

COOK COUNTY, ILLINOIS  
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**MOUNT GREENWOOD BANK  
HOME EQUITY CREDIT LINE  
AGREEMENT AND DISCLOSURE  
STATEMENT - VARIABLE RATE**

The following is the Agreement dated **NOVEMBER 22, 1993**, between **MOUNT GREENWOOD BANK** ("Bank") and the undersigned (if more than one, jointly and severally) concerning the undersigned's Home Equity Credit Line ("Line") with the Bank:

**GENERAL TERMS**

The Line is a floating-rate, open-end line of credit secured by a home mortgage. Loans will be funded under the Line through a checking account of the undersigned at the Bank ("Checking Account") or by other means acceptable to the Bank.

All loans made under the Line will be governed by the terms of this Agreement and that certain Home Equity Credit Line Mortgage of even date ("Mortgage") executed by the undersigned.

**OBTAINING LOANS**

The undersigned requests the Bank to treat written requests under the Home Equity Credit Loan program as requests for loans ("Loans") under the Line. The undersigned agrees that the Bank will not be required to make loans: (i) for less than \$500.00; (ii) which would cause the undersigned's outstanding Loan balance to exceed the credit limit assigned to the Line; (iii) if the undersigned is in default under this Agreement or the Mortgage; or (iv) if the Line has been cancelled. In no event will the Bank make Loans later than 20 years from the date of this Agreement.

**PROMISE TO PAY**

By signing this Agreement, the undersigned promises to pay the Bank for all Loans as well as any annual fee or finance charge that may be due.

**CREDIT LIMIT**

The credit limit on the Line is **\$ 25,000.00** which the under-signed agrees not to exceed.

**CANCELLATION**

The undersigned may cancel the Line at anytime by writing to the Bank, returning all checks and payment of a \$250.00 cancellation fee, if applicable as set forth below. You will be subject to a cancellation fee of \$250.00, which will be charged to your Line, if you cancel your Line prior to the second anniversary of the origination date of your Line, but only if your Line was established during a promotional period in which you paid no application fee. The Bank has waived the application fee due on establishing home equity lines during limited promotional periods, which the Bank may choose to offer again in the future. However, if you paid the \$250.00 application fee in establishing your Line with the Bank, then you will not be subject to any cancellation fee.

**PAYMENTS: MINIMUM PAYMENT REQUIREMENTS AND FINAL PAYMENT**

The undersigned will receive a billing statement periodically (normally monthly). The billing statement will show the required minimum payment which must be paid by the due date set forth on the statement. Any amount that is past due will be added to the minimum payment.

You can obtain advances of credit for 7 years (the "Draw Period"). During the Draw Period, payments will be due monthly. Your minimum monthly payment will equal the amount of the finance charges that have accrued on your outstanding loan balance and annual fee, if any, as shown on your billing statement. Any amount that is past due will be added to the minimum payment.

The minimum payment will not fully repay the principal that is outstanding on your Line. The final payment, which will include the total outstanding loan balance of your Line, will be due and payable on demand by us on the 7-year anniversary date of the date on which your credit Line was opened. The Bank will provide you with a final payment notice at least 90 days before this final "balloon" payment under your Line must be paid.

If the undersigned is in default, all unpaid amounts outstanding under the Line could become due and payable in accordance with the paragraph captioned "Acceleration."

Loans may be prepaid at any time without penalty.

