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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 easements and additions shall also be covered by this Security Instrument. All of the foregoing is intended to be this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seized of the entire hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except by 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 constitutes a valid lien against the national and non-national covenants with limited exceptions by jurisdiction to constitute a valid security instrument covering real property.

LOAN COVENANTS Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. **Payments for Taxes and Insurance.** Subject to applicable law or to a written order by Lender, Borrower shall pay to Lender on the day such payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) jointly owned and encumbered real estate priority over this Security Instrument as a lien on the Property; (b) jointly owned household payments or ground rent on the Property, if any; (c) jointly owned or property insurance premiums; (d) jointly owned insurance premiums, if any; (e) jointly owned mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 3. Part of the payment of mortgage insurance premiums. These items are called "Security Items." Lender may, at any time, collect and hold Funds in an account set to encash the encumbrances against a lender for a federally related mortgage loan may require for Borrower's account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. Section 2601 et seq. ("RESPA"), unless another law that applies to the Funds sets a lower amount. If so, Lender may, at any time, collect and hold Funds in an account set to encash the lower amount. Lender may estimate the amount of Funds due on the basis of any one date and reasonable estimate of expenditures of future Borrower items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose services are insured by a federal agency, independently, or entity (including Lender if Lender is such an institution) or in any Federal depository Loan Fund. Lender shall apply the Funds to pay the Borrower items. Lender may not charge Borrower for holding and applying the Funds, exceptly analyzing the account statement, or notifying the Borrower 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 service charge for an independent and other loan reporting services 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 purposes for which such debits to the Funds was made. The Funds are pledged as additional security for all sums covered 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 Borrower 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, by an amount that exceeds monthly payments, at Lender's sole discretion.

Upon payment in full of all sums covered by this Security Instrument, Lender shall promptly deliver to Borrower any Funds held by Lender. If, under paragraph 2), 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 covered by this Security Instrument.

3. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraph 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, Late.** Borrower shall pay all taxes, assessments, charges, fees and impositions attributable to the Property which may attach priority over this Security Instrument, and household payments or ground rent, 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 the 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 covered by the lien in a manner acceptable to Lender; (b) consents 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 the Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attach priority over the Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take care or some of the actions set forth above within 15 days of the giving of notice.

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5. Hazard or Property Insurance. Borrower shall keep the highest rated fire and theft insurance covering the Property insured against loss by fire, lightning, theft and other perils included within the term "standard coverage" and any other insurances, including flood or flooding, by which Lender requires insurance. This insurance shall be maintained to the extent 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. 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 contracts shall be compatible to Lender and shall include a standard mortgage clause. Lender shall have the right to inspect the policies and contracts. If Lender requires, Borrower shall promptly give 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. If the restoration or repair is commercially feasible and Lender's security is not impaired, the restoration or repair is not commercially feasible or Lender's security would be impaired, the insurance proceeds shall be applied to the amount covered by this Security Instrument, whether or not there is, with any excess paid to Borrower. If Borrower abandons the Property, or does not remove within 30 days a notice from Lender that the insurance carrier has offered to make a claim, then Lender may collect the interest on principal. Lender may use the proceeds to repair or restore the Property or to pay costs incurred by the Security Instrument, whether or not there is. 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 to postpone the due date of the monthly payments referred to in paragraphs 1 and 3 or change the amount of the payments. If under paragraph 3 the Property is required by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the completion shall pass to Lender to the extent of the amount covered by this Security Instrument immediately prior to the completion.

6. Occupancy, Preservation, Maintenance and Protection of the Property: Borrower's Loan Application, Leasehold. 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 completion, unless Lender otherwise agrees in writing, which agreement shall not be unreasonably withheld, or unless circumstances (circumstances which which are beyond Borrower's control, Borrower dies, and injury, damage or impairs the Property, allow the Property to deteriorate, or unusual events on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment would result in forfeiture of the Property or otherwise materially impairs the title created by this Security Instrument or Lender's security. Borrower may cure such a default and mitigate, as provided in paragraph 13, by removing the action or proceeding to its jurisdiction with a writing that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien covered by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gives materially false or inaccurate information or statements to Lender (or fails to provide Lender with any material information) in connection with the loan originated by the Note, including, but not limited to, any statements concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a first lien, Borrower shall comply with all the provisions of the Note. If Borrower requires the title to the Property, the borrower and the lender shall not mortgage unless Lender agrees to the mortgage 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 costs covered by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorney's fees and entering on the Property in order to repair. 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 covered 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 requires mortgage insurance as a condition of making the loan covered 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, except, use and retain these payments as a loan reserve in lieu of mortgage insurance. Loan reserve

