

RECORD AND RETURN TO:

FIRST RESIDENTIAL MORTGAGE, L.P.

600 NORTH FIRST BANK DRIVE
PALATINE, ILLINOIS 60067

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COOK COUNTY
RECORDER
JESSE WHITE
ROLLING MEADOWS

Prepared by:
JUDITH SCHWARTZ
PALATINE, IL 60067

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MORTGAGE

NOTICE: THIS LOAN IS NOT ASSUMABLE WITHOUT THE APPROVAL OF THE DEPARTMENT OF VETERANS AFFAIRS OR ITS AUTHORIZED AGENT.

THIS MORTGAGE (Security Instrument) is given on MAY 22, 1995
JOHN M. STALMACK, DIVORCED NOT SINCE REMARRIED

1108061
LH 651-1934

(Borrower). This Security Instrument is given to
FIRST RESIDENTIAL MORTGAGE, L.P.

which is organized and existing under the laws of THE STATE OF ILLINOIS
address is 600 NORTH FIRST BANK DRIVE
PALATINE, ILLINOIS 60067
FIFTY EIGHT THOUSAND SEVEN HUNDRED TEN AND 00/100

(Lender). Borrower owes Lender the principal sum of
Dollars (U.S. \$ 58,710.00

This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for
monthly payments, with the full debt, if not paid earlier, due and payable on JUNE 1, 2025

This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals,
extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to
protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this
Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following
described property located in COOK County, Illinois:

THE SOUTH HALF OF LOT 13 AND ALL OF LOT 14 IN BLOCK 16 OF BURNHAM, A
SUBDIVISION OF THAT PART LYING NORTH AND EAST OF THE CALUMET RIVER OF
SECTION 6, TOWNSHIP 36 NORTH, RANGE 15, EAST OF THE THIRD PRINCIPAL
MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JULY 30, 1886 AS
DOCUMENT NUMBER 739783, IN COOK COUNTY, ILLINOIS.

P.I. N. 30-06-403-064

95826019

which has the address of 14227 SOUTH MACKINAW, BURNHAM
Illinois 60633 Zip Code: "Property Address":

ILLINOIS INSTRUMENT Form 3074 8.103
Amended 8.81
Page 1 of 8

95360598

Street, City
ILHS 1781

This Document Is Being ReRecorded To Register To Cook County

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TOGETHER WITH all the other interests now or hereafter created on the property, and assessments, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER'S 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 perpetually the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM 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 of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. **Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attach priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. Section 2601 (11) ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, or for annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made, applicable law requires interest to be paid. Lender shall not be required to pay Borrower any interest on earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

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

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If, under paragraph 21, Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

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• 629.80
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• #3611 CT *95-826019
• COOK COUNTY RECORDER

insurance coverage required by lender

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Form 3014 8-90

INITIALS:

[Handwritten Signature]

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obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Lender reserves the right to require, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premium required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

9. In person, Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

10. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with 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 in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument at immediately before the taking, 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. 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 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 Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnation 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 sums secured by this 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; Enforcement by Lender Not a Waiver. Enforcement of the time for payment or modification or 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 release to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any default made by the original Borrower or Borrower's successors in interest. 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.

12. 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 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is consigning 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, substitute or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

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

14. Notices. Any notice to Borrower provided for in this Security Instrument 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 Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to

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of this Security Instrument shall not be affected by Lender if exercise is prohibited by federal law as of the date

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days for the notice to be 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.

18. 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 earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or 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 Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorney's fees; and (d) takes such action as Lender may reasonably require to assure that the lien of the Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of a foreclosure under paragraph 17.

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

20. Hazardous Substances. Borrower shall not cause or permit the presence, the disposal, storage or release of any hazardous substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. If paragraph 20 contains any violation, this paragraph shall not apply to the presence, use or storage on the Property of such quantities of Hazardous Substances that are presently accepted to be appropriate to normal residential use and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any environmental 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 of which Borrower has actual knowledge. If Borrower knows or is notified by any governmental or regulatory authority that any violation of any Environmental Law or other applicable law affecting the Property has occurred, Borrower shall promptly take all necessary action to come in compliance with Environmental Law.

As used in the paragraph 20 "Hazardous Substances" are those substances defined as such in Federal or State or other Environmental Law and in following subsections: gasoline, kerosene, other flammable or toxic petroleum products, such as kerosene and heating oil, acetone, solvents, materials containing asbestos or lead-based paint, and any other materials. As used in the paragraph 20, "Environmental Law" means Federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

NOT ENVIRONMENTAL COVENANTS. Borrower and Lender further covenant and agree as follows:

21. Acceleration; Escrow. 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

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Form 2010 200 Initials: [Signature]

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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 the owner, 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 loan secured by the security instrument, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to prepay the loan and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the 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 the security instrument without further demand and may foreclose the security instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in providing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of this proceeding.

22. Release. Upon payment of all sums secured by the security instrument, Lender shall release the security instrument without charge to Borrower. Borrower shall pay any reasonable costs.

