

UNOFFICIAL COPY

PREPARED BY AND MAIL TO:

96044470

NBD MORTGAGE COMPANY
1961 SOUTH MEYERS ROAD, SUITE 300
OAKBROOK TERRACE, IL 60181

LOAN # 3515451

DEPT-01 RECORDING 139.50
T40014 TRAN 1188 01/17/96 15:07:00
66062 \$ JW *-96-044470
COOK COUNTY RECORDER

915 08 736

(Space Above This Line For Recording Data)

MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on January 10th, 1996. The mortgagor is

PETER S. PAPPAS and
LIBBY M. PAPPAS, HUSBAND AND WIFE AS TENANTS BY THE ENTIRETY

("Borrower"). This Security Instrument is given to
PALOS BANK AND TRUST COMPANY

which is organized and existing under the laws of THE STATE OF ILLINOIS, and whose
address is 12600 S. HARLEM AVENUE
PALOS HEIGHTS, IL 60463 ("Lender"). Borrower owes Lender the principal sum of

ONE HUNDRED FIFTY THOUSAND & 00/100 Dollars (U.S. \$ 150,000.00).

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 February 1, 2026. 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 TAX ID #: 24-31-201-019 COOK County, Illinois: LOT 5 IN WAPINSKI-ALLARD SUBDIVISION BEING A SUBDIVISION OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 31, TOWNSHIP 37 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

LAWYERS TITLE INSURANCE CORPORATION

which has the address of 6445 FOX LANE PALOS HEIGHTS (Street, City),
Illinois 60463 (Zip Code) ("Property Address");

ILLINOIS - Single Family - FNMA/FHLMC UNIFORM
INSTRUMENT Form 3014 9/90
Amended 5/91
VMP MORTGAGE FORMS - (M0151)-7201

Page 1 of 6

Initial: L.P.



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Form 3014 3/90

Page 2 of 2

of the actions set forth above within 10 days of the giving of notice.

Security instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

4. Charges; Taxes. Borrower shall pay all taxes, assessments, charges, fees and impositions attributable to the Property which may attain priority over this Security instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

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

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

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.

monthly payments, at Lender's sole discretion.

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

If the Funds are pledged as additional security for all sums secured by this Security instrument, Lender shall maintain 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.

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.

Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the 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.

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 liens. Lender may not charge Borrower for holding and applying the Funds, annually amortizing the escrow account, or verifying the Escrow liens, 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 or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the 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.

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, with the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain 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 3, in lieu of the payment of mortgage insurance premiums. These liens are called "Escrow liens." 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 to 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 et seq. ("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 liens or otherwise in accordance with applicable law.

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.

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

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

All of the foregoing is related to in this Security instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security instrument.

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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 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. Loss reserve

payments may no longer be required, 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 premiums 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. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

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

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

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

12. Successors and Assigns Bound; Joint and Several Liability; Co-Debtors. 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 co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the 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 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 of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

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16. **Borrower's Copy.** Borrower shall be given one 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 Reinstatement.** 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 applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the 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 Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

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This instrument was prepared by: JENNIFER FORTNER
 RECORD AND RETURN TO: NBD MORTGAGE COMPANY
 1901 SOUTH MYERS ROAD, SUITE 300 COMMISSION EXPIRES 11/21/99 9/90
 OAKBROOK TERRACE, IL 60181

OFFICIAL SEAL
 MARTHA MARTZ
 NOTARY PUBLIC, STATE OF ILLINOIS
 3515451

My Commission Expires: _____

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

signed and delivered the said instrument as true and voluntary act, for the uses and purposes therein set forth.

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

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

STATE OF ILLINOIS, _____ County as:

_____ Borrower (Seal)

_____ Borrower (Seal)

_____ Borrower (Seal)

_____ Borrower (Seal)

_____ Borrower (Seal)

_____ Borrower (Seal)

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

- (Check applicable box(es))
- Adjustable Rate Rider
 - Graduated Payment Rider
 - Balloon Rider
 - V.A. Rider
 - Condominium Rider
 - Paired Unit Development Rider
 - Rate Improvement Rider
 - Other(s) [specify] First Flexible Mortgage Special
 - 1-4 Family Rider
 - Biweekly Payment Rider
 - Second Home Rider
 - Rate Adjustment Options Rider

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

22. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument without charge to Borrower. Borrower shall pay any recordation costs.

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

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ADJUSTABLE RATE RIDER TO MORTGAGE

THIS ADJUSTABLE RATE RIDER TO MORTGAGE is made this 10th day of January 19 96, and is incorporated into and shall be deemed to amend and supplement the mortgage of the same date ("Mortgage") given by the undersigned ("Borrower") to secure Borrower's Adjustable Rate Note ("Note") to

PALOS BANK AND TRUST COMPANY
("Lender") of the same date and covering the property described in the Mortgage and located at:

6445 FOX LANE PALOS HEIGHTS, ILLINOIS 60463

(PROPERTY ADDRESS)

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT.

