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WHEN RECEIVED MAIL TO:

92238022

HomeState Bank, F.S.B.

120 Market Street
W. Chicago, IL 60601
LOAN NUMBER: 92238022

92238022

(Space Above This Line For Recording Data)

MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on MAY 13 1991

The mortgagor is ROSE A. DEJANMAN AND PAMELA A. DEJANMAN, HER WIFE,

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

HomeState Bank, F.S.B., which is organized and existing under the laws of ILLINOIS, and whose address is 120 Market Street, W. Chicago, IL 60601.

Borrower owes Lender the principal sum of FOUR HUNDRED FORTY THOUSAND Dollars (U.S. \$440,000.00). 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 MAY 1, 1992.

This Security Instrument secures to Lender (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note, (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:

SEE ATTACHMENT

04-20-09-117

COOK COUNTY CLERK'S OFFICE

which has the address of 1141 ARMA LANE, CHICAGO, ILLINOIS 60641 (Street) (City) (Zip Code) ("Property Address").

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To Order Call 1 800 510 9193 FAX 616 761 1111

(Print Above Borrower's Name)

Form 3014 9 90 (page 2 of pages)

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

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, and the Note as paid in full, a sum ("Funds") for (a) yearly taxes and assessments which may attach priority over this Security Instrument as a lien on the Property; (b) yearly leasehold insurance premiums; (c) any yearly mortgage insurance premiums; (d) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. § 2601 et seq. ("RESPA"), unless another law that applies to the Funds sets a lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditure of future escrow items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentally, or entity including Lender, if Lender is such an institution or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. 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. Borrower and Lender may agree in writing, however, that interest shall be paid 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 all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case, Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

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 21, Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale 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 any prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due; and last, to any late charges due under the Note.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attach 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 (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 attach 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 15 days of the giving of notice.

5. Hazard or Property 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, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and

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for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

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 21 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. 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 Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any tortious action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and restate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. 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 all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in the Property. 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 forfeiture 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.

8. Mortgage Insurance. 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 mortgage insurance in effect. If for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and claim these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

9. 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.

10. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with

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24. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. (Check applicable boxes):

- Adjustable Rate Rider
- Condominium Rider
- 1-4 Family Rider
- Graduated Payment Rider
- Planned Unit Development Rider
- Biweekly Payment Rider
- Balloon Rider
- Rate Improvement Rider
- Second Home Rider
- Others (specify):

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in pages 1 through 6 of this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

Witness:

Witness:

Mary A. Truman
 (Seal) Borrower
 MARY A. TRUMAN
 Social Security Number

Famela A. Truman
 (Seal) Borrower
 FAMELA A. TRUMAN
 Social Security Number

(Seal) Borrower
 Social Security Number

(Seal) Borrower
 Social Security Number

STATE OF ILLINOIS, County ss:

I, *Charles A. MacDougall*, a Notary Public in and for said county and state, do hereby certify that MARY A. TRUMAN and FAMELA A. TRUMAN, all of whom

personally known to me to be the same persons, whose names are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that they signed and delivered the said instrument as their free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal, this *11th* day of *MAY*, 200*6*.

My Commission expires: *11/11/2008*
Charles A. MacDougall
 Notary Public

This instrument was prepared by
 CHARLIE A. MACDOUGALL
 (Name)
 200 MIDLAND DRIVE, WILMINGTON, ILL. 62451
 (Address)

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Property of [Redacted]

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 as if no acceleration had 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 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 reinstatement shall not apply in the case of acceleration under paragraph 17.

19. **Sale of Note:** ("Change of Loan Servicer." The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

20. **Hazardous Substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding (two) sentences shall not apply to the presence, use, or storage of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give (under written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

NON-CORPORATE CO-BENEFICIARIES, Borrower and Lender further covenant and agree as follows:

21. **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 paragraph 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 reinstatement 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 immediate payment in full of all sums secured by this Security Instrument without further demand and may pursue the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

22. **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 recording costs.

23. **Waiver of Homestead.** Borrower waives all right of homestead exemption in the Property.

2007-2008

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FOLLOWS:

PARCEL 1: LOT 46 IN INDIAN RIDGE, BEING A SUBDIVISION IN THE WEST 1/2 OF SECTION 20, TOWNSHIP 42 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2: AN UNDIVIDED .0025 PERCENT INTEREST IN THE COMMON AREAS APPURTENANT TO PARCEL 1, AS SET FORTH IN THE DECLARATION OF EASEMENTS, COVENANTS AND RESTRICTIONS OF INDIAN RIDGE, RECORDED AS DOCUMENT NUMBER 25034000, AS AMENDED, ALL IN COOK COUNTY, ILLINOIS.

