

**UNOFFICIAL COPY**



**PETERSON BANK** 3 2  
3232 West Peterson Avenue  
Chicago, Illinois 60659-3692  
Member FDIC (312) 583-6300

92110552

[Space Above This Line For Recording Data]

**M O R T G A G E**

DEPT-01 RECORDING \$27.5  
T45555 TRAN 0559 02/21/92 13:39:00  
#6120 \* - 92 - 110552  
COOK COUNTY RECORDER

THIS MORTGAGE (Security Instrument) is made this 14th day of February 19 92  
between the mortgagor, American National Bank and Trust Company of Chicago  
not personally but as Trustee under Trust Agreement dated 1/30/1992 and known as Trust No. 115081-08  
(herein "Borrower"), and the mortgagee, PETERSON BANK, an Illinois state bank, whose address is 3232 West Peterson  
Avenue, Chicago, Illinois 60659 (herein "Lender")

WHEREAS Borrower is indebted to Lender in the principal sum of Two Hundred Seventeen Thousand  
and No/100 (\$217,000.00) Dollars, which indebtedness is evidenced by Borrower's note dated 2/14/1992  
(herein "Note"), providing for monthly installments of principal and interest with the balance of the indebtedness, if not  
sooner paid, due and payable on the 1st day of March 19 97.

TO SECURE to Lender the payment of the indebtedness evidenced by the Note, with interest thereon, the payment of  
all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Security Instrument, and the  
performance of the covenants and agreements of Borrower herein contained, Borrower does hereby mortgage, grant and convey to  
Lender the following described property located in the County of Cook State of Illinois.

Per legal description attached hereto and made a part hereof

**LOT 19 IN GLENWAY SUBDIVISION OF THE NORTH 10 ACRES OF THE WEST  
3/4 OF THE SOUTH 1/2 OF THE SOUTHWEST 1/4 OF SECTION 21, TOWNSHIP  
42 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN,  
ACCORDING TO PLAT THEREOF REGISTERED IN THE OFFICE OF THE  
REGISTRAR OF TITLES OF COOK COUNTY, ILLINOIS ON AUGUST 22, 1975,  
AS DOCUMENT NUMBER 2825375.**

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which has the address of 3509 Keenan, Glenview, Illinois (herein "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, water rights, and water stock, and all fixtures now or  
hereafter a part of the property, all of which including replacements and additions thereto, shall be deemed to be and remain a part of the  
property covered by this Security Instrument, and all of the foregoing, together with said property (or the leasehold estate if this Security  
Instrument is on a leasehold) are herein referred to 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 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 declarations, easements or restrictions listed in a  
schedule of exceptions to coverage in any title insurance policy insuring Lender's interest in the Property.

Borrower and Lender covenant and agree as follows.

1. **PAYMENT OF PRINCIPAL AND INTEREST.** Borrower shall promptly pay when due the principal of and interest on  
the indebtedness evidenced by the Note, and late charges as provided in the Note.

2. **FUNDS FOR TAXES AND INSURANCE.** At Lender's sole option, Borrower shall pay to Lender on the day monthly  
installments of principal and interest are payable under the Note, until the Note is paid in full, a sum (herein "Funds") equal to one-  
twelfth of the yearly taxes and assessments which may attain priority over this Security Instrument, and ground rents on the Property, if  
any, plus one-twelfth of yearly premium installments for hazard insurance, plus one-twelfth of yearly premium installments for mortgage  
insurance, if any, all as reasonably estimated initially and from time to time by Lender on the basis of assessments and bills and  
reasonable estimates thereof.

The Funds shall be held with the Lender in an escrow account. Lender shall apply the Funds to pay said taxes,  
assessments, insurance premiums and ground rents. Lender may not charge for so holding and applying the Funds, analyzing said  
account, or verifying and compiling said assessments and bills, 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 at the time of execution of this Security Instrument that  
interest on the Funds shall be paid to Borrower, and unless such agreement is made or applicable law requires such interest to be paid,  
Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower (or the beneficial  
owner under the Trust Agreement hereinabove mentioned) 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.

