sufficient to pay the loan balance used in the calculation over the remaining term of the loan at the interest rate used in the calculation, in substantially equal payments.

(c) **Limitation On Adjustments To The Monthly Installment.** The increases and decreases which occur to the monthly installment on the Installment Adjustment Date will not exceed 7 1/2% of the previous monthly installment except on the tenth (10th) anniversary of the First Installment Due Date, and on each fifth (5th) anniversary during the remaining term of the loan. On the tenth (10th) anniversary, and each fifth (5th) anniversary following, the increases or decreases to the monthly installment may exceed 7 1/2% of the previous installment amount if the calculation of installment adjustment described in Section 2(f) would result in a greater adjustment.

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

(The Note Holder is called the "Lender". I am called the "Borrower".)

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

Paragraph 17 of the Security Instrument is changed to read as follows:

17. **LENDER'S CONSENT REQUIRED.** Lender may declare all sums secured hereby immediately due and payable within 30 days after such declaration except as expressly limited by law if Borrower, without Lender's prior written consent: (a) sells, conveys, contracts to sell, alienates or, under encumbers all or any part of the property; or (b) leases all or any part of the property for a term, together with all exercisable options, of 5 years or more; or (c) leases all or any part of the property and, in connection with such lease, grants the lessee an option to purchase all or any part of the property; or (d) suffers the title or any interest in the property to be divested, whether voluntarily or involuntarily; or (e) changes or permits to be changed the character or use of the property; or (f) is a partnership or any of the general partners' interests in the partnership are transferred or assigned whether voluntarily or involuntarily; or (g) is a corporation with fewer than 100 stockholders at the date of execution of this Security Instrument and more than 10% of its capital stock is sold, transferred or assigned during a 12-month period.

## B. FUNDS FOR TAXES AND INSURANCE

The third sentence in the second paragraph of Uniform Covenant 2 of the Security Instrument is changed to read as follows:

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. provided, however, that Lender may impose upon Borrower at closing a fee to compensate a third party who shall be responsible for the monitoring and payment of real estate taxes without thereby becoming obligated to pay Borrower interest on the Funds.

## C. LEGISLATION AFFECTING LENDER'S RIGHTS

Uniform Covenant 13 of the Security Instrument is deleted.