

# UNOFFICIAL COPY

MORTGAGE

94912975

THIS INDENTURE, is made September 30, 1994, between  
HEB INVESTMENT COMPANY of  
10212 So. Konoth, Oak Lawn, Illinois 60453

DEPT-01 RECORDING 133.50  
T49999 TRAN 5970 10/26/94 09:21:00  
49617 + DW # - 94 - 9 12975  
COOK COUNTY RECORDER

as mortgagor, herein referred to as "Borrowers," and  
Roy Weber of  
12831 Chartwell Drive, Fort Myers, Florida 33912

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as mortgagee, herein referred to as "Lender," witnesseth:

THAT WHEREAS the Borrowers are justly indebted to the Lender upon the Adjustable Rate Note of even date herewith (herein referred to as "Note"), in the principal sum of One Hundred Thirty-Six Thousand Dollars (\$136,000.00), payable to the order of and delivered to the Lender, in and by which Note the Borrowers promise to pay the said principal sum and interest at the rates and in monthly installments, plus late charges, as provided in said Note, with a final payment of the balance due on the 1st day of September, 2014, and all of said principal and interest are made payable at such place as the holders of the Note may, from time to time, in writing appoint, and in absence of such appointment, then at the office of the Lender at 12831 Chartwell Drive, Fort Myers, Florida 33912.

NOW, THEREFORE, the Borrowers to secure the payment of the said principal sum of money and said interest in accordance with the terms, provisions and limitations of this Mortgage, the payment of sums, with interest, advanced under Section 11 or 13 of this Mortgage, and the performance of the covenants and agreements herein contained, by the Borrowers to be performed, and also in consideration of the sum of One Dollar in hand paid, the receipt whereof is hereby acknowledged, do by these presents MORTGAGE, GRANT and CONVEY unto the Lender, and the Lender's successors and assigns, the following described Real Estate and all of their estate, right, title and interest therein, situate, lying and being in the City of Chicago, County of Cook and State of Illinois, to wit:

LOTS 9 AND 10 IN BLOCK 11 IN SECOND ADDITION TO HINKAMP AND COMPANY'S WESTERN AVENUE SUBDIVISION, A SUBDIVISION OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 36, TOWNSHIP 38 NORTH, RANGE 13 (EXCEPT THE EAST 33 FEET THEREOF), EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PERMANENT REAL ESTATE INDEX NUMBER (S): Volume 411, 19-36-203-001 and 19-36-203-002  
COMMONLY KNOWN AS 2621-25 WEST 79TH STREET, CHICAGO, ILLINOIS

which, with the property hereinafter described, is referred to herein as the "Premises,"

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TOGETHER with all improvements, tenements, easements, fixtures, and appurtenances thereto belonging, and all rents, issues and profits thereof for so long and during all such times as Borrowers may be entitled thereto (which are pledged primarily and on a parity with said real estate and not secondarily) and all apparatus, equipment or articles now or hereafter therein or thereon used to supply heat, gas, air conditioning, water, light, power, refrigeration (whether single units or centrally controlled), and ventilation, including (without restricting the foregoing), screens, window shades, storm doors and windows, floor coverings, inador beds, awnings, stoves and water heaters. All of the foregoing are declared to be a part of said real estate whether physically attached thereto or not, and it is agreed that all similar apparatus, equipment or articles hereafter placed in the Premises by Borrowers or their successors or assigns shall be considered as constituting part of the real estate.

TO HAVE AND TO HOLD the Premises unto the Lender, and the Lender's successors and assigns, forever, for the purposes, and upon the uses herein set forth, free from all rights and benefits under and by virtue of the Homestead Exemption Laws of the State of Illinois, which said rights and benefits the Borrowers do hereby expressly release and waive.

The name of a record owner is: HEB Investment Company

This Mortgage consists of five pages plus a two page Adjustable Rate Rider ("Rider"), its covenants, conditions and provisions appearing on pages 2 through 5 and the Rider are incorporated herein by reference and are a part hereof and shall be binding on Borrowers, their heirs, successors and assigns.