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UNOFFICIAL COPY PLANNED UNIT DEVELOPMENT RIDER

THIS PLANNED UNIT DEVELOPMENT RIDER is made this _____ day of _____, 20____, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date, given by the undersigned (the "Borrower") to secure Borrower's Note to _____ (the "Lender") of the same date and covering the Property described in the Security Instrument and located at _____ (Property Address)

(Property Address)

The Property includes, but is not limited to, a parcel of land improved with a dwelling, together with other such parcels and certain common areas and facilities, as described in

COVENANTS, CONDITIONS, AND RESTRICTIONS OF RECORD

(the "Declaration"). The Property is a part of a planned unit development known as

(Name of Planned Unit Development)

(the "PUD"). The Property shall include Borrower's interest in the homeowners' association or equivalent entity owning or managing the common areas and facilities of the PUD (the "Owners Association") and the uses, benefits and proceeds of Borrower's interest.

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

A. PUD Obligations. Borrower shall perform all of Borrower's obligations under the PUD's Constituent Document. The "Constituent Document" are the (i) Declaration, (ii) article of incorporation, trust instrument or any equivalent document which creates the Owners Association, and (iii) any by-laws or other rules of regulation of the Owners Association. Borrower shall promptly pay, when due, all dues and assessments imposed pursuant to the Constituent Document.

B. Hazard Insurance. So long as the Owners Association maintains, with a generally accepted insurance carrier, a master or "blanket" policy insuring the Property which is satisfactory to Lender and which provides insurance coverage in the amounts, for the periods, and against the hazards Lender requires, including fire and hazards included within the term "extended coverage," then

(i) Lender waives the provision in Uniform Covenant 2 for the monthly payment to Lender of one-twelfth of the yearly premium installments for hazard insurance on the Property, and

(ii) Borrower's obligation under Uniform Covenant 5 to maintain hazard insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Owners Association policy.

Borrower shall give Lender prompt notice of any lapse in required hazard insurance coverage provided by the master or blanket policy.

In the event of a distribution of hazard insurance proceeds in lieu of reconstruction or repair following a loss to the Property or to common areas and facilities of the PUD, any proceeds payable to Borrower are hereby assigned and shall be paid to Lender. Lender shall apply the proceeds to the sums secured by the Security Instrument, with any excess to be paid to Borrower.

C. Public Liability Insurance. Borrower shall take such action as may be reasonable to ensure that the Owners Association maintains a public liability insurance policy acceptable in form, amount, and extent of coverage to Lender.

D. Condemnation. The proceeds of any award or claim for damages, direct or consequential, payable to Borrower in connection with any condemnation or other taking of all or any part of the Property or the common areas and facilities of the PUD or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. Such proceeds shall be applied by Lender to the sums secured by the Security Instrument as provided in Uniform Covenant 10.

E. Lender's Prior Consent. Borrower shall not, except after notice to Lender and with Lender's prior written consent, either partition or subdivide the Property or consent to

(i) the abandonment or termination of the PUD, except for abandonment or termination required by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain,

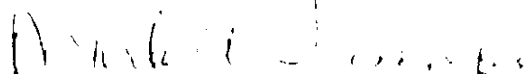
(ii) any amendment to any provision of the Constituent Documents, or the provision of, for the express benefit of Lender,

(iii) termination of professional management and assumption of self management of the Owners Association, or

(iv) any action which would have the effect of rendering the public liability insurance coverage maintained by the Owners Association unacceptable to Lender.

F. Remedies. If Borrower does not pay PUD dues and assessments when due, then Lender may pay them. Any amounts disbursed by Lender under this paragraph F shall become additional debt of Borrower secured by the Security Instrument. Unless Borrower and Lender agree to other terms of payment, the amount 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.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this PUD Rider.


MARK A. JOHNSON

(Seal)
Borrower

MARK A. JOHNSON

(Seal)
Borrower

(Seal)
Borrower

(Seal)
Borrower

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ADJUSTABLE RATE RIDER - JUNE 1980

THIS ADJUSTABLE RATE RIDER is subject to the terms, conditions and covenants of the Adjustable Rate Note and is incorporated into

and shall be deemed to amend and supplement the Mortgage Deed of Trust or Security Deed, the Security Instrument, of the same date given by the undersigned

the Borrower's to the Lender's Adjustable Rate Note, the Note, and

the Lender of the same date and covering the property described in the Security Instrument, and is subject to

2441 TABANA LAMP, MEMPHIS, TN 38117

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 ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BORROWER MUST PAY. THE NOTE ALSO CONTAINS THE OPTION TO CONVERT MY ADJUSTABLE RATE TO A FIXED RATE.

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

A. ADJUSTABLE RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial interest rate of _____ and the Note provides for changes in the adjustable interest rate and the monthly payments, as follows:

4. ADJUSTABLE INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) **Change Dates** - The adjustable interest rate on this instrument shall be subject to periodic ("M") adjustments on that day every 12th month, the effective date on which the interest rate shall change is called a "Change Date."