23. Waiver of Marital Rights. Borrower waives all rights of marital exemption in the Property.

24. Rules to the Security Instrument. If any of the rules are contained by Borrower and recorded together with the security instrument, the provisions and agreements of such rules shall be incorporated into and shall amend and supplement the provisions and agreements of the security instrument, and the rules shall be a part of the security instrument. (If such apply, also include)

- 1. Additional Rules
- 2. Financial Provisions Rules
- 3. Release Rules
- 4. Subordination Rules
- 5. Construction of Rules
- 6. Planned Unit Development Rules
- 7. Rate Improvement Rules
- 8. Other (Specify)
- 9. Joint Family Rules
- 10. Borrower's Payment Rules
- 11. Second Home Rules

BY SIGNING HEREIN, Borrower accepts and agrees to the terms and covenants contained in the security instrument and in any rules recorded by Borrower and recorded with it.

Witness:

..... (Seal)

JOHN M. STALMACK (Seal)

..... (Seal)

..... (Seal)

STATE OF ILLINOIS, COOK County, Ill. I, Christina L. Rylik, a Notary Public in and for said county and state do hereby certify that JOHN M. STALMACK, DIVORCED NOT SINCE REMARRIED

personally known to me to be the same person(s) whose name(s) subscribed to the foregoing instrument, executed before me this day in person, and acknowledged that he/SHE

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V.A. GUARANTEED LOAN AND ASSUMPTION POLICY RIDER

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NOTICE: THIS LOAN IS NOT ASSUMABLE WITHOUT THE APPROVAL OF THE DEPARTMENT OF VETERANS AFFAIRS OR ITS AUTHORIZED AGENT.

3208063

LH 651-1934

THIS V.A. GUARANTEED LOAN AND ASSUMPTION POLICY RIDER is made this 22ND day of MAY, 1995, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Trust or Deed to Secure Debt (herein "Security Instrument") dated of even date herewith, given by the undersigned therein "Borrower" to secure Borrower's Note to FIRST RESIDENTIAL MORTGAGE, L.P.

(herein "Lender")

and covering the Property described in the Security Instrument and located at

1422 SOUTH MACKINAW, BURNHAM, ILLINOIS 60633
(Property Address)

V.A. GUARANTEED LOAN COVENANT: In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:
If the indebtedness secured hereby be guaranteed or insured under Title 38, United States Code, such Title and Regulations issued thereunder and in effect on the date hereof shall govern the rights, duties and liabilities of Borrower and Lender. Any provisions of the Security Instrument or other instruments executed in connection with said indebtedness which are inconsistent with said Title or Regulations, including, but not limited to, the provision for payment of any sum in connection with prepayment of the secured indebtedness and the provision that the Lender may accelerate payment of the secured indebtedness pursuant to Covenant 17 of the Security Instrument, are hereby amended or negated to the extent necessary to conform such instruments to said Title or Regulations.

LATE CHARGE: At Lender's option, Borrower will pay a "late charge" not exceeding four per centum (4%) of the amount due when paid more than (15) days after the due date thereof to cover the extra expense involved in handling delinquent payments, but such "late charge" shall not be payable out of the proceeds of any sale made to satisfy the indebtedness secured hereby, unless such proceeds are sufficient to discharge the entire indebtedness and all proper costs and expenses secured hereby.

GUARANTEE: Should the Department of Veterans Affairs fail or refuse to make its guaranty in full amount within 60 days from the date that this loan would normally become eligible for such guaranty committed upon by the Department of Veterans Affairs under the provisions of Title 38 of the U.S. Code "Veterans Benefits," the Mortgagee may declare the indebtedness hereby secured at once due and payable and may foreclose immediately or may exercise any other rights hereunder or take any other proper action as by law provided.

TRANSFER OF THE PROPERTY: If all or any part of the Property, or any interest in it is sold or transferred, this loan may be declared immediately due and payable upon transfer (or assumption) of the property securing such loan to any transferee ("assumptor"), unless the acceptability of the assumption and transfer of this loan is established by the Department of Veterans Affairs or its authorized agent pursuant to Section 3714 of Chapter 37, Title 38, United States Code.

An authorized transfer ("assumption") of the property shall also be subject to additional covenants and agreements as set forth herein:

(a) ASSUMPTION FUNDING FEE: A fee equal to one-half of 1 percent (.50%) of the unpaid balance of this loan as of the date of transfer of the property shall be payable at the time of transfer to the mortgagee or its authorized agent, as trustee for the Department of Veterans Affairs. If the assumptor fails to pay this fee at the time of transfer, the fee shall constitute an additional debt to that already incurred by this instrument, and shall bear interest.

V.A. GUARANTEED LOAN AND ASSUMPTION POLICY RIDER
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[Signature]

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at the rate herein provided, and, at the option of the mortgagee of the indebtedness hereby secured or any transferee thereof, shall be immediately due and payable. This fee is automatically waived if the assumer is exempt under the provisions of 38 U.S.C. 3729 (c).

