

# UNOFFICIAL COPY

State of Illinois

## MORTGAGE

FHA Case No.  
1316863303729

### 92800633

60405080

October 27th, 1992

THIS MORTGAGE ("Security Instrument") is made on

The Mortgagor is  
ADALBERTO R VELEZ, AND OLGA N VELEZ, HIS WIFE

whose address is  
3547 W SHAKESPEARE CHICAGO, IL 60647

MARGARETTEN & COMPANY, INC.

("Borrower"). This Security Instrument is given to

which is organized and existing under the laws of  
address is One Ronson Road, Iselin, New Jersey, 08830

the State of New Jersey

("Lender"). Borrower owes Lender the principal sum of

Seventy-Six Thousand, Nine Hundred Forty-One and 00/100

Dollars (U.S. \$ 76,941.00

). 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

November 1st, 2022. 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 6 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 77 IN THE SUBDIVISION OF THE NORTH 1/2 OF THE SOUTH 1/2 OF THE WEST 1/3 OF THE NORTHEAST 1/4 OF SECTION 35, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PERMANENT TAX NO. 13-35-221-013

DEPT-01 RECORDING \$31.50  
T#3333 TRAN 7103 10/28/92 10:44:00  
\$1229 + C \*92-800633  
COOK COUNTY RECORDER

32800633

which has the address of

3547 W SHAKESPEARE CHICAGO, IL 60647

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, reverts, 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.



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SHAKS

Property of Cook County Clerk's Office

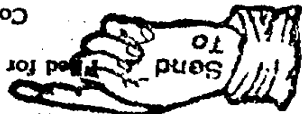
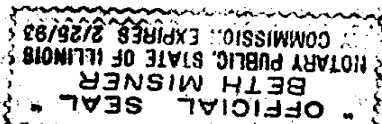
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ILLINOIS FHA MORTGAGE  
MAR-1301 PAGE 4 OF 4 (REV 7/91)  
Expires MAR-1301 (REV 3/90)

at \_\_\_\_\_ o'clock \_\_\_\_\_ m., and duly recorded in Book \_\_\_\_\_ of \_\_\_\_\_ Page \_\_\_\_\_

County, Illinois, on the \_\_\_\_\_ day of \_\_\_\_\_

Filed for Record in the Recorder's Office of \_\_\_\_\_  
MARGARETTEN & CO., INC.  
905 WEST 175TH STREET  
HOMewood IL 60430



This Instrument was prepared by:

Notary Public \_\_\_\_\_

My Commission expires: \_\_\_\_\_

Given under my hand and official seal, this \_\_\_\_\_ day of \_\_\_\_\_, 1992

Personally known to me to be the same person(s) whose name(s) subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that (he, she, they) signed and delivered the said instrument as (his, her, their) free and voluntary act, for the uses and purposes therein set forth.

I, the undersigned, a Notary Public in and for said county and state do hereby certify that \_\_\_\_\_ ADALBERTO R VELEZ, AND OLGA N VELEZ, HIS WIFE

STATE OF ILLINOIS, \_\_\_\_\_ COUNTY: \_\_\_\_\_

-BORROWER-  
-BORROWER-

ADALBERTO R VELEZ-BORROWER  
OLGA N VELEZ, HIS WIFE-BORROWER

Witnesses: \_\_\_\_\_

BY SIGNING BELOW, Borrower accepts and agrees to the terms contained in this Security Instrument and in any riders executed by Borrower as recorded with it.

SEE ADJUSTABLE RATE RIDER

- 17. Foreclosure Procedure: 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 17, including, but not limited to, reasonable attorneys' fees and cost of title evidence.
- 18. 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.
- 19. Waiver of Homestead. Borrower waives all rights of homestead exemption in the Property.
- 20. 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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# UNOFFICIAL COPY

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

1. **Payment of Principal, Interest and Late Charge.** Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and late charges due under the Note.

2. **Monthly Payments of Taxes, Insurance and Other Charges.** Borrower shall include in each monthly payment, together with the principal and interest as set forth in the Note and any late charges, an installment of any (a) taxes and special assessments levied or to be levied against the Property, (b) leasehold payments or ground rents on the Property, and (c) premiums for insurance required by Paragraph 4.

Each monthly installment for items (a), (b) and (c) shall equal one-twelfth of the annual amounts, as reasonably estimated by Lender, plus an amount sufficient to maintain an additional balance of not more than one-sixth of the estimated amounts. The full annual amount for each item shall be accumulated by Lender within a period ending one month before an item would become delinquent. Lender shall hold the amounts collected in trust to pay items (a), (b) and (c) before they become delinquent.