**FINANCE CHARGE**

EACH PERIODIC STATEMENT WILL INCLUDE A FINANCE CHARGE, WHICH THE UNDERSIGNED AGREES TO PAY, ON LOANS OUTSTANDING DURING THE BILLING PERIOD. FINANCE CHARGE BEGINS TO ACCRUE ON THE DATE A LOAN IS POSTED TO THE LINE AND WILL CONTINUE TO ACCRUE UNTIL PAYMENT OF THE LOAN IS POSTED TO THE LINE AT A RATE PER ANNUM EQUAL TO THE SUM OF THE INTEREST RATE INDEX IN EFFECT PLUS 1%. THE INTEREST RATE INDEX IS THE "PRIME RATE" OF LARGE U.S. MONEY CENTER COMMERCIAL BANKS, AS PUBLISHED IN THE WALL STREET JOURNAL. IN THE EVENT MULTIPLE PRIME RATES FOR LARGE U.S. MONEY CENTER COMMERCIAL BANKS ARE PUBLISHED, THE HIGHEST RATE WILL APPLY. IN THE EVENT THE WALL STREET JOURNAL DISCONTINUES ANNOUNCING OR PUBLISHING THE PRIME RATE FOR LARGE U.S. MONEY CENTER COMMERCIAL BANKS, THEN THE BANK WILL CHOOSE A NEW INTEREST RATE INDEX WHICH IS OUTSIDE OF THE BANK'S CONTROL, IS AVAILABLE TO THE GENERAL PUBLIC AND SATISFIES THE REQUIREMENTS OF FEDERAL RESERVE BOARD REGULATION Z 226.5b (1)(3)(ii). THE BANK WILL NOTIFY THE UNDERSIGNED OF ANY NEW INTEREST RATE INDEX IMPLEMENTED UNDER THIS PLAN. THE PRIME RATE IN EFFECT ON NON-BUSINESS DAYS SHALL BE THE PRIME RATE FOR LARGE U.S. MONEY CENTER COMMERCIAL BANKS, AS PUBLISHED IN THE WALL STREET JOURNAL, ON THE IMMEDIATELY PRECEDING BUSINESS DAY.

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AS OF **NOVEMBER 22, 1993**, THE PRIME RATE IS **6.00 %** AND FINANCE CHARGE IS COMPUTED AT THE FOLLOWING RATES:

## PERIODIC RATE

.01918 % PER DAY

## ANNUAL PERCENTAGE RATE

7.00 %

THE ANNUAL PERCENTAGE RATE WILL INCREASE IF THE INTEREST RATE INDEX INCREASES. AN INCREASE IN THE INTEREST RATE INDEX WILL BE EFFECTIVE ON THE FIRST DAY OF THE BANK'S BILLING PERIOD. THE INTEREST RATE INDEX IN EFFECT ON THAT DAY WILL BE MAINTAINED DURING THE REMAINDER OF THAT BILLING PERIOD. AN INCREASE IN THE INTEREST RATE INDEX WILL RESULT IN AN INCREASED MINIMUM PAYMENT TO BE DUE AND PAYABLE EACH BILLING PERIOD AS LONG AS THE OTHER VARIABLES (OUTSTANDING LOAN BALANCE AND NUMBER OF DAYS IN THE BILLING CYCLE) REMAINS CONSTANT.

FINANCE CHARGE IS COMPUTED BY: (i) MULTIPLYING EACH OF THE "AVERAGE DAILY BALANCES" SHOWN ON THE BILLING STATEMENT BY THE APPLICABLE DAILY RATE SHOWN ON THE BILLING STATEMENT; (ii) MULTIPLYING EACH OF THE RESULTS BY THE NUMBER OF DAYS IN THE BILLING CYCLE THAT THE APPLICABLE DAILY RATE WAS IN EFFECT; AND (iii) ADDING THESE PRODUCTS TOGETHER. "AVERAGE DAILY BALANCE" IS COMPUTED FOR EACH APPLICABLE DAILY RATE BY: (i) ADDING THE BALANCES OWING ON YOUR LINE EACH DAY THE APPLICABLE DAILY RATE WAS IN EFFECT, LESS ANY BILLED AND UNPAID FINANCE CHARGE AND ANNUAL FEE AND (ii) DIVIDING THE RESULTING SUM BY THE NUMBER OF DAYS THE APPLICABLE DAILY RATE WAS IN EFFECT.

THE ANNUAL PERCENTAGE RATE IMPOSED UNDER THIS AGREEMENT INCLUDES INTEREST ONLY AND NO OTHER COSTS.

All payments received will (to the extent sufficient) be applied first to the annual fee, if any, billed to the Line, next to billed and unpaid finance charge and then to Loans.

### MAXIMUM FINANCE CHARGE

The maximum ANNUAL PERCENTAGE RATE that can apply during this Home Equity Credit Loan program is 18%.

