

# UNOFFICIAL COPY

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PREPARED BY AND MAIL TO:

MIDWEST MORTGAGE SERVICES, INC.  
1901 SOUTH MEYERS ROAD, SUITE 300  
CAKROOK TERRACE, IL 60181

DEPT-01 RECORDING \$35.00  
T40012 TRAN 9426 03/05/96 5042400  
47246 4 ER \*--96-164964  
COOK COUNTY RECORDER

LOAN # 4226201

[Space Above This Line For Recording Data]

## MORTGAGE

35

THIS MORTGAGE ("Security Instrument") is given on February 26th, 1996. The mortgagor is

WILLIAM J. FLAHERTY ETI AND  
CATHERINE C. FLAHERTY, HIS WIFE, AS JOINT TENANTS

("Borrower"). This Security Instrument is given to  
NLSS

which is organized and existing under the laws of THE STATE OF ILLINOIS, and whose  
address is 110 W. MAPLE STREET  
NEW LENOX, IL 60451

("Lender"). Borrower owes Lender the principal sum of

ONE HUNDRED NINETY EIGHT THOUSAND FIVE HUNDRED & 00/100 Dollars (U.S. \$ 198,500.00).

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 March 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 #: 27-30-306-011-0000 COOK County, Illinois:

LOT 236 IN BROOK HILLS P. U. D. UNIT FOUR, BEING A PLANNED UNIT DEVELOPMENT IN THE SOUTH 1/2 OF SECTION 30, TOWNSHIP 36 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

which has the address of 17430 BROOKWOOD CT. ORLAND PARK (Street, City),  
Illinois 60462 (Zip Code) ("Property Address");

ILLINOIS - Single Family - FNMA/FHLMC UNIFORM  
INSTRUMENT Form 3014 9/90  
Amended 5/91  
MVP MORTGAGE FORMS - (800)521-7291

BOX 333-CT1



4228201

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1/2

Form 811  
1974

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. All of the foregoing is referred 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 circumstances of record.

**THIS SECURITY INSTRUMENT** contains 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. **Trade 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 ("Trade") for: (a) yearly taxes and assessments which may attach to the Property; (b) yearly household payments or ground rents on the Property; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums; (e) yearly mortgage insurance premiums; (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 "Trade 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 1701a, unless another law that applies to the Trade Items 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 Trade Items or otherwise in accordance with applicable law.

The Funds shall be held in an escrow account, which deposits are insured by a federal agency, instrumentality, or entity (including Lender, a Lender as such as a trust or a bank, or a Federal Reserve Bank, Lender shall apply the Funds to pay the escrow. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Trade 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. Lender 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.

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 Trade Items when due, Lender may so notify Borrower in writing, and in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency 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 return to Borrower any Funds held by Lender. If, under paragraph 2, Lender shall acquire or sell the Property, Lender, or or in 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.

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

4. **Charges.** Lender, Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attach to the Property over the Security Instrument, and household payments or ground rents, if any. Borrower shall pay these obligations to the extent provided in paragraph 2. If it is not paid in that manner, Borrower shall pay them on time directly to the person or entity to whom they are due. 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 loan to a manner acceptable to Lender; (b) cures in good faith the lien by or defers against enforcement of the lien by legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the Security Instrument. If Lender determines that any of the foregoing is not satisfactory to Lender, Borrower shall satisfy the lien or take care or more or less than the date of the giving of notice.

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**3. 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 reinstatement, 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 loan reserve in lieu of mortgage insurance. Loss reserve



Form 1004 (Rev. 10/2003)

15. Governing Law. This Security Instrument shall be governed by federal law and the law of the State of California. The Security Instrument shall be governed by the law of the State of California if a federal or state law, rule, or regulation does not apply to the instrument or if the application of the law of the State of California would result in a more favorable result to the lender than the law of the State of California.

14. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it to the Borrower at the address last known to the Lender. The notice shall be deemed to have been given to the Borrower if it is mailed to the Borrower at the address last known to the Lender.

13. Loan Charges. If the loan covered by this Security Instrument is subject to a law which sets maximum loan charges, the Lender shall not charge more than the maximum permitted by law. The Lender shall not charge more than the maximum permitted by law for any charge which is not specifically prohibited by law.

12. Successors and Assigns Bound Joint and Several Liability. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of the Lender and Borrower, subject to the provisions of this Security Instrument. The covenants and agreements of this Security Instrument shall be binding on the successors and assigns of the Lender and Borrower.

11. Borrower Not Released. The Borrower's obligation to pay the debt secured by this Security Instrument shall not be released or discharged by the payment of the debt by any other person, including the Borrower's estate, or by the payment of the debt by any other person, including the Borrower's estate.

10. Consideration. The proceeds of any sale or other disposition of the Property, or for any other purpose, shall be applied to the payment of the debt secured by this Security Instrument. The proceeds of any sale or other disposition of the Property, or for any other purpose, shall be applied to the payment of the debt secured by this Security Instrument.

9. Inspection. Lender or its agent may make reasonable inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

8. Insurance. Lender shall require Borrower to maintain mortgage insurance coverage in the amount and for the period specified in the Security Instrument. Lender shall require Borrower to maintain mortgage insurance coverage in the amount and for the period specified in the Security Instrument.