If at any time the total of the payments held by Lender for items (a), (b) and (c), together with the future monthly payments for such items payable to Lender prior to the due dates of such items, exceeds by more than one-sixth the estimated amount of payments required to pay such items when due, and if payments on the Note are current, then Lender shall either refund the excess over one-sixth of the estimated payments or credit the excess over one-sixth of the estimated payments to subsequent payments by Borrower, at the option of Borrower. If the total of the payments made by Borrower for item (a), (b) or (c) is insufficient to pay the item when due, then Borrower shall pay to Lender any amount necessary to make up the deficiency on or before the date the item becomes due.

As used in this Security Instrument, "Secretary" means the Secretary of Housing and Urban Development or his or her designee. In any year in which the Lender must pay a mortgage insurance premium to the Secretary, each monthly payment shall also include either: (i) an installment of the annual mortgage insurance premium to be paid by Lender to the Secretary, or (ii) a monthly charge instead of a mortgage insurance premium if this Security Instrument is held by the Secretary. Each monthly installment of the mortgage insurance premium shall be in an amount sufficient to accumulate the full annual mortgage insurance premium with Lender one month prior to the date the full annual mortgage insurance premium is due to the Secretary, or if this Security Instrument is held by the Secretary, each monthly charge shall be in an amount equal to one-twelfth of one-half percent of the outstanding principal balance due on the Note.

If Borrower tenders to Lender the full payment of all sums secured by this Security Instrument, Borrower's account shall be credited with the balance remaining for all installments for items (a), (b) and (c) and any mortgage insurance premium installment that Lender has not become obligated to pay to the Secretary, and Lender shall promptly refund any excess funds to Borrower. Immediately prior to a foreclosure sale of the Property or its acquisition by Lender, Borrower's account shall be credited with any balance remaining for all installments for items (a), (b) and (c).

3. **Application of Payments.** All payments under Paragraphs 1 and 2 shall be applied by Lender as follows:

First, to the mortgage insurance premium to be paid by Lender to the Secretary or to the monthly charge by the Secretary instead of the monthly mortgage insurance premium;

Second, to any taxes, special assessments, leasehold payments or ground rents, and fire, flood and other hazard insurance premiums, as required;

Third, to interest due under the Note;

Fourth, to amortization of the principal of the Note;

Fifth, to late charges due under the Note.

4. **Fire, Flood and Other Hazard Insurance.** Borrower shall insure all improvements on the Property, whether now in existence or subsequently erected, against any hazards, casualties and contingencies, including fire, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. Borrower shall also insure all improvements on the Property, whether now in existence or subsequently erected, against loss by floods to the extent required by the Secretary. All insurance shall be carried with companies approved by Lender. The insurance policies and any renewals shall be held by Lender and shall include loss payable clauses in favor of, and in a form acceptable to, Lender.

In the event of loss, Borrower shall give Lender immediate notice of mail. Lender may make proof of loss if not made promptly by Borrower. Each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Lender, instead of to Borrower and to Lender jointly. All or any part of the insurance proceeds may be applied by Lender, at its option, either (a) to the reduction of the indebtedness under the Note and this Security Instrument, first to any delinquent amounts applied in the order in Paragraph 3, and then to prepayment of principal, or (b) to the restoration or repair of the damaged property. Any application of the proceeds to the principal shall not extend or postpone the due date of the monthly payments which are referred to in Paragraph 2, or change the amount of such payments. Any excess insurance proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

In the event of foreclosure of this Security Instrument or other transfer of title to the Property that extinguishes the indebtedness, all right, title and interest of Borrower in and to insurance policies in force shall pass to the purchaser.

5. **Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds.** Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless the Secretary determines this requirement will cause undue hardship for Borrower, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall notify Lenders of any extenuating circumstances. Borrower shall not commit waste or destroy, damage or substantially change the Property or allow the Property to deteriorate, reasonable wear and tear excepted. Lender may inspect the property if the property is vacant or abandoned or the loan is in default. Lender may take reasonable action to protect and preserve such vacant or abandoned property. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender or failed to provide Lender with any material information in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and fee title shall not be merged unless Lender agrees to the merger in writing.

6. **Charges to Borrower and Protection of Lender's Rights in the Property.** Borrower shall pay all governmental or municipal charges, fines and impositions that are not included in Paragraph 2. Borrower shall pay these obligations on time directly to the entity which is owed the payment. If failure to pay would adversely affect Lender's interest in the Property, upon Lender's request Borrower shall promptly furnish to Lender receipts evidencing these payments.

