

UNOFFICIAL COPY

96945764

RECORD AND RETURN TO:
PRISM MORTGAGE COMPANY

350 WEST HUBBARD-SUITE 222
CHICAGO, ILLINOIS 60610

DEPT-01 RECORDING \$37.50
T40014 TRAN 0078 12/16/96 09:04:00
#1496 # JW *-96-945764
COOK COUNTY RECORDER

Prepared by:
TARSHA FIELDS
CHICAGO, IL 60610

500

MORTGAGE

3750
M

THIS MORTGAGE ("Security Instrument") is given on DECEMBER 6, 1996
JOHN T. SHAW
AND MARY ELLEN SHAW, HUSBAND AND WIFE

(*Borrower"). This Security Instrument is given to
PRISM MORTGAGE COMPANY

which is organized and existing under the laws of THE STATE OF ILLINOIS
address is 350 WEST HUBBARD-SUITE 222
CHICAGO, ILLINOIS 60610
THREE HUNDRED SIXTY THOUSAND AND 00/100

Dollars (U.S. \$ 360,000.00).

This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on JANUARY 1, 2027. 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:
LOT 105 IN EUGENE K. PRUSSING'S ADDITION TO LAKEVIEW, BEING A SUBDIVISION OF THE NORTH 1/2, EXCEPT THE EAST 7 ACRES THEREOF OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 40 NORTH RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

14-30-207-033-0000

Parcel ID #:

which has the address of 1730 WEST BARRY , CHICAGO

(Street, City):

Illinois 60657

(Zip Code) ("Property Address");

ILLINOIS Single Family-FNMA/FHLMC UNIFORM

INSTRUMENT Form 3014 9/90
Amended 8/96
BR(IL) (9608)

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Form 3014 8/80 Initials: *[Signature]* Date 10/90

Page 2 of 8

by, or debtors against the Lender under the Note in a manner acceptable to the Lender's option to prevent the writing to the payment of the security instrument unless (b) contains in good faith the Lender by, or debtors against the Lender under the Note in a manner acceptable to the Lender's option to prevent the writing to the payment of the security instrument unless (a) agrees to the payment of the security instrument over which has priority over this security instrument unless (c) secures from the holder of the Note an agreement satisfactory to the Lender subordinating the Lender's interest in the security instrument over which may attach prior to the Note.

If Borrower makes these payments directly to the Lender reciting evidence of the payment to the Lender.

To the person owed payment, Borrower shall promptly furnish to the Lender all notices of amounts to be paid under this paragraph, these obligations in the manner provided in paragraph 2, or if not paid in full, Borrower shall pay them on time directly which may attach priority over this security instrument, and leasehold payments of ground rents, if any, Borrower shall pay which, to interest due; fourth, to principal due; and last, to any late charges due under the Note.

4. **Charges:** Lien, Borrower shall pay all taxes, assessments, charges, fines and impossibilities attributable to the Property which, to interest due; fifth, to any prepayment charges due under the Note; second, to amounts payable under paragraphs 1 and 2 shall be applied: first, to any provides otherwise, all payments received by Lender under this security instrument.

5. **Application of Payments:** Unless applicable law provides otherwise, all payments received by Lender under this security instrument shall apply to the Note, to the acquisition or sale as a credit, regardless of the sums secured by

Funds held by Lender, if, under paragraph 2, Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale

Upon payment in full of all sums secured by this security instrument, Lender shall promptly refund to Borrower any twelve months, at Lender's sole discretion.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower twelve months in advance to make up the deficiency in no more than

which pay to Lender the amount necessary to make up the deficiency, Borrower shall make up the deficiency in no more than

time is not sufficient to pay the Escrow items when due, Lender may so notify Borrower in writing, and, in such case Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any

applies to the Funds held by Lender to be held by applicable law, Lender shall account to Borrower any amounts held by Lender.

If the Funds were made, the Funds are pledged as additional security for all sums secured by this security instrument.