Witness the hands and seals of Borrower the day and year first above written.

Executed by  
Thomas Echlin  
HEB Investment Company  
by Thomas Echlin, as President

Attested to by  
Roger Hong  
HEB Investment Company  
Roger Hong, as Secretary

State of Illinois )  
County of Cook ) ss.

I, the undersigned, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that Thomas Echlin and Roger Hong are personally known to me to be the same persons whose names subscribed to the instrument appeared before me this day in person, and acknowledged that they signed, sealed and delivered the instrument as their free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal, this 30 day of September 1994

Notary Public Donald A. Cyze

My Commission expires 9

" OFFICIAL SEAL "  
DONALD A. CYZE  
NOTARY PUBLIC, STATE OF ILLINOIS  
BY COMMISSION EXPIRES 9/2/95

This instrument was prepared by: Donald A. Cyze, 3304 West 111th Street, Chicago, IL 60655  
Mail this instrument to: Roy Weber 12831 Chartwell Drive, Fort Myers, Florida 33912

3304W

② SIV0958YC MRS

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THE COVENANTS, CONDITIONS AND PROVISIONS REFERRED TO ON PAGE 1 OF THIS MORTGAGE:

1. **Obligation to Pay.** Borrowers shall pay each item of indebtedness herein mentioned, both principal and interest and any applicable late charges when due according to the terms hereof and the terms of the Note. At the option of the Lender and with notice to Borrowers, all unpaid indebtedness secured by this Mortgage shall, notwithstanding anything in the Note or in this Mortgage to the contrary, become due and payable (a) in the case of default in making payment of any installment of principal or interest on the Note and such default shall continue for five (5) business days after receipt of Lender's written notice thereof by Borrower, or (b) when default shall occur and continue for thirty (30) days after receipt of Lender's notice of default relating to the performance of any other agreement of the Borrowers herein contained.

2. **Reserves for Taxes and Insurance.** The Borrowers shall periodically deposit with the Lender such sums as the Lender may reasonably require for payment of taxes, insurance and assessments on the Premises. No such deposit shall bear any interest.

3. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to amounts payable under paragraph 2; second, to interest due; third, to principal due; and last, to any late charges due under the Note.

4. **Maintenance; Liens; Legal Compliance; Alterations.** Borrowers shall (1) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the Premises which may become damaged or be destroyed; (2) keep said premises in good condition and repair, without waste, and free from mechanic's or other liens or claims for lien not expressly subordinated to the lien thereof; (3) pay when due any indebtedness which may be secured by a lien or charge on the Premises superior to the lien hereof, and upon request exhibit satisfactory evidence of the discharge of such prior lien to Lender; (4) complete within a reasonable time any building or buildings now or at any time in process of erection upon said Premises; (5) comply with all requirements of law or municipal ordinances with respect to the Premises and the use thereof; (6) make no material alterations in said Premises except as required by law or municipal ordinance.

5. **Taxes and Assessments.** Borrowers shall pay before any penalty attaches all general taxes, and shall pay special taxes, special assessments, water charges, sewer service charges, association dues and assessments, and other charges, assessments or impositions against the Premises when due, and shall, upon written request, furnish to the Lender duplicate receipts therefor. To prevent default hereunder Borrowers shall pay in full under protest, in the manner provided by statute, any tax or assessment which Borrowers may desire to contest.

6. **Change in Incidence of Taxes.** In the event of the enactment after this date of any law of Illinois deducting from the value of land for the purpose of taxation any lien thereon, or imposing upon the Lender the payment of the whole or any part of the taxes or assessments or charges or liens herein required to be paid by Borrowers, or changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or the Lender's interest in the property, or the manner of collection of taxes, so as to affect this Mortgage or the debt secured hereby or the holder thereof, then and in any such event, the Borrowers, upon demand by the Lender, shall pay such taxes or assessments, or reimburse the Lender therefor; provided, however, that if in the opinion of counsel for the Lender (a) it might be unlawful to require Borrowers to make such payment or (b) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then and in such event, the Lender may elect, by notice in writing given to the Borrowers, to declare all of the indebtedness secured hereby to be and become due and payable sixty (60) days from the giving of such notice.