If Borrower fails to make these payments or the payments required by Paragraph 2, or fails to perform any other 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, for condemnation or to enforce laws or regulations), then Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property, including payment of taxes, hazard insurance and other items mentioned in Paragraph 2.

Any amounts disbursed by Lender under this Paragraph shall become an additional debt of Borrower and be secured by this Security Instrument. These amounts shall bear interest from the date of disbursement, at the Note rate, and at the option of the Lender, shall be immediately due and payable.

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terminate when the debt secured by the Security Instrument is paid in full.  
Borrower shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of rents of the Property shall  
Borrower. However, Lender or a judicially appointed receiver may do so at any time there is a breach. Any application of rents  
Lender shall not be required to enter upon, take control of or maintain the Property before or after giving notice of breach to  
from exercising its rights under this Paragraph 16.  
Borrower has not executed any prior assignment of the rents and has not and will not perform any act that would prevent Lender

Lender's written demand to the tenant.  
of the rents of the Property; and (c) each tenant of the Property shall pay all rents due and unpaid to Lender or Lender's agent on  
of Lender only, to be applied to the sums secured by the Security Instrument; (b) Lender shall be entitled to collect and receive all  
If Lender gives notice of breach to Borrower: (a) all rents received by Borrower shall be held by Borrower as trustee for benefit  
security only.

benefit of Lender and Borrower. This assignment of rents constitutes an absolute assignment and not an assignment for additional  
or agreement in the Security Instrument. Borrower shall collect and receive all rents and revenues of the Property as trustee for the  
pay the rents to Lender or Lender's agents. However, prior to Lender's notice to Borrower of Borrower's breach of any covenant  
Borrower authorizes Lender or Lender's agents to collect the rents and revenues and hereby directs each tenant of the Property to  
16. Assignment of Rents. Borrower unconditionally assigns and transfers to Lender all the rents and revenues of the Property;

15. Borrower's Copy. Borrower shall be given one conformed copy of this Security Instrument.  
the conflicting provision. To this end the provisions of this Security Instrument and the note are declared to be severable.  
applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without  
in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with  
14. Governing Law; Severability. This Security Instrument shall be governed by Federal law and the law of the jurisdiction  
deemed to have been given to Borrower or Lender when given as provided in this Paragraph.

13. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it  
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 address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be  
14. Governing Law; Severability. This Security Instrument shall be governed by Federal law and the law of the jurisdiction  
deemed to have been given to Borrower or Lender when given as provided in this Paragraph.

12. 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 9(b).  
Borrower's covenants, and agreements shall be joint and several. Any Borrower, grant and convey this Security Instrument that 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.  
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 successor 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.  
12. 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 9(b).

11. Borrower not Released; Forbearance by Lender not a Waiver. Extension of the time of 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 successor 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 successor 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.

10. Reinstatement. Borrower has a right to be reinstated if Lender has required immediate payment in full because of  
Borrower's failure to pay an amount due under the Note or this Security Instrument. This right applies even after foreclosure  
proceedings are instituted. To reinstate the Security Instrument, Borrower shall tender in a lump sum all amounts required to bring  
Borrower's account current including, to the extent they are obligations of Borrower under this Security Instrument, foreclosure costs  
and reasonable and customary attorneys' fees and expenses properly associated with the foreclosure proceeding. Upon reinstatement  
by Borrower, this Security Instrument and the obligations that it secures shall remain in effect as if Lender had not required immediate  
payment in full. However, Lender is not required to permit reinstatement if: (i) Lender has accepted reinstatement after the  
commencement of foreclosure proceedings within two years immediately preceding the commencement of a current foreclosure  
proceeding, (ii) reinstatement will preclude foreclosure or different grounds in the future, or (iii) reinstatement will adversely affect  
the priority of the lien created by this Security Instrument.