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...may no longer be required, at the option of Lender, if mortgage insurance covering the loan is provided for the period that Lender requires provided by an insurer approved by Lender upon becoming available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loan guarantee, until the requirement for mortgage insurance is 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. **Liability for Damages.** The proceeds of any covered or claims for damages, losses or consequential, in connection with any condemnation or the taking of any part of the Property, or the encroachment in line 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 same extent by the Security Instrument, whether or not then due, with any amount paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the loan covered by the Security Instrument, the proceeds shall be released to Borrower and Lender otherwise agree in writing, the same covered by the Security Instrument shall be released to Borrower in the amount of the proceeds specified by the following formula: (a) the total amount of the loan covered 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. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the loan covered immediately before the taking, unless Borrower and Lender otherwise agree in writing or applicable law otherwise provides, the proceeds shall be applied to the same covered by the Security Instrument, whether or not then due.

If the Property is abandoned by Borrower, or if, after a two (2) year period following the commencement of the loan, Lender or its agent or assigns a claim for damages, Borrower fails to respond in writing within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, if it deems, either in connection or repair of the Property or to the same covered by the Security Instrument, whether or not then due.

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

11. **Borrower Not Released; Forfeiture of Lien.** Release of the time for payment or satisfaction of any obligation of the loan covered by the 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 satisfaction of the loan covered by the Security Instrument by means of any Assured made by the original Borrower or Borrower's successors in interest. Any release by Lender is hereby acknowledged and shall not be a release of the original Borrower or any successor in interest.

12. **Borrower's and Assignee's Joint and Several Liability; Co-signers.** The covenants and agreements of this Security Instrument shall bind and benefit the covenants and covenants of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who signs the Security Instrument has done so and covenants that (a) it is co-signing the Security Instrument only to mortgage, grant and convey the Property to Lender under the terms of this Security Instrument, (b) it is not presently obligated to pay the loan covered by the Security Instrument, and (c) agrees that Lender and any other Borrower may agree in extend, modify, substitute or make any accommodations with regard to the terms of this Security Instrument or the Note without the Borrower's consent.

13. **Loan Charges.** If the loan covered by this Security Instrument is subject to a type which sets maximum loan charges, and that type is finally interpreted as the highest or other loan charges collected or to be collected in connection with the loan covered by the Security Instrument, then (a) any such loan charges shall be reduced by the amount necessary to reduce the charges to the permitted level; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to reduce the charges by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. **Notice.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by sending it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or the address address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

15. **Governing Law; Jurisdiction.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located in the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law. Such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

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16. Borrower's Copy. Borrower shall be given one collated copy of the final and of this Security Instrument.
17. Transfer of the Property or a Beneficial Interest to Borrower. If all or any part of the Property or any interest in it...

If under exercise 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...

18. Borrower's Right to Redeem. If Borrower cures certain conditions, Borrower shall have the right to have an assignment of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days for each other period...

19. Side of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one (1) year or more without prior notice to Borrower. A sale may result in a change in the entity known as the 'Loan Servicer'...

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, or allow anyone else to do, anything affecting the Property that is in violation of any law or governmental law...

Borrower shall promptly give Lender written notice of any law, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property or any Hazardous Substances or Environmental Law...

As used in this paragraph 20, 'Hazardous Substances' are those substances defined in any state or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable liquids, petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials...

NON-UNIFORM COVENANTS 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...

22. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument (except charges to Borrower). Borrower shall pay any reasonable costs.

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

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As set forth in the 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 box(es))

- Adjustable Rate Rider
- Combined Payment Rider
- Redline Rider
- V.A. Rider
- Coordination Rider
- Financial Life Development Rider
- Rate Supersession Rider
- Other(s) (specify):
- 1-4 Party Rider
- Biweekly Payment Rider
- Special Asses Rider

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

Witness:

Anna Marie

Kenneth C Davis
STATE OF ILLINOIS
310-10-0033

Kenneth C Davis
STATE OF ILLINOIS
310-10-0033

Anna Marie
STATE OF ILLINOIS
310-10-0033

STATE OF ILLINOIS

1. Anna Marie Michael
Kenneth C Davis and Kimberly A Davis, husband and wife

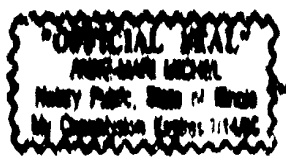
a Notary Public in and for said county and state do hereby certify that

subscribed in the foregoing instrument, appeared before me this day in person, and acknowledged the signed and delivered the said instrument as their free and voluntary act, for the uses and purposes therein contained. Given under my hand and official seal, this 14th day of November, 1992.

My Commission Expires:

Anna Marie
Notary Public

This instrument was prepared by:



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TRAN 8893 01/14/93 14.39.00
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COOK COUNTY RECORDER

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