7. **Transaction Tax.** If, by the law of the United States of America or of any state or locality having jurisdiction in the Premises, any tax is due or becomes due in respect of the issuance of the Note hereby secured, the Borrowers covenant and agree to pay such tax in the manner required by any such law. The Borrowers further covenant to hold harmless and agree to indemnify the Lender, and the Lender's successors or assigns, against any liability incurred by reason of the imposition of any tax on the issuance of the Note secured hereby.

8. **Prepayments.** At such time as the Borrowers are not in default either under the terms of the Note secured hereby or under the terms of this Mortgage, the Borrowers shall have such privilege of making payments, in excess of \$100, on the principal of said Note (in addition to the required payments) as may be provided in said Note.

9. **Hazard and Property Insurance.** Borrowers shall keep all buildings and improvements now or hereafter situated on said Premises insured against loss or damage by fire, lightning and windstorm under policies providing for payment by the insurance companies of monies sufficient either to pay the cost of replacing or repairing the same or to pay in full the indebtedness secured hereby, all in companies satisfactory to the Lender, under insurance policies payable, in case of loss or damage, to Lender, such rights to be evidenced by the standard mortgage clause to be attached to each policy, and shall deliver all

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policies, including additional and renewal policies, to the Lender, and in case of insurance about to expire, shall deliver renewal policies not less than ten days prior to the respective dates of expiration.

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

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Premises 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 Premises is necessary, Borrower shall promptly take all necessary remedial acts in accordance with Environmental Law.

As used in this paragraph 10, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances; 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 10, "Environmental Law" means federal laws and laws of the jurisdiction where the Premises is located that relate to health, safety or environmental protection.

**11. Protection of Lender's Rights in the Premises.** If Borrower fails to perform any of the covenants and agreements contained in this Mortgage, Lender may, but need not, make any payment or perform any act hereinafter required of Borrowers in any form and manner deemed expedient, and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting said Premises or contest any tax or assessment, appear in court, enter into and make repairs to the Premises. All money's paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including attorney's fees, and any other moneys advanced by Lender to protect the mortgaged Premises and the lien hereof, shall be considered as additional indebtedness secured hereby and shall become immediately due and payable upon without Lender's notice and with interest thereon at the Note rate accruing from the date of Lender's disbursement. Inaction of Lender shall never be considered as a waiver of any right accruing to the Lender on account of any default hereunder on the part of the Borrowers.

**12. Lender's Payment of Taxes.** The Lender making any payment hereby authorized relating to taxes or assessments, may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof. Nothing herein requires Lender to pay any taxes or assessments.

**13. Legal Proceedings.** When the indebtedness hereby secured shall become due whether by acceleration of otherwise, Lender shall have the right to foreclose the lien hereof. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of Lender for attorney's fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches, and examinations, title insurance policies, Torrens certificates, and similar data and assurances with respect to title as Lender may deem to be reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Premises. All expenditures and expenses of the nature in this paragraph mentioned shall become additional indebtedness secured hereby and immediately due and payable upon demand, with interest thereon at the Note rate and accruing when paid by Lender in connection with (a) any proceeding, including probate and bankruptcy proceedings, to which the Lender shall be a party, either as plaintiff, claimant or defendant, by reason of this Mortgage or any indebtedness hereby secured; or (b) preparations for the commencement of any suit for the foreclosure hereof after accrual of such right to foreclose whether or not actually commenced; or (c) preparations for the defense of any actual or threatened suit or proceeding which might affect the Premises or the security thereof.

**14. 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 Premises, 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 Premises, the proceeds shall be applied to the sums secured by this Mortgage, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Premises in which the fair market value of the Premises immediately before the taking is equal to or greater than the amount of the sums secured by this Mortgage immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Mortgage 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 Premises immediately before the

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taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Premises in which the fair market value of the Premises immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Mortgage whether or not the sums are then due.

If the Premises 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 Premises or to the sums secured by this Mortgage, 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.