9. Grounds for Acceleration of Debt.  
8. Fees. Lender may collect fees and charges authorized by the Secretary.  
(c) No Waiver. If circumstances occur that would permit Lender to require immediate payment in full, but Lender does  
not require such payment, Lender does not waive its rights with respect to subsequent events.  
(d) Regulations of HUD Secretary. In many circumstances regulations issued by the Secretary will limit Lender's rights  
in the case of payment defaults to require immediate payment in full and foreclosure if not paid. This Security Instrument does  
not authorize acceleration or foreclosure if not permitted by regulations of the Secretary.  
(e) Mortgage Not Insured. Borrower agrees that should this Security Instrument and the note secured thereby not be  
eligible for insurance under the National Housing Act within 60 days from the date hereof, Lender may, at its option and  
notwithstanding anything in Paragraph 9, require immediate payment in full of all sums secured by this Security  
Instrument. A written statement of any authorized agent of the Secretary dated subsequent to 60 days from the date hereof,  
declining to insure this Security Instrument and the note secured thereby, shall be deemed conclusive proof of such  
ineligibility. Notwithstanding the foregoing, this option may not be exercised by Lender when the unavailability of  
insurance is solely due to Lender's failure to remit a mortgage insurance premium to the Secretary.

7. 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 place of condemnation, are hereby assigned and shall  
be paid to Lender to the extent of the full amount of the indebtedness that remains unpaid under the Note and this Security Instrument.  
Lender shall apply such proceeds to the reduction of the indebtedness under the Note and this Security Instrument, first to any  
delinquent amount applied in the order provided in Paragraph 3, and then to prepayment of principal. Any application of the  
proceeds to the principal shall not extend or postpone the due date of the monthly payments, which are referred to in Paragraph 2,  
or change the amount of such payments. Any excess proceeds over an amount required to pay all outstanding indebtedness under  
the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

9. Grounds for Acceleration of Debt.  
(a) Default. Lender may, except as limited by regulations issued by the Secretary in the case of payment defaults, require  
immediate payment in full of all sums secured by this Security Instrument if:  
(i) Borrower defaults by failing to pay in full any monthly payment required by this Security Instrument prior to or on  
the due date of the next monthly payment, or  
(ii) Borrower defaults by failing, for a period of thirty days, to perform any other obligations contained in this Security  
Instrument.  
(b) Sale Without Credit Approval. Lender shall, if permitted by applicable law and with the prior approval of the  
Secretary, require immediate payment in full of all sums secured by this Security Instrument if:  
(i) All or part of the Property, or a beneficial interest in a trust owning all or part of the Property, is sold or otherwise  
transferred (other than by devise or descent) by the Borrower, and  
(ii) The Property is not occupied by the purchaser or grantee as his or her principal residence, or the purchaser or grantee  
does so occupy the Property, but his or her credit has not been approved in accordance with the requirements of the  
Secretary.

(c) No Waiver. If circumstances occur that would permit Lender to require immediate payment in full, but Lender does  
not require such payment, Lender does not waive its rights with respect to subsequent events.  
(d) Regulations of HUD Secretary. In many circumstances regulations issued by the Secretary will limit Lender's rights  
in the case of payment defaults to require immediate payment in full and foreclosure if not paid. This Security Instrument does  
not authorize acceleration or foreclosure if not permitted by regulations of the Secretary.  
(e) Mortgage Not Insured. Borrower agrees that should this Security Instrument and the note secured thereby not be  
eligible for insurance under the National Housing Act within 60 days from the date hereof, Lender may, at its option and  
notwithstanding anything in Paragraph 9, require immediate payment in full of all sums secured by this Security  
Instrument. A written statement of any authorized agent of the Secretary dated subsequent to 60 days from the date hereof,  
declining to insure this Security Instrument and the note secured thereby, shall be deemed conclusive proof of such  
ineligibility. Notwithstanding the foregoing, this option may not be exercised by Lender when the unavailability of  
insurance is solely due to Lender's failure to remit a mortgage insurance premium to the Secretary.

10. Reinstatement. Borrower has a right to be reinstated if Lender has required immediate payment in full because of  
Borrower's failure to pay an amount due under the Note or this Security Instrument. This right applies even after foreclosure  
proceedings are instituted. To reinstate the Security Instrument, Borrower shall tender in a lump sum all amounts required to bring  
Borrower's account current including, to the extent they are obligations of Borrower under this Security Instrument, foreclosure costs  
and reasonable and customary attorneys' fees and expenses properly associated with the foreclosure proceeding. Upon reinstatement  
by Borrower, this Security Instrument and the obligations that it secures shall remain in effect as if Lender had not required immediate  
payment in full. However, Lender is not required to permit reinstatement if: (i) Lender has accepted reinstatement after the  
commencement of foreclosure proceedings within two years immediately preceding the commencement of a current foreclosure  
proceeding, (ii) reinstatement will preclude foreclosure or different grounds in the future, or (iii) reinstatement will adversely affect  
the priority of the lien created by this Security Instrument.