(b) **ASSUMPTION PROCESSING CHARGE:** Upon application for approval to allow assumption and transfer of this loan, a processing fee may be charged by the mortgagee or its authorized agent for determining the creditworthiness of the assumer and subsequently reviewing the holder's ownership records when an approved transfer is completed. The amount of this charge shall not exceed the lesser of the maximum established by the Department of Veterans Affairs for a loan to which Section 3714 of Chapter 37, Title 38, United States Code applies or any maximum prescribed by applicable State law.

(c) **ASSUMPTION INDEMNITY LIABILITY:** If this obligation is assumed, then the assumer hereby agrees to assume all of the obligations of the veteran under the terms of the instruments creating and securing the loan, including the obligation of the veteran to indemnify the Department of Veterans Affairs to the extent of any claim payment arising from the guaranty or insurance of the indebtedness created by this instrument.

IN WITNESS WHEREOF, Borrower(s) has executed this V.A. Guaranteed Loan and Assumption Policy Rider.

Jc
JOHN M. STALMACK

-Borrower
-Borrower
-Borrower
-Borrower

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(D) Limits on Interest Rate Changes

The interest rate will never increase or decrease by more than one percentage point (1.0%) on any single Change Date. The interest rate will never be more than five percentage points (5.0%) higher or lower than the initial interest rate.

(E) Calculation of Payment Change

If the interest rate changes on a Change Date, Lender will calculate the amount of monthly payment of principal and interest which would be necessary to repay the unpaid principal balance in full at the maturity date at the new interest rate through substantially equal payments. In making such calculation, Lender will use the unpaid principal balance which would be owed on the Change Date if there had been no default in payment on the Note, reduced by the amount of any prepayments to principal. The result of this calculation will be the amount of the new monthly payment of principal and interest.


(F) Notice of Changes

Lender will give notice to Borrower of any change in the interest rate and monthly payment amount. The notice must be given at least 25 days before the new monthly payment amount is due, and must set forth (i) the date of the notice, (ii) the Change Date, (iii) the old interest rate, (iv) the new interest rate, (v) the new monthly payment amount, (vi) the Current Index and the date it was published, (vii) the method of calculating the change in monthly payment amount, and (viii) any other information which may be required by law from time to time.

(G) Effective Date of Changes

A new interest rate calculated in accordance with paragraphs (C) and (D) of this Rider will become effective on the Change Date. Borrower shall make a payment in the new monthly amount beginning on the first payment date which occurs at least 25 days after Lender has given Borrower the notice of changes required by paragraph (F) of this Rider. Borrower shall have no obligation to pay any increase in the monthly payment amount calculated in accordance with paragraph (E) of this Rider for any payment date occurring less than 25 days after Lender has given the required notice. If the monthly payment amount calculated in accordance with paragraph (E) of this Rider is decreased, but Lender failed to give timely notice of the decrease and Borrower made any monthly payment amounts exceeding the payment amount which should have been stated in a timely notice, then Borrower has the option to either (i) demand the return to Borrower of any excess payment, with interest thereon at the Note rate to rate equal to the interest rate which should have been stated in a timely notice, or (ii) request that any excess payment, with interest thereon at the Note rate, be applied as payment of principal. Lender's obligation to return any excess payment with interest on demand is not assignable even if the Note is otherwise assigned before the demand for return is made.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider.



JOHN M. STALMACK (Seal) - Borrower

(Seal) - Borrower

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ADJUSTABLE RATE RIDER

NOTICE: THIS LOAN IS NOT ASSUMABLE WITHOUT THE APPROVAL OF THE DEPARTMENT OF VETERANS AFFAIRS OR ITS AUTHORIZED AGENT.

THE ADJUSTABLE RATE RIDER is made this 22ND day of MAY 1996, and is incorporated into and shall be deemed to amend and supplement the Mortgage Deed of Trust or Security Deed ("Security Instrument") of the same date given by the undersigned Borrower to the Lender in connection with the Borrower's Note ("Note") to **FIRST RESIDENTIAL MORTGAGE, L.P.**

the Lender of the same date and covering the property described in the Security Instrument and located at

14127 SOUTH MACKINAW, BURNHAM, ILLINOIS 60633

Property Address

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT THE BORROWER'S INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BORROWER MUST PAY.

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

INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Date

The interest rate may change on the first day of OCTOBER, 1996, and on that day of each succeeding year. "Change Date" means each date on which the interest rate could change.

(B) The Index

Beginning with the first Change Date, the interest rate will be based on an Index. "Index" means the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year, as made available by the Federal Reserve Board. "Current Index" means the most recent Index figure available 30 days before the Change Date. If the Index (as defined above) is no longer available, Lender will use as a new Index any index prescribed by the Department of Veterans Affairs. Lender will give Borrower notice of the new Index.

(C) Calculation of Interest Rate Changes

Before each Change Date, Lender will calculate a new interest rate by adding a margin of TWO AND THREE FOURTHS percentage points (2.75%) to the Current Index and rounding the sum to the nearest one-eighth of one percentage point (0.125%) subject to the limits stated in paragraph (D) of this Rider. This rounded amount will be the new interest rate until the next Change Date.

V.A. Multistate ARM Rider 10-91

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