**15. Foreclosure Proceeds.** The proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: First, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding paragraph hereof; second all other items which under the terms hereof constitute secured indebtedness additional to that evidenced by the Note, with interest thereon as herein provided; third, all principal and interest remaining unpaid on the Note; fourth, any surplus to Borrowers, their heirs, legal representatives or assigns, as their rights may appear.

**16. Appointment of Receiver.** Upon or at any time after the filing of a complaint to foreclose this Mortgage the court in which such complaint is filed may appoint a receiver of said Premises. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Borrowers at the time of application for such receiver and without regard to the then value of the Premises or whether the same shall be then occupied as a homestead or not, and the Lender may be appointed as such receiver. Such receiver shall have power to collect the rents, issues and profits of said Premises during the pendency of such foreclosure suit and, in case of a sale and a deficiency, during the full statutory period of redemption, whether there be redemption or not, as well as during any further times when Borrowers, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises during the whole of said period. The Court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of: (1) The indebtedness secured hereby, or by any decree foreclosing this Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale; (2) the deficiency in case of a sale and deficiency.

**17. Acceleration; Remedies.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Mortgage (but not prior to acceleration under paragraph 22 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 Mortgage, foreclosure by judicial proceeding and sale of the Premises. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding (i) non-existence 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 Mortgage without further demand and may foreclose this Mortgage by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 17, including, but not limited to, reasonable attorneys' fees and costs of this evidence.

**18. Limited Defenses.** No action for the enforcement of the lien or of any provision hereof shall be subject to any defense which would not be good and available to the party interposing same in an action at law upon the Note hereby secured.

**19. Inspection.** The Lender shall have the right to inspect the Premises at all reasonable times and access thereto shall be permitted for that purpose.

**20. Borrower Not Released; Forbearance By Lender Not a Waiver.** If the payment of said indebtedness or any part thereof be extended or varied or if any part of the security be released, all persons now or at any time hereafter liable therefor, or interested in said Premises, shall be held to assent to such extension, variation or release, and their liability and the lien and all provisions hereof shall continue in full force, the right of recourse against all such persons being expressly reserved by the Lender, notwithstanding such extension, variation or release. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

**21. Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Mortgage discontinued at any time prior to the earlier of: (a) 5 days (or

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such other period as applicable law may specify for reinstatement) before sale of the Premises pursuant to any power of sale contained in this Mortgage; or (b) entry of a judgment enforcing this Mortgage. Those conditions are that Borrower; (a) pays Lender all sums which then would be due under this Mortgage 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 Mortgage, 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 Mortgage, Lender's rights in the Premises and Borrower's obligation to pay the sums secured by this Mortgage shall continue unchanged. Upon reinstatement by Borrower, this Mortgage and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 22.

22. **Transfer of the Premises or a Beneficial Interest in Borrower.** If all or any part of Transfer of the Property or a Beneficial Interest in Borrower. If (1) all or any part of the Property or any interest in it is sold or transferred or (2) if more than twenty-five percent (25%) of the capital stock of Borrower or a 25% beneficial interest in Borrower is sold or transferred directly or indirectly, by any Shareholder or Interest Holder of Borrower, 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 law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower written notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered 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.

23. **Release of Mortgage.** Lender shall release this Mortgage and lien thereof by proper instrument upon payment and discharge of all indebtedness secured hereby and payment of a reasonable fee to Lender for the execution of such release.

24. **Notices.** Any notice to Borrower provided for in this Mortgage shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Premises 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 or any other address Lender designates by notice to Borrower. Any notice provided for in this Mortgage shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

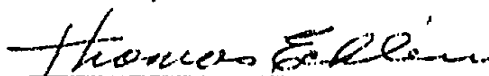
25. **Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect 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.

26. **Mortgage Binding on Parties' Successors.** This Mortgage and all provisions hereof, shall extend to and be binding upon Borrowers and all persons claiming under or through Borrowers, and the word "Borrowers", "Mortgagor" or "Mortgagors" when used herein shall include all such persons and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed the Note or this Mortgage. The word "Lender", "Mortgagee" or "Mortgagee" when used herein shall include the successors and assigns of the Lender named herein and the holder or holders, from time to time, of the Note secured hereby.