The Note provides for an initial interest rate of 7.100 % and a first Change Date of February 1st 2001. Section 4 of the Note provides for changes in the interest rate and the monthly payments, as follows:

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) General.

The interest rate I pay will change based on movements of the Index (described in Section 4(C)) and rate change limitations (described in Section 4(F)).

(B) Change Dates.

The interest rate I pay may change on the first Change Date and every twelve months following the first Change Date. Each day on which my interest rate could change is called a "Change Date." Since interest is collected in arrears, the amount of my monthly payment may change on the first day of the month following each Change Date.

(C) The Index.

Beginning with the first Change Date, my interest rate will be based on an Index. Although the Index value on the first Change Date cannot be predicted, the Index value for the week of January 19 96 was 5.210 %.

The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year as of the date 45 days before each Change Date. The Index information is made available by the Federal Reserve Board and also published weekly in the Wall Street Journal. If the Index is no longer available, the Note Holder will choose a new index and will give me notice of this choice.

(D) Calculation of Changes.

Before each Change Date, the Note Holder will calculate my new interest rate by adding 2.75 percentage points to the Index. The Note Holder will then apply the limits in Section 4(E) and will round the result to the nearest .125%. The result will be my new interest rate until the next Change Date.

With each interest rate change, the Note Holder will determine the new amount of the monthly payment necessary to repay my loan in substantially equal payments by the maturity date. I will be notified of each change in my interest rate and loan payment in accordance with Section 4(G).

(E) Limits on Interest Rate Changes.

On any Change Date, the interest rate will not increase or decrease from the rate in effect by more than two (2) percentage points.

During the life of the loan, the interest rate will not increase or decrease from the initial rate set forth in Section 2 by more than 6.000 percentage points. My interest rate will never be greater than 13.100 % which is called "Maximum Rate."

3515451

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PETRR S. PAPPAS

[Signature]

LIBBY M. PAPPAS

[Signature]

By signing this ADJUSTABLE RATE RIDER TO MORTGAGE, Borrower agrees to all the terms hereof.

If Lender exercises the option to require immediate payment in full, Lender shall give a 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 Lender 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.

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

Transfer of 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. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER SHALL BE IN EFFECT AS FOLLOWS:
(A) UNTIL THE FIRST CHANGE DATE AND AFTER BORROWER EXERCISES THE CONVERSION OPTION UNDER THE CONDITIONS STATED IN SECTION C OF THE FIRST FLEXIBLE MORTGAGE SPECIAL RATE ADJUSTMENT OPTIONS RIDER, UNIFORM COVENANT 17 OF THE SECURITY INSTRUMENT

TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER SHALL BE IN EFFECT AS FOLLOWS:
(B) AFTER BORROWER'S FIRST CHANGE DATE BUT PRIOR TO BORROWER'S EXERCISE OF THE CONVERSION OPTION UNDER THE CONDITIONS STATED IN SECTION C OF THE FIRST FLEXIBLE MORTGAGE SPECIAL RATE ADJUSTMENT OPTIONS RIDER, UNIFORM COVENANT 17 OF THE SECURITY INSTRUMENT

TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER SHALL BE IN EFFECT AS FOLLOWS:
(C) UNTIL THE FIRST CHANGE DATE AND AFTER BORROWER EXERCISES THE CONVERSION OPTION UNDER THE CONDITIONS STATED IN SECTION C OF THE FIRST FLEXIBLE MORTGAGE SPECIAL RATE ADJUSTMENT OPTIONS RIDER, UNIFORM COVENANT 17 OF THE SECURITY INSTRUMENT SHALL BE IN EFFECT AS FOLLOWS:

TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER SHALL BE IN EFFECT AS FOLLOWS:
(D) UNTIL THE FIRST CHANGE DATE AND AFTER BORROWER EXERCISES THE CONVERSION OPTION UNDER THE CONDITIONS STATED IN SECTION C OF THE FIRST FLEXIBLE MORTGAGE SPECIAL RATE ADJUSTMENT OPTIONS RIDER, UNIFORM COVENANT 17 OF THE SECURITY INSTRUMENT SHALL BE IN EFFECT AS FOLLOWS:

TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER SHALL BE IN EFFECT AS FOLLOWS:
(E) UNTIL THE FIRST CHANGE DATE AND AFTER BORROWER EXERCISES THE CONVERSION OPTION UNDER THE CONDITIONS STATED IN SECTION C OF THE FIRST FLEXIBLE MORTGAGE SPECIAL RATE ADJUSTMENT OPTIONS RIDER, UNIFORM COVENANT 17 OF THE SECURITY INSTRUMENT SHALL BE IN EFFECT AS FOLLOWS:

TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER SHALL BE IN EFFECT AS FOLLOWS:
(F) 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 on the first monthly payment date after each Change Date until the amount of my monthly payment changes again.
(G) Notice of Changes. The Note Holder will mail me a notice of any rate change at least 25 days but no more than 120 days before, there is a change in my monthly payment. This notice will include all information required by law.