11. Borrower not Released; Forbearance by Lender not a Waiver. Extension of the time of 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 successor 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 successor 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.  
12. 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 9(b).

Borrower's covenants, and agreements shall be joint and several. Any Borrower, grant and convey this Security Instrument that 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.  
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 successor 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.  
12. 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 9(b).

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## ADJUSTABLE RATE RIDER

131-6863903-729  
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THIS ADJUSTABLE RATE RIDER is made this 27th day of October, 1992, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed ("Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's Note ("Note") to Margaretten & Company, Inc., a corporation organized and existing under the laws of the State of New Jersey (the "Lender") of the same date and covering the property described in the Security Instrument and located at:

3547 W SHAKESPEARE, CHICAGO, IL 60647

(Property Address)

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT THE BORROWER'S INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BORROWER MUST PAY.

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

### 1. INTEREST RATE AND MONTHLY PAYMENT CHANGES

#### (A) Change Date

The interest rate may change on the first day of January, 1994, and on that day of each succeeding year. "Change Date" means each date on which the interest rate could change.

#### (B) The Index

Beginning with the first Change Date, the interest rate will be based on an Index. "Index" means the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year, as made available by the Federal Reserve Board. "Current Index" means the most recent Index figure available 30 days before the Change Date. If the Index (as defined above) is no longer available, Lender will use as a new Index any index prescribed by the Secretary (as defined in Paragraph 7(B)). Lender will give Borrower notice of the new Index.

#### (C) Calculation of Interest Rate Changes

Before each Change Date, Lender will calculate a new interest rate by adding a margin of Two Per Centum percentage points ( 2 %) to the Current Index and rounding the sum to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Paragraph 5(D) of this Note, this rounded amount will be the new interest rate until the next Change Date.

#### (D) Limits on Interest Rate Changes

The interest rate will never increase or decrease by more than one percentage point (1.0%) on any single Change Date. The interest rate will never be more than five percentage points (5.0%) higher or lower than the initial interest rate stated in Paragraph 2 of this Note.

#### (E) Calculation of Payment Change

If the interest rate changes on a Change Date, Lender will calculate the amount of monthly payment of principal and interest which would be necessary to repay the unpaid principal balance in full at the maturity date at the new interest rate through substantially equal payments. In making such calculation, Lender will use the unpaid principal balance which would be owed on the Change Date if there had been no default in payment on the Note, reduced by the amount of any prepayments to principal. The result of this calculation will be the amount of the new monthly payment of principal and interest.

#### (F) Notice of Changes

Lender will give notice to Borrower of any change in the interest rate and monthly payment amount. The notice must be given at least 25 days before the new monthly payment amount is due, and must set forth (i) the date of the notice, (ii) the Change Date, (iii) the old interest rate, (iv) the new interest rate, (v) the new monthly payment amount, (vi) the Current Index and the date it was published, (vii) the method of calculating the change in monthly payment amount, and (viii) any other information which may be required by law from time to time.

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FHA ADJUSTABLE RATE RIDER  
MAR-7304 PAGE 2 OF 2 (07/91)



Property of Cook County Clerk's Office

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*Olga N. Velez*  
 OLGA N. VELEZ  
 -----  
*Adalberto R. Velez*  
 ADALBERTO R. VELEZ  
 -----

-----  
*[Signature]*  
 WITNESS

(G) Effective Date of Changes  
 A new interest rate calculated in accordance with Paragraphs 5(C) and 5(D) of this Note will become effective on the Change Date. Borrower shall make a payment in the new monthly amount beginning on the first payment date which occurs at least 25 days after Lender has given Borrower the notice of changes required by Paragraph 5(F) of this Note. Borrower shall have no obligation to pay any increase in the monthly payment amount calculated in accordance with Paragraph 5(E) of this Note for any payment date occurring less than 25 days after Lender has given the required notice. If the monthly payment amount calculated in accordance with Paragraph 5(E) of this Note decreased, but Lender failed to give timely notice of the decrease and Borrower made any monthly payment exceeding the payment amount which should have been stated in a timely notice, then Borrower has the option to either (i) demand the return to Borrower of any excess payment, with interest thereon at the Note rate (a rate equal to the interest rate which should have been stated in a timely notice), or (ii) request that any excess payment, with interest thereon at the Note rate, be applied as payment of principal. Lender's obligation to return any excess payment with interest on demand is not assignable even if this Note is otherwise assigned before the demand for return is made.  
 BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider.

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