27. **Rider to this Mortgage.** The covenants and conditions contained in the attached Adjustable Rate Rider executed and recorded together with this Mortgage shall be incorporated into and shall amend and supplement the covenants and agreements of this Mortgage as if said rider were a part of this Mortgage.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Mortgage and the attached Adjustable Rate Rider signed by Borrower and recorded with it.

Executed by:



BEB Investment Company  
by Thomas Ehlman  
as President

Attested by:

  
Roger Hoff  
as Secretary of  
BEB Investment Company

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## ADJUSTABLE RATE RIDER

This Adjustable Rate Rider is made this 30th day of September, 1994, and is incorporated into and shall be deemed to amend and supplement the Mortgage of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to Roy Weber (the "Lender") of the same date and covering the property described in the Security Instrument and located at: 2621-25 WEST 79TH STREET, CHICAGO, ILLINOIS

**THIS NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE AMOUNT OF THE MONTHLY PAYMENT. THIS NOTE LIMITS THE AMOUNT WHICH THE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE WHICH MUST BE PAID**

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

### **A. INTEREST RATE AND MONTHLY PAYMENT CHANGES**

The note provides for an initial interest rate of 5.00%. The Note provides for changes in the interest rate and the monthly payments, as follows:

### **4. INTEREST RATE AND MONTHLY PAYMENT CHANGES**

#### **(A) Change Dates**

The interest rate Borrower will pay may change on the first day of September, 1995, and on that day every 12th month thereafter. Each date on which Borrower's interest rate could change is called a "Change Date."

#### **(B) The Index**

Beginning with the first Change Date, Borrower's interest rate will be based on an Index. The "Index" is the "Ask Yield" to maturity of the one-year Treasury Bill. The most recent index figure available as published in the Wall Street Journal on the first business day of the calendar month 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 Borrower written notice of this choice.

#### **(C) Calculation of Changes**

Before each Change Date, the Note Holder will calculate Borrower's new interest rate by adding two and one-half percentage points (2.50 %) to the Current Index. The Note Holder will then round the result of this addition to the nearest one eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be Borrower's new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that Borrower is expected to owe at the Change Date in full on the maturity date at Borrower's new interest rate in substantially equal payments. The result of this calculation will be the new amount of Borrower's monthly payment.

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

Borrower's interest rate will never be increased or decreased on any single Change Date by more than two percentage points (2.0%) from the rate of interest Borrower has been paying for the preceding twelve months. Borrower's interest rate will never be greater than 11.00 %, nor lower than 3.00 %.

#### **(E) Effective Date of Changes**

Borrower's new interest rate will become effective on each Change Date. Borrower will pay the amount of Borrower's new monthly payment beginning on the first monthly payment date after the Change Date until the amount of Borrower's monthly payment changes again.

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**(F) Notice of Changes**

The Note Holder will deliver or mail to Borrower a notice of any changes in Borrower's interest rate and the amount of Borrower's monthly payment before the effective date of any change. The notice will include information required by law to be given to Borrower and also the title and telephone number of a person who will answer any question Borrower may have regarding the notice.

**(G) Effect of Income Tax Determination**


Notwithstanding the provision of Section 4(1D), in the event that the Internal Revenue Service determines that interest shall be imputed because the loan represents a loan with below-market interest under Internal Revenue Code Section 7872, (1) the Borrower shall pay to Lender additional interest in an amount equal to the amount which the Internal Revenue Service imputes as income to Lender and (2) the Borrower's interest rate shall be adjusted as necessary so as to avoid imputed interest income to Lender under Section 7872 of the Internal Revenue Code.

Borrower shall have the right, at its expense, to appeal, through the Internal Revenue Service or the courts, the determination that this loan is a loan with below-market interest.

Executed by:

  
BIB Investment Company  
by Thomas Echlin  
as President

Attested by:

  
Roger Hoag  
as Secretary of  
BIB Investment Company

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