\*\*The maximum interest rate of the note will not exceed 50%.\*\*

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from under my hand and notarial seal this day of FEB 18 1992

own free and voluntary act and as the free and voluntary act of said Bank for the uses and purposes to said instrument as

did also then and there acknowledge that he as custodian of the corporate seal of said Bank did affix said corporate seal of said Bank and voluntary act, and as the free and voluntary act of Bank, for the uses and purposes therein set forth; and said

ASSISTANT SECRETARY

persons whose names are subscribed to the foregoing instrument as such and

HEREBY CERTIFY THAT

STATE OF ILLINOIS COUNTY OF Cook

CHICAGO, IL 60633

PETERSON BANK

3232 W. PETERSON

Lucia Lim

This instrument was prepared by

Attest

and year first above written

IN WITNESS WHEREOF, Trustee has caused this instrument to be executed by its duly authorized officers as of the day

the manner herein and in said Note provided, or by action to enforce the personal liability of the guarantor if any hereunder shall look solely to the Property hereby conveyed for the payment hereof by the enforcement of the lien thereby created, in

and its successors are concerned, the legal holder or holders of said Note, and all the owner or owners of any indebtedness accruing and that so far as American National Bank and Trust Company of Chicago

such liability, if any, being expressly waived by Lender and by every person now or hereafter claiming any right or security hereunder, all

accruing thereon, or any indebtedness accruing hereunder, or to perform any covenants either express or implied herein contained, all personally to pay said Note or any interest thereon

National Bank and Trust Company of Chicago or security hereunder that nothing herein contained or in said Note shall be construed as creating any liability on American

vested in it as such Trustee, and it is expressly understood and agreed by Lender and by every person now or hereafter claiming any right not personally but as Trustee, as aforesaid, in the exercise of the power and authority conferred upon and

This instrument is executed by American National Bank and Trust Company of Chicago

the title and telephone number of a person who will answer any questions I may have regarding the notice

any additional matters which the Note Holder is required to disclose; and the amount of my monthly payment following the Change Date;

the new and prior interest rate of my loan; of (ii) (iii) (iv)

The Note Holder will mail or deliver to me a notice at least 25 days prior to each Change Date. The notice will advise me (E) Notice of Changes

My new interest rate will become effective on each Change Date I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again

(D) Effective Date of Changes based on a 30 year amortization from the date of the Note. The result of this calculation will be the new amount of my monthly payment

principal that I am obligated to owe on the Change Date in substantially equal payments by the maturity date at my new interest rate. The Note Holder will determine the amount of the monthly payment that would be sufficient to repay in full the unpaid

(C) Monthly Payment Changes information. The Note Holder will give me notice of its choice

I the index is no longer available, the Note Holder will choose a new index which is based upon comparable days before each Change Date is called the Current Index

Beginning with the first Change Date, my interest rate will be based on an index. The index is the highest prime rate as published in the Money Rates section of the Wall Street Journal each business day. The most recent index figure available as of 30

(B) The index day of every month thereafter. Each date on which my interest rate could change is called a Change Date.

The interest rate I will pay may change on the 1st day of March 1992, and on (A) Change Dates

Interest Rate and Monthly Payment Changes

25 INTEREST RATE AND MONTHLY PAYMENT CHANGES. In addition to the covenants and agreements made in this Security Instrument, Borrower and Lender further covenant and agree as follows: The Note provides for an initial interest rate of 7.0%

24 USE OF THE PROPERTY. Unless Lender and Borrower otherwise agree in writing, Borrower at all times shall cause the beneficial owner under the Trust Agreement hereabove mentioned to use the Property as his or her sole principal residence

23 RELEASE. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument. Lender and the receiver shall be liable to account only for those rents actually received

22 ASSIGNMENT OF RENTS. APPOINTMENT OF RECEIVER. LENDER IN POSSESSION. As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property, provided that Borrower shall, prior to acceleration under paragraph 20 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable

Upon acceleration under paragraph 20 hereof 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 the possession of and manage the Property and to collect the rents of the Property including those past due. All 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. Lender and the receiver shall be liable to account only for those rents actually received

21 RELEASE. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument. Lender and the receiver shall be liable to account only for those rents actually received

20 ACCELERATION. If Borrower fails to pay any amount due on the Property when it becomes due and payable, or if Borrower abandons the Property, or if the Property is sold, mortgaged, or otherwise encumbered, Lender may, at its option, accelerate the maturity of the indebtedness hereunder, whereupon the entire amount of the indebtedness hereunder, including interest, shall become immediately due and payable.