Withholding, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each charge, and Lender may agree in writing, however, that interest shall be paid on the Funds, Lender shall give to Borrower,

Borrower and Lender may agree in writing, that interest shall be paid to pay Borrower any interest or earnings on the Funds, applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest otherwise. Unless an agreement is made or

used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or

charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service for the excess Funds, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such

Escrow items, Lender may not charge Borrower for, holding and applying the Funds, unusually analyzing the escrow account, or verifying the Funds, Lender, if Lender is such an institution or in any Federal Home Loan Bank, Lender shall apply the Funds to pay the (including Lender, if Lender is such an institution or in any Federal Home Loan Bank, Lender shall account to pay the Funds to pay the

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity

Escrow items or otherwise in accordance with applicable law.

Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of future losses a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount,

1974 as amended from time to time, 12 U.S.C. Section 2601 et seq. ("RESPA"), unless another law shall applies to the Funds related mortgage loan and may require the federal Real Estate Settlement Procedures Act of

Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a Lender for a federally

the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow items."

if any; (e) early mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with or ground rents on the Property, if any; (c) early hazard or property insurance premiums; (d) early flood insurance premiums,

and assessments which may attach priority over this Security instrument as a lien on the Property; (b) early leasehold payments Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) early taxes

2. **Funds for Taxes and Insurance:** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

1. **Payment of Principal and Interest:** Prepayment and Late Charges. Borrower shall promptly pay when due the

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

variations by jurisdiction to constitute a uniform security instrument covering real property.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited

and will defend generally to the title to the Property against all claims and documents, subject to any encumbrances of record.

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage,

fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security

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

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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.

5. Hazard or Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

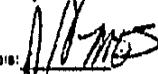
Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

8. Mortgage Insurance. If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to

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14. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivery in writing or by first class mail unless otherwise specified in the note. Any notice to Lender shall be given by first class mail to its address as set forth in the note.

13. **Loan Charges.** If the loan secured by this Security Instrument is subservient 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 exceeds the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge loan to the permitted limit; and (b) any sums already collected from Borrower which exceed permitted limits will be refunded to Lender or by making a direct payment to Borrower, if a refund reduces principal, the reduction will be treated as a partial prepayment without any premium under the Note.

make any accommodations which regard to the terms of this Security Instrument or the Note without the Banker's consent;

12. Successors Bound; Joint and Several Liability; Co-signers. The co-signants and agreeements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of this instrument.

11. Borrower Not Released; Forfeiture Clause; Waiver. Extension of the time for payment of amortization of the sums secured by this Security Instrument to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or his successors in interest. Lender shall not be liable for any failure of Borrower to pay any amount due under this Agreement.

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

If the Property is abandoned by Borrero Ver. or II, after notice by Lender to Borrower that the condominium offers to make immediate 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 the proceeds, as its option, either to restoration or replacement of the property or to the sum secured by this Security Instrument, whether or not the due

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 []

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 specifically cause for the inspection.

The premiums required to maintain mortality insurance in effect, or to provide a loss reserve, will not be deductible under the deduction limit.

that Leander (requires) provided by an insurer approved by Leander again becomes available and is obtained. Borrower shall pay the premiums required to maintain moderate insurance coverage until the real estate (will) be mortgaged.

partial coverage subsistantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the premium's may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period

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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; 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.

16. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument.

17. Transfer of the Property or a Beneficial Interest in Borrower. 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 law 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.

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 (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, 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 acceleration under paragraph 17.

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

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

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

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following 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 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

NON-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

INITIALS: *J.A.M.B.* DPS 1093

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DPS 1094

Form 3014 9/90 Page 6 of 6

NMP-BH(L) 199021

My Commission Expires: 10-12-2001
 Notary Public, State of Illinois
 S E Kuhn
 "OFFICIAL SEAL"

Given under my hand and official seal, this 6 day of December, 1996.

Subscribed and delivered the said instrument as **THEIR** free and voluntary act, for the uses and purposes herein set forth.

Subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that **THEY**, personally known to me to be the same persons whose name(s)

JOHN T. SHAW AND MARY ELLEN SHAW, HUSBAND AND WIFE

, a Notary Public in and for said county and state do hereby certify
 County, ss. *John T. Shaw*

Borrower _____
 (Seal) _____

MARY ELLEN SHAW
 (Seal) *Mary Ellen Shaw*

JOHN T. SHAW
 (Seal) *John T. Shaw*

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

- (Check applicable boxes.)
- | | |
|---|---|
| <input checked="" type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> VA Rider |
| <input type="checkbox"/> Condemnation Rider | <input type="checkbox"/> Balloon Rider |
| <input type="checkbox"/> 1-4 Family Rider | <input type="checkbox"/> Graduate Payment Rider |
| <input type="checkbox"/> Biweekly Payment Rider | <input type="checkbox"/> Biweekly Payment Rider |
| <input type="checkbox"/> Planed Unit Development Rider | <input type="checkbox"/> Rate Impovement Rider |
| <input type="checkbox"/> Other(s) [Specify] | <input type="checkbox"/> Second Home Rider |

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

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

22. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument

without charge to Borrower. Lender shall pay any recordation costs.