### OTHER CHARGES

THE FOLLOWING FEES WILL BE CHARGED:

APPLICATION FEE (NON-Refundable)	\$
ANNUAL FEE	\$ 30.00
LOAN ORIGATION FEE	\$ 0.00
CLOSING FEES:	
APPRAISAL	\$
RECORDING	\$ 51.00
DOCUMENTATION	\$
TITLE INSURANCE	\$

The Closing Fees will be charged to the Line as a Loan unless paid by separate check before the Line is established.

### SECURITY INTEREST

THE BANK HAS A SECURITY INTEREST IN REAL ESTATE, FIXTURES AND RENTS PURSUANT TO THE MORTGAGE (THE "COLLATERAL"). COLLATERAL SECURING OTHER CREDIT WITH THE BANK DOES NOT SECURE LOANS MADE UNDER THE LINE.

### ACCELERATION

We can terminate your Line, require you to pay us the entire outstanding balance in one payment, charge you certain fees and force the sale of your property pledged as Collateral upon the occurrence of any one or more of the following events of default:

- (a) You engage in fraud or material misrepresentation in connection with the Line.
- (b) You do not meet the repayment terms of your Line.
- (c) Your action or inaction adversely affects the Bank's Collateral for your Line or the Bank's rights in the Collateral including, but not limited to, the following events:
  - (i) Death of any party to this Agreement or the Mortgage whether the undersigned, or any endorser, guarantor, surety or accommodation party;

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(ii) The sale or transfer of all or any part of the Collateral or any interest in the Collateral (or the sale or transfer of any beneficial interest in the undersigned if the undersigned is not a natural person) without the Bank's prior written consent; and

(iii) Any taking of the Collateral through eminent domain.

Bank shall send notice to the undersigned setting forth a time period of at least 30 days within which such default may be cured. If such default is not cured within the period allowed by Bank, the entire unpaid principal sum of Loans outstanding, all accrued interest thereon and all other unpaid amounts outstanding under this Agreement shall thereupon, at the sole option of Bank become immediately due and payable without further demand to the undersigned. Any failure to exercise said option shall not constitute a waiver of the right to exercise the same in the event of a future default.

## PROHIBITION ON EXTENSIONS OF CREDIT OR REDUCTION IN CREDIT LIMIT

The Bank can refuse to make additional extensions of credit to you on the Line or reduce your credit limit upon the occurrence of any one of the following events:

- (1) The value of your dwelling, which secures the Line, declines significantly below its appraised value for purposes of the Line.
- (2) The Bank reasonably believes you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- (3) You are in default of a material obligation in this Agreement.
- (4) Government action prevents the Bank from imposing the ANNUAL PERCENTAGE RATE provided for in this Agreement or impairs the Bank's security interest such that the value of the Bank's interest is less than 120 percent of your credit Line.
- (5) A regulatory agency has notified the Bank that continued advances would constitute an unsafe and unsound practice.
- (6) The maximum ANNUAL PERCENTAGE RATE is reached.

If the Bank prohibits additional extensions of credit on your Line or reduces the credit limit of your Line in accordance with this section, the Bank shall mail written notice of such action to you within three (3) business days after the Bank has taken action hereunder. The Bank's notice shall inform you of the specific reasons why the Bank is prohibiting additional extensions of credit on your Line and/or has reduced the credit limit of your Line. The Bank's notice shall also inform you that you must request reinstatement of your credit privileges under your Line. Once you have made such a request, the Bank must investigate in order to determine whether the condition(s) which authorized the Bank to prohibit additional extensions of credit on your Line and/or to reduce the credit limit of your Line have been corrected so that your credit privileges may be reinstated under your Line.

## COLLECTION COSTS

To the extent permitted by applicable law, the undersigned shall pay all costs and expenses, including reasonable fees to attorneys, which such attorneys may be employees of Bank, incurred by the Bank in legal proceedings, including proceedings in a Bankruptcy Court because of the undersigned's failure to perform the undersigned's obligations under this Agreement or the Mortgage.

## CHANGE OF TERMS

Aside from the changes specifically identified in other sections of this Agreement, after your home equity loan plan is opened, this Agreement can only be modified if you expressly consent to such subsequent change(s) in writing by signing a written amendment to this Agreement. Any change beneficial to you, within the meaning of Federal Reserve Board Regulation Z 226.5b(7)(v), may be made by the Bank at any time without notice.