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By: [Signature] Title: [Title]

American National Bank & Trust Co. of Chgo. not personally but as Trustee as aforesaid

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If the Property is lost, damaged, destroyed, or otherwise taken by Lender or Borrower, the Lender or Borrower offers to make an award or settle a claim for damages, the Lender fails to respond to Lender within 30 days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to the sums secured by this Security Instrument.

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

10. BORROWER NOT RELEASED. 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, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or release 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 and Borrower's successors in interest.

11. FORBEARANCE BY LENDER NOT A WAIVER. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Security Instrument.

12. REMEDIES CUMULATIVE. All remedies provided in this Security Instrument are distinct and cumulative to any other right or remedy under this Security Instrument or afforded by law or equity, and may be exercised concurrently, independently or successively.

13. SUCCESSORS AND ASSIGNS BOUND, JOINT AND SEVERAL LIABILITY, CAPTIONS. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of paragraph 19 hereof. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

14. 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 refund will be treated as a partial prepayment without any prepayment charge under the Note.

15. LEGISLATION. If, after the date hereof, enactment or expiration of applicable laws have the effect either of rendering the provisions of the Note or of this Security Instrument unenforceable according to their respective terms, or all or any part of the sums secured hereby uncollectible, or otherwise provided in this Security Instrument, or of diminishing the value of Lender's security, then Lender, at Lender's option, may declare all sums secured by this Security Instrument to be immediately due and payable, and may invoke any remedies permitted by paragraph 20. If Lender exercises this option, Lender shall take the steps specified in the second paragraph of paragraph 19.

16. NOTICES. Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by first class mail to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

17. GOVERNING LAW, SEVERABILITY. This Security Instrument shall be governed by the law of the State of Illinois. In the event that any provision or clause of this Security Instrument or of the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or of the Note which can be given effect without the conflicting provision, and to this end the provisions of this Security Instrument and the Note are declared to be severable.

18. BORROWER'S COPY. Borrower (or the beneficial owner under the Trust Agreement hereinafter mentioned) shall be furnished a confirmed copy of the Note and of this Security Instrument at the time of execution or after recording hereof.

19. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER. If all or any part of the Property or an interest therein 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 Lender's option, declare all the sums secured by this Security Instrument to be immediately due and payable. However, this option shall not be exercised by Lender if exercise is not authorized by Federal Law.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with paragraph 16 hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by this Security Instrument.

20. ACCELERATION, REMEDIES. EXCEPT AS PROVIDED IN PARAGRAPH 19 HEREOF, UPON BORROWER'S BREACH OF ANY COVENANT OR AGREEMENT OF BORROWER IN THIS SECURITY INSTRUMENT OR IN THE NOTE, INCLUDING THE COVENANTS TO PAY WHEN DUE ANY SUMS SECURED BY THIS SECURITY INSTRUMENT, LENDER MAY AT LENDER'S OPTION DECLARE ALL SUMS SECURED BY THIS SECURITY INSTRUMENT TO BE IMMEDIATELY DUE AND PAYABLE. PRIOR TO ACCELERATION LENDER SHALL MAIL NOTICE TO BORROWER AS PROVIDED IN PARAGRAPH 16 HEREOF SPECIFYING: (1) THE BREACH, (2) THE ACTION REQUIRED TO CURE SUCH BREACH, (3) A DATE, NOT LESS THAN 30 DAYS FROM THE DATE THE NOTICE IS MAILED TO BORROWER, BY WHICH SUCH BREACH MUST BE CURED, AND (4) THAT FAILURE TO CURE SUCH BREACH 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 BREACH IS NOT CURED ON OR BEFORE THE DATE SPECIFIED IN THE NOTICE, LENDER AT LENDER'S OPTION MAY DECLARE ALL OF THE SUMS SECURED BY THIS SECURITY INSTRUMENT TO BE IMMEDIATELY DUE AND PAYABLE WITHOUT FURTHER DEMAND AND MAY FORECLOSE THIS SECURITY INSTRUMENT BY JUDICIAL PROCEEDING. LENDER SHALL BE ENTITLED TO COLLECT IN SUCH PROCEEDING ALL EXPENSES OF FORECLOSURE, INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEY'S FEES, AND COSTS OF DOCUMENTARY EVIDENCE, ABSTRACTS AND TITLE REPORTS.