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FIRST FLEXIBLE MORTGAGE SPECIAL RATE ADJUSTMENT OPTIONS RIDER TO THE MORTGAGE

The First Flexible Mortgage Special Rate Adjustment Options Rider To The Mortgage is made this 10th day of January, 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 that secures the Note by the undersigned (the "Borrower") to PALOS BANK AND TRUST COMPANY (the "Lender").

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

INTEREST RATE ADJUSTMENT OPTIONS

(A) Five Year Option

I have an option on any Change Date to fix the interest rate for the next five years. Once I have exercised this option, I may not exercise it again for at least five years. If I exercise this option, my interest rate will be set for the next five years. At the end of that period, my rate will change once more as specified in Section 4 of the Note, unless I immediately exercise this option once again.

If my interest rate changes by my exercise of this option, this rate change will not be limited by any of the limits specified in section 4(E) of the Note except for the Maximum Rate specified for the term of the loan. The adjusted interest rate will be the initial interest rate for a zero point First Flexible Mortgage that is in effect as of a date and time of day specified by the Note Holder for either a conforming or jumbo (non-conforming) loan, whichever one my loan is considered to be at the closing date of my loan. If First Flexible Mortgages are no longer offered by the Lender, the adjusted interest rate will be the weekly average yield on United States Treasury securities adjusted to a constant maturity of five years as of the date 45 days before a date and time of day specified by the Note Holder, plus 1.75% (rounded up to the nearest 0.05%).

If I want to exercise this option, I must sign and give the Note Holder any documents the Note Holder requires to effect this rate change.

(B) Rate Reduction Option

I have a Rate Reduction Option that I can exercise during any period in which my interest rate has been set for a five year period. Once I exercise my option, I will have a new interest rate for the remainder of the five year period. I may exercise this option more than once in that same five year period.

The adjusted interest rate will be the same as the initial interest rate for a zero point First Flexible Mortgage that is in effect as of a date and time of day specified by the Note Holder for either a conforming or jumbo (non-conforming) loan, whichever one my loan is considered to be at the closing date of my loan. If First Flexible Mortgages are no longer offered by the Lender, the adjusted interest rate will be the weekly average yield on United States Treasury securities adjusted to a constant maturity of five years as of the date and time of day specified by the Note Holder, plus 1.75% (rounded up to the nearest 0.05%).

If I want to exercise the Rate Reduction Option, I must first meet certain conditions. Those conditions are that: 1) I must not have exercised a Rate Reduction Option earlier in the same calendar year, 2) I must not have been 30 days past due on any payment due under the Note or Security Instrument in the preceding 12 months, 3) by a date specified by the Note Holder, I must pay the Note Holder a fee of U.S. \$500.00, and 4) I must sign and give the Note Holder any documents the Note Holder requires to effect the rate change.

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PETRA S. PAPAS

LIBBY L. PAPAS

[Handwritten signature]

[Handwritten signature]

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this First Flexible Mortgage Special Rate Adjustment Options Rider To The Mortgage.

after the next Change Date.

Change Date, I will pay the new amount as my monthly payment until either the Maturity date or the month calculation will be the new amount of my monthly payment. Beginning with my first monthly payment after the Date in full by the Maturity Date at my new interest rate in substantially equal payments. The result of the monthly payment that would be sufficient to repay the unpaid principal, I am expected to owe on the Change if I choose to exercise any interest rate options, the Note Holder will determine the amount of the

(E) New Payment Amount and Effective Date

Maximum Rate stated in Section 4(E) of the Note. Regardless of which interest rate options I choose, my new interest rate will never be greater than the

(D) Maximum Rate

term of my loan.

Once I exercise the Fixed Rate Conversion Option, the interest rate on my loan will remain fixed for the

support my new monthly payment amount.

conditions are that: 1) at least two years has elapsed since the closing of my loan, 2) I must not have been 30 days past due on any payment due under the Note or Security Instrument in the preceding 12 months, 3) by a date specified by the Note Holder, I must pay the Note Holder a conversion fee of U.S. \$250.00 (the fee is waived if at least five years has elapsed since the closing of my loan), 4) no subordinate mortgage is outstanding on the Property, and 5) I may have to document sufficient income, in the Note Holder's opinion, to

amount shall be rounded up to the nearest 0.05%.

an adjustable rate to a fixed rate for the remainder of the term of the loan, absent a default. My new, fixed interest rate will be equal to the Federal National Mortgage Association's required net yield as of a date and time of day specified by the Note Holder for 30-year fixed rate mortgages covered by applicable 60-day mandatory delivery commitments plus 1) 0.25% if my loan is considered a conforming loan at the date of my loan closing or 2) 0.50% if my loan is considered a jumbo loan (non-conforming loan) at the date of my loan closing. This

(C) Fixed Rate Conversion Option

of this five year period.

Change Date by more than two percentage points (2.0%) from the rate of interest I was paying at the beginning

percentage points during the first two years of the loan).

In addition, I may exercise this option only if the rate reduction is at least 0.35 percentage points (0.75

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