## TAX IMPLICATIONS

You should consult a tax advisor regarding the deductibility of interest and charges for the Line.

## CHANGE OF ADDRESS

The undersigned will notify the Bank of any address change in writing before the address change becomes effective.

## NOTICES

Any notice to the undersigned provided for in this Agreement shall be given by personal delivery or first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address contained in the Mortgage or any other address the undersigned designates by notice to the Bank. Any notice to Bank shall be given by first class mail to the Bank's address stated in the Mortgage (attention: Home Mortgage Unit) or any other address the Bank designates by notice to the undersigned. Any notice provided for in this Agreement shall be deemed to have been given to the undersigned or the Bank when given as provided in this Section.

## DISCLAIMER OF LIABILITY

The Bank offers the Line and related services in the Bank's own interest and disclaims any duty or responsibility other than those expressly set forth in this Agreement.

## ASSIGNMENT

The Bank can assign the undersigned's Line and any of the Bank's rights under this Agreement without the undersigned's consent or notice to the undersigned.

## WAIVER

Any failure by the Bank to insist upon the strict performance by the undersigned of any of the terms and provisions of this Agreement shall not be deemed to be a waiver of any of the terms and provisions thereof, and the Bank, notwithstanding any such failure, shall have the right at any time or times thereafter to insist upon the strict performance by the undersigned of any and all of the terms and provisions thereof to be performed by the undersigned. Furthermore, no delay on the part of the Bank in the exercise of any right or remedy shall operate as a waiver

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thereof, and no single or partial exercise by the Bank of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

## LAW THAT APPLIES

This Agreement will be governed by the law of Illinois. If any part of this Agreement is unenforceable, this will not make any other part unenforceable.

## ACKNOWLEDGEMENT

Each of the undersigned hereby acknowledges receipt of the Mount Greenwood Bank "Home Equity Credit Line Agreement and Disclosure Statement - Variable Rate" and that the undersigned has retained a copy of same for its records. Each of the undersigned agrees to be bound by all of the terms and obligations contained in the Mount Greenwood Bank "Home Equity Credit Line Agreement and Disclosure Statement - Variable Rate."

x *William J. Galati*  
\_\_\_\_\_  
WILLIAM J. GALATI

x *Diane B. Galati*  
\_\_\_\_\_  
DIANE B. GALATI

LOT 194 IN MAHONEY ESTATES, A SUBDIVISION OF THE NORTH 3/4 OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 24, TOWNSHIP 37 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPT THEREFROM THE RIGHT OF WAY OF CHICAGO AND SOUTHERN RAILROAD COMPANY) IN COOK COUNTY, ILLINOIS.  
PIN: 24-24-308-007-0000

MO:  
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This is some important information about your rights and our responsibilities under the Fair Credit Billing Act.

## NOTIFY US IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR BILL

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us on a separate sheet at MOUNT GREENWOOD BANK, 3052 West 111th Street, Chicago, Illinois, 60655. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information describe the item you are not sure about.

## YOUR RIGHTS AND OUR RESPONSIBILITIES AFTER WE RECEIVE YOUR WRITTEN NOTICE

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the bill was correct.

After we receive your letter, we cannot try to collect any amount you question, or report that amount as delinquent. We can continue to bill you for the amount you question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your bill that are not in question.

If we find that we made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If we didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write us within ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we can't collect the first \$50 of the questioned amount, even if your bill was correct.

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MOUNT GREENWOOD BANK

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In your letter, give us the following information:

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us on a separate sheet at MOUNT GREENWOOD BANK, 3052 West 111th Street, Chicago, Illinois, 60655. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

## NOTIFY US IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR BILL

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

## KEEP THIS NOTICE FOR FUTURE USE

## YOUR BILLING RIGHTS

MOUNT GREENWOOD BANK  
HOME EQUITY CREDIT LINE

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Each  
State  
by all  
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This Agreement will be governed by the law of Illinois. If any part of this Agreement is unenforceable, this will not make any other part unenforceable.