21. Building, but not limited to, reasonable attorney fees and costs of title evidence.

proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial sale before the date specified in the notice, Lender, at its option, may require immediate payment in full of all sums non-extinctive of a default or any other deficiency to acceleration and foreclosure. If the default is not cured on the form Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the right to cure the default on or before the date specified in the notice may result in acceleration of the sum secured by this Security Instrument, foreclose by judicial proceeding and sale of the Property. If the notice shall further require to cure the default 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 sum secured by this Security Instrument, foreclose by judicial proceeding and sale of the Property. If the notice shall further require to cure the default on or before the date specified in the notice is given to Borrower, by which the default must be cured; and (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 applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default;

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RIDER - LEGAL DESCRIPTION

LOT 105 IN EUGENE K. PRUSSING'S ADDITION TO LAKEVIEW, BEING A SUBDIVISION OF THE NORTH 1/2, EXCEPT THE EAST 7 ACRES THEREOF OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 30, TOWNSHIP 40 NORTH RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

14-30-207-033-0000

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Property of Cook County Clerk's Office

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ADJUSTABLE RATE RIDER

(1 Year Treasury Index - Rate Caps)

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THIS ADJUSTABLE RATE RIDER is made this 6TH day of DECEMBER, 1996, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to PRISM MORTGAGE COMPANY (the "Lender") of the same date and covering the property described in the Security Instrument and located at:

1730 WEST BARRY, CHICAGO, ILLINOIS 60657
(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:

A. INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial interest rate of 5.8750 %. 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 I will pay may change on the first day of JANUARY 1, 1998, and on that day every 12th month thereafter. Each date on which my interest rate could change is called a "Change Date."

(B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year, as made available by the Federal Reserve Board. The most recent Index figure available as of the time 45 days before each Change Date is called the "Current Index."

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

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding TWO AND SEVEN EIGHTHS percentage point(s) (2.8750 %) 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 my new interest rate until the next Change Date.

MULTISTATE ADJUSTABLE RATE RIDER - ARM 5-2 - Single Family - Fannie Mae/Freddie Mac Uniform Instrument

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VMP-8228 (9108)02

VMP MORTGAGE FORMS • (800)621-7291

Form 3111 3/86

DPS 406

Initials: AFMES

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

If Leader exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration within ten days of receiving Borrower's nonpayment.

To the extent permitted by applicable law, Landor may charge a reasonable fee as a condition to Landor's consent to the loan assumption. Landor may also require the transferor to sign an assumption agreement to keep all the promises and agreements made in the Note and accompanying instruments. Borrower will continue to be obligated under this Note and this Security instrument.

Transfer of the Property or a Beneficial Interest in Borrower, 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 of all sums secured by this Security Instrument, however, this option shall not be exercised by Lender if all sums secured by this Security Instrument, less than \$10,000, are timely paid to Lender. In addition, if all sums secured by this Security Instrument, less than \$10,000, are timely paid to Lender, Lender may, at its option, require immediate payment of all sums secured by this Security Instrument, less than \$10,000, plus interest accrued by Lender from the date of the original loan to the date of payment to Lender, plus attorney's fees and costs of collection, if any, and any other expenses of Lender in connection with the enforcement of this Security Instrument.

R. TRANSFER OF THE PROPERTY OR A REENCARGO IN TERMS OF BORROWER Unilorm Covcanart 170, the Security instrument is amended to read as follows:

TRANSISTERS IN POWER

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

(e) Effective Date of Changes My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(D) Limits on Interest Rate Changes
 The interest rate I am required to pay at the first Change Date will not be greater than 7.8750 %
 or less than 3.8750 %. Therefore, my 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 I have been paying for
 the preceding twelve months. My interest rate will never be greater than 11.8750 %.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.