(B) **The Index** - Beginning with the first Change Date, the adjustable rate will be based on the "Index." The "Index" is 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, and the most recent Index published as of the date 45 days before each Change Date is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give the borrower of this choice.

(C) **Calculation of Change Dates** - Before each Change Date, the Note Holder will calculate his new interest rate by adding the "M" amount to the "Current Index" multiplied by the "M" amount. The Note Holder will then round the result of this addition to the nearest eighth of one percentage point (0.125%). Notwithstanding the above, if the result of this calculation would result in a new interest rate which is less than the current rate, the Note Holder will not change the interest rate on the next Change Date.

The Note Holder will then determine the amount of the monthly payment that will be due on the next Change Date and to report the appropriate payment. The amount of the new monthly payment will be based on the new interest rate and the outstanding unpaid principal. The result of this calculation will be the new amount of the monthly payment.

(D) **Limits on Interest Rate Changes** - The interest rate I am required to pay on this Change Date shall not exceed _____ and shall not be less than _____. If the interest rate I am required to pay on this Change Date is greater than _____, then the interest rate I am required to pay on this Change Date shall be _____. If the interest rate I am required to pay on this Change Date is less than _____, then the interest rate I am required to pay on this Change Date shall be _____.

(E) **Effective Date of Change** - My new interest rate shall become effective on the next Change Date. The new interest rate and the amount of my monthly payment will be reported to you in writing at least 45 days before the next Change Date and the amount of my monthly payment.

(F) **Notice of Change** - The Note Holder will give you a written notice of any change in the interest rate and the amount of the monthly payment before the effective date of any change. The notice will include information required by law to be given and a schedule and telephone number of a person who will answer any questions you have regarding the notice.

B. FIXED INTEREST RATE OPTION

The Note provides for the Borrower's option to convert from an adjustable rate to a fixed rate interest rate on the first Change Date after the first Change Date.

5. FIXED INTEREST RATE CONVERSION OPTION

(A) Option to Convert to Fixed Rate

I have a Conversion Option which I can exercise unless I am in default of this Security Instrument. I can exercise this option on the first Change Date after the first Change Date.

The conversion of an adjustable rate to a fixed rate shall be based on the Note Holder's report of the applicable index and the Change Date and ending on the first Change Date. The date on which my conversion to a fixed rate shall be based on the "Current Index" as of the date of my conversion.

If I exercise my Conversion Option, the Note Holder will calculate the new fixed rate which will be based on the "Current Index" as of the date of my conversion. The new fixed rate will be based on the "Current Index" as of the date of my conversion. The Note Holder will give you a written notice of the new fixed rate and the amount of the monthly payment before the effective date of my conversion.

(B) **Calculation of Fixed Rate** - My new fixed interest rate will be based on the "Current Index" as of the date of my conversion. The Note Holder will calculate the new fixed rate by adding the "M" amount to the "Current Index" multiplied by the "M" amount. The Note Holder will then round the result of this addition to the nearest eighth of one percentage point (0.125%). Notwithstanding the above, if the result of this calculation would result in a new fixed rate which is less than the current rate, the Note Holder will not change the fixed rate on the next Change Date. The Note Holder will then determine the amount of the monthly payment that will be due on the next Change Date and to report the appropriate payment. The amount of the new monthly payment will be based on the new fixed rate and the outstanding unpaid principal. The result of this calculation will be the new amount of the monthly payment.

(C) **New Payment Amount and Effective Date** - I will receive a written notice of the new fixed rate and the amount of the monthly payment before the effective date of my conversion. The new fixed rate and the amount of the monthly payment will be reported to you in writing at least 45 days before the next Change Date and the amount of my monthly payment.

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

Until Borrower exercises the Conversion Option under this Security Instrument, the Security Instrument shall be subject to the following:

Transfer of the Property or a Beneficial Interest in Borrower - If at any time the property or a beneficial interest in the property is sold or transferred to a third party, the Note Holder will require the Borrower to execute a new Security Instrument. The new Security Instrument will be based on the "Current Index" as of the date of my conversion. The Note Holder will calculate the new fixed rate by adding the "M" amount to the "Current Index" multiplied by the "M" amount. The Note Holder will then round the result of this addition to the nearest eighth of one percentage point (0.125%). Notwithstanding the above, if the result of this calculation would result in a new fixed rate which is less than the current rate, the Note Holder will not change the fixed rate on the next Change Date. The Note Holder will then determine the amount of the monthly payment that will be due on the next Change Date and to report the appropriate payment. The amount of the new monthly payment will be based on the new fixed rate and the outstanding unpaid principal. The result of this calculation will be the new amount of the monthly payment.

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BY SIGNING BELOW, Borrower accepts and agrees to the terms and conditions of this Security Instrument.

Mark A. Freeman

(Seal)
Borrower

(Seal)
Borrower

(Seal)
Borrower

(Seal)
Borrower

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Borrower

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Borrower

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