## LAW THAT APPLIES

thereof, and no single or partial exercise by the Bank of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

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## MOUNT GREENWOOD BANK HOME EQUITY CREDIT LINE MORTGAGE - VARIABLE RATE

THIS MORTGAGE ("Security Instrument") is given on **NOVEMBER 22, 1993**. The mortgagor is **WILLIAM J. GALATI and DIANE B. GALATI, HIS WIFE, AS JOINT TENANTS** ("Borrower"). This Security Instrument is given to **MOUNT GREENWOOD BANK**, which is an Illinois banking association, and whose address is 3052 West 111th Street, Chicago, Illinois, 60655 ("Lender"). Borrower owes Lender the maximum principal sum of **TWENTY-FIVE THOUSAND & 00/100 Dollars (U.S. \$ 25,000.00)**, or the aggregate unpaid amount of all loans (the "Line") made by Lender pursuant to that certain Home Equity Credit Line Agreement ("Agreement") of even date herewith whichever is less. The debt is evidenced by the Agreement executed by Borrower dated the same date as this Security Instrument which Agreement provides for monthly principal and interest payments, with the full debt, if not paid earlier, due and payable on demand after seven years from the date of this mortgage. The Lender will provide the Borrower with a final payment notice at least 90 days before the final payment must be made. The Agreement provides that loans may be made from time to time (but in no event later than 20 years from the date hereof) not to exceed the above stated maximum amount outstanding at any one time. The Agreement evidences a revolving line of credit between Borrower and Lender and therefore, the lien of this Mortgage secures payment of any existing indebtedness under the Agreement, and any future advances as may be made from time to time by Lender in connection with the Agreement from the date hereof to twenty (20) years from the date of this Mortgage, and the lien of this Mortgage secures future advances made in connection with the Agreement to the same extent as if such future advances were made on the date hereof regardless of whether or not any advance has been made as of the date of this Mortgage or whether there is any outstanding indebtedness at the time of any future advance. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Agreement, 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 Agreement. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following described property located in **MERRIONETTE PARK, COOK COUNTY, ILLINOIS:**

**LOT 194 IN MAHONEY ESTATES, A SUBDIVISION OF THE NORTH 3/4 OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 24, TOWNSHIP 37 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN (EXCEPT THEREFROM THE RIGHT OF WAY OF CHICAGO AND SOUTHERN RAILROAD COMPANY) IN COOK COUNTY, ILLINOIS.**

which has the Permanent Tax Identification Number of **2-24-308-007** and which has the address of **11613 S. ROGOWSKI, MERRIONETTE PARK, ILLINOIS, 60655**, ("Property Address");

TOGETHER WITH all improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property".

**BORROWER COVENANTS** that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record. There is a prior mortgage from Borrower to **MOUNT GREENWOOD BANK** dated **NOVEMBER 22, 1993** and recorded with the Recorder's Office of **COOK County, Illinois** as Document Number **PENDING** on **PENDING**.

**COVENANTS.** 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 debt evidenced by the Agreement.

2. **Application of Payments.** All payments received by Lender shall be applied to the annual fee, interest due; and then, to principal.

3. **Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. The Borrower shall make these payments directly, and promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument other than the prior mortgage described above, unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

4. **Hazard Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld.

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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, and 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.

If under paragraph 19 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

**5. Preservation and Maintenance of Property; Leaseholds.**

Borrower shall not destroy, damage or substantially change the Property, allow the Property to deteriorate or commit waste. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

**6. 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 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, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 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 Agreement rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

**7. 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.

**8. Condemnation.**

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

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

**9. Borrower Not Released; Forbearance By Lender Not a Waiver.**

Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not by a waiver of or preclude the exercise of any right or remedy.

**10. 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 16. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Agreement: (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 Agreement without that Borrower's consent.

**11. 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 Agreement or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Agreement.