21. BORROWER'S RIGHT TO REINSTATE. Notwithstanding Lender's acceleration of the sums secured by this Security Instrument, Borrower shall have the right to have any proceedings begun by Lender to enforce this Security Instrument discontinued at any time prior to entry of a judgment enforcing this Security Instrument if: (a) Borrower pays Lender all sums which would be then due under this Security Instrument and the Note, if any, had no acceleration occurred; (b) Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Security Instrument; (c) Borrower pays all reasonable expenses incurred by Lender in enforcing the covenants and agreements of Borrower contained in this Security Instrument and in enforcing Lender's remedies as provided in paragraph 20 hereof, including, but not limited to, reasonable attorney's fees; and (d) Borrower takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's interest in the property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unimpaired. Upon such payment and cure by Borrower, this Security Instrument and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

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In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument with the excess, if any, paid to Borrower in the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, there shall be applied to the sums secured by this Security Instrument such proportion of the proceeds as is equal to that proportion which the amount of the sums secured by this Security Instrument immediately prior to the date of taking bears to the fair market value of the Property immediately prior to the date of taking.

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

**8 INSPECTION.** Lender may make or cause to be made reasonable entries upon and inspections of the Property provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause related to Lender's interest in the Property.

**7 PROTECTION OF LENDER'S SECURITY.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, eminent domain, insurance, code enforcement, or arrangements or proceedings involving a bankrupt or insolvent debtor, then Lender at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs. 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 such insurance in effect until such time as the requirement for such insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law. Borrower shall pay the amount of all mortgage insurance premiums in the manner provided under paragraph 2 hereof.

Any amounts disbursed by Lender pursuant to this paragraph 7 with interest thereon, shall become additional indebtedness of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof, and shall bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law. Nothing contained in this paragraph 7 shall require Lender to incur any expense or take any action hereunder.

**6 PRESERVATION AND MAINTENANCE OF PROPERTY, EASEMENTS, CONDOMINIUMS, PLANNED UNIT DEVELOPMENTS.** Borrower shall keep the Property in good repair and shall not commit, cause or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Security Instrument is on a leasehold. If this Security Instrument is on a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constant documents. If a condominium or planned unit development is executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider were a part hereof.

**5 HAZARD INSURANCE.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, lightning, windstorm, hail, explosion, riot, civil commotion, aircraft or motor vehicle, and such other hazards as Lender may require and in such amounts and for such periods as Lender may require, provided, that Lender shall not require that the amount of such coverage exceed that amount of coverage required to pay the sums secured by this Security Instrument.

The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender, provided, that such approval shall not be unreasonably withheld. All premiums on insurance policies shall be paid in the manner provided under paragraph 2 hereof or, if not paid in such manner, by Borrower making payment, when due, directly to the insurance carrier. All insurance policies and renewals thereof shall be in form acceptable to Lender and shall include a standard mortgage clause in favor of and in form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, and Borrower shall promptly furnish to Lender all receipts of paid premiums. 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, provided such restoration or repair is economically feasible and the security of this Security Instrument is not thereby impaired. If such restoration or repair is not economically feasible or if the security of this Security Instrument would be impaired, the insurance proceeds shall be applied to the sums secured by this Security Instrument, with the excess, if any, paid to Borrower. If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to set the claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Security Instrument.

**4 CHARGES, FEES.** Borrower shall pay all taxes, assessments, and ground rents, if any, in the manner provided under paragraph 2 hereof or, if not paid in such manner, by Borrower making payment, when due, directly to the insurance carrier. All insurance policies and renewals thereof shall be in form acceptable to Lender and shall include a standard mortgage clause in favor of and in form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, and Borrower shall promptly furnish to Lender all receipts of paid premiums. 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.

**3 APPLICATION OF PAYMENTS.** Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraphs 1 and 2 hereof shall be applied by Lender first in payment of amounts payable to Lender by Borrower under paragraph 2 hereof, then to interest payable on the Note, and then to the principal of the Note.

**2 HAZARD INSURANCE.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, lightning, windstorm, hail, explosion, riot, civil commotion, aircraft or motor vehicle, and such other hazards as Lender may require and in such amounts and for such periods as Lender may require, provided, that Lender shall not require that the amount of such coverage exceed that amount of coverage required to pay the sums secured by this Security Instrument.

**1 APPLICATION OF PAYMENTS.** Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraphs 1 and 2 hereof shall be applied by Lender first in payment of amounts payable to Lender by Borrower under paragraph 2 hereof, then to interest payable on the Note, and then to the principal of the Note.

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