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12. Prohibition on Extensions of Credit or Reduction in Credit Limit. Lender can refuse to make additional extensions of credit to Borrower on the Line under the Agreement or reduce your credit limit under the Agreement upon the occurrence of any one of the following events:

- (1) The value of the Property declines significantly below its appraised value for purposes of the Line evidenced by the Agreement.
- (2) Lender reasonably believes Borrower will not be able to meet the repayment requirements of the Line under the Agreement due to a material change in Borrower's financial circumstances.
- (3) Borrower is in default of a material obligation in the Agreement.
- (4) Government action prevents Lender from imposing the ANNUAL PERCENTAGE RATE provided for in the Agreement or impairs Lender's security interest in the Property such that the value of Lender's interest is less than 120 percent of Borrower's credit Line under the Agreement.
- (5) A regulatory agency has notified Lender that continued advances to Borrower on the Line under the Agreement would constitute an unsafe and unsound practice.
- (6) The maximum ANNUAL PERCENTAGE RATE of the Line under the Agreement is reached.

If Lender prohibits additional extensions of credit on the Line or reduces the credit limit of the Line under the Agreement, in accordance with this paragraph 12, Lender shall mail written notice of such action to Borrower within three (3) business days after Lender has taken action hereunder. The Lender's notice shall inform Borrower of the specific reasons why Lender is prohibiting additional extensions of credit on the Line under the Agreement and/or has reduced the credit limit of Borrower's Line under the Agreement. Lender's notice shall also inform Borrower that Borrower must request reinstatement of its credit privileges under the Line. Once Borrower has made such a request, Lender must investigate in order to determine whether the condition(s) which authorized the Lender to prohibit additional extensions of credit on the Line and/or to reduce the credit limit of the Line have been corrected so that Borrower's credit privileges may be reinstated under the Line.

13. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein (attention: Home Mortgage Unit) or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower to Lender when given as provided in this paragraph.

14. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of Illinois. In the event that any provision or clause of this Security Instrument or the Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Agreement which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Agreement are declared to be severable.

15. Borrower's Copy. Each Borrower shall be given one confirmed copy of the Agreement and of this Security Instrument.

16. Transfer of the Property or a Beneficial Interest in Borrower; Due on Sale. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal laws as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

17. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the 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 Agreement had no acceleration occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; (d) takes such action as Lender may reasonably require to assure that the lien on this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged; and (e) not use this provision more frequently than once every five years. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred under paragraphs 12 or 16.

18. Prior Mortgage. Borrower shall not be in default of any provision of any prior mortgage.

ADDITIONAL COVENANTS. Borrowers and Lender further covenant and agree as follows:

19. Acceleration; Remedies. The occurrence of any one of the following events ("default") shall cause Borrower to be in default under this Security Instrument:

- (a) Borrower engaged in fraud or material misrepresentation in connection with the Line.
- (b) Borrower does not meet the repayment terms of the Line.
- (c) Borrower's action or inaction adversely affects Lender's security interest in the Property for the Line or the Lender's rights in the Property.

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Upon the occurrence of a default, Lender shall give notice to Borrower of the default prior to acceleration hereunder (but not prior to acceleration under paragraph 16, unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the nonexistence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in legal proceedings pursuing the remedies provided in this paragraph 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

20. Lender in Possession. Upon acceleration under paragraph 19 or abandonment of the Property and at any time prior to the expiration of any period of redemption following judicial sale, Lender (in person, by agent or by judicially appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. Any rents collected by Lender or 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 attorneys' fees, and then to the sums secured by this Security Instrument.

21. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument without charge to Borrower.

22. Waiver of homestead. Borrower waives all right of homestead exemption in the Property.

23. Riders of 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.

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

*William J. Galati*  
WILLIAM J. GALATI

*Diane B. Galati*  
DIANE B. GALATI

Prepared by and return to:  
MARY BETH BLOCK  
c/o Mount Greenwood Bank  
3052 West 111th Street  
Chicago, Illinois 60655

STATE OF ILLINOIS, Cook County ss:

I, ~~MARY BETH BLOCK~~, a Notary Public in and for said county and state, do hereby certify that WILLIAM J. GALATI and DIANE B. GALATI, personally known to me to be same person(s), whose name(s) are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that they signed and delivered that said instrument as their free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal, NOVEMBER 22, 1993.

*Mary Beth Block*  
MARY BETH BLOCK

"OFFICIAL SEAL"  
DEBRA L. FICKETT  
Notary Public, State of Illinois  
My Commission Expires 5/22/96

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