7. Lender's Lien. The Lender's lien on the Property shall be a first lien in priority to all other liens on the Property. The Lender's lien on the Property shall be a first lien in priority to all other liens on the Property.

6. Remedies. In the event of a default by the Borrower, the proceeds of the sale of the Property shall be applied to the payment of the debt secured by this Security Instrument. In the event of a default by the Borrower, the proceeds of the sale of the Property shall be applied to the payment of the debt secured by this Security Instrument.

5. Assignment. The Lender may assign its interest in the debt secured by this Security Instrument to any person. The Lender may assign its interest in the debt secured by this Security Instrument to any person.

4. Release. The Lender shall release its interest in the debt secured by this Security Instrument upon the payment of the debt. The Lender shall release its interest in the debt secured by this Security Instrument upon the payment of the debt.

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

17. 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 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.

18. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with the Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (lawyer 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.

19. 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 use 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.

20. 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) any 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, but not 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 this evidence.

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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.

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.

[Check applicable box(es)]

- |  |  |   |
|--|--|---|
| <input type="checkbox"/> Adjustable Rate Rider   | <input type="checkbox"/> Condominium Rider                         | <input type="checkbox"/> 1-4 Family Rider       |
| <input type="checkbox"/> Graduated Payment Rider | <input checked="" type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> Biweekly Payment Rider |
| <input type="checkbox"/> Balloon Rider           | <input type="checkbox"/> Rate Improvement Rider                    | <input type="checkbox"/> Second Home Rider      |
| <input type="checkbox"/> V.A. Rider              | <input type="checkbox"/> Other(s) [specify]                        |   |

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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.

Witnesses:

*William J. Flaherty III* (Seal)  
WILLIAM J. FLAHERTY III Borrower

*Catherine C. Flaherty* (Seal)  
CATHERINE C. FLAHERTY Borrower

STATE OF ILLINOIS,

County ss:

I, *Jeanne Surmeister*, a Notary Public in and for said county and state do hereby certify that

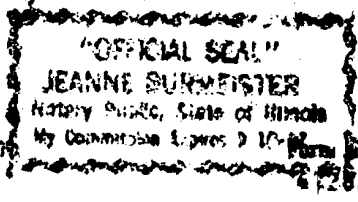
*William J. Flaherty III & Catherine C. Flaherty*, personally known to me to be the same person(s) whose name(s)

subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that *he or* signed and delivered the said instrument as *their* free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal, this *26th* day of *February*, *1996*.

My Commission Expires:

*Jeanne Surmeister*  
Notary Public



This instrument was prepared by: JENNIFER FORTNER  
RECORD AND RETURN TO: MIDWEST MORTGAGE SERVICES, INC.  
1901 SOUTH MEYERS ROAD, SUITE 1000  
OAKBROOK TERRACE, IL 60181



## PLANNED UNIT DEVELOPMENT RIDER

THIS PLANNED UNIT DEVELOPMENT RIDER is made this 26th day of February 1995, 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 Note to

NLSB

(the "Lender")

of the same date and covering the Property described in the Security Instrument and located at:

17420 BROOKWOOD CT. ORLAND PARK, ILLINOIS 60462

(Property Address)

The Property includes, but is not limited to, a parcel of land improved with a dwelling, together with other such parcels and certain common areas and facilities, as described in

(the "Declaration").

The Property is a part of a planned unit development known as  
BROOK HILLS PUD UNIT HOMEOWNERS ASSOCIATION

(Name of Planned Unit Development)

(the "PUD"). The Property also includes Borrower's interest in the homeowners association or equivalent entity owning or managing the common areas and facilities of the PUD (the "Owners Association") and the uses, benefits and proceeds of Borrower's interest.

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

**A. PUD Obligations.** Borrower shall perform all of Borrower's obligations under the PUD's Constituent Documents. The "Constituent Documents" are the: (i) Declaration; (ii) articles of incorporation, trust instrument or any equivalent document which creates the Owners Association; and (iii) any by-laws or other rules or regulations of the Owners Association. Borrower shall promptly pay, when due, all dues and assessments imposed pursuant to the Constituent Documents.

**B. Hazard Insurance.** So long as the Owners Association maintains, with a generally accepted insurance carrier, a "master" or "blanket" policy insuring the Property which is satisfactory to Lender and which provides insurance coverage to the amounts, for the periods, and against the hazards Lender requires, including fire and hazards included within the term "extended coverage," then:

(i) Lender waives the provision in Uniform Covenant 2 for the monthly payment to Lender of one-twelfth of the yearly premium installment for hazard insurance on the Property; and

(ii) Borrower's obligation under Uniform Covenant 5 to maintain hazard insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Owners Association policy.

Borrower shall give Lender prompt notice of any lapse in required hazard insurance coverage provided by the master or blanket policy.

In the event of a distribution of hazard insurance proceeds in lieu of restoration or repair following a loss to the Property, or to common areas and facilities of the PUD, any proceeds payable to Borrower are hereby assigned and shall be paid to Lender. Lender shall apply the proceeds to the sums secured by the Security Instrument, with any excess paid to Borrower.

**C. Public Liability Insurance.** Borrower shall take such actions as may be reasonable to insure that the Owners Association maintains a public liability insurance policy acceptable in form, amount, and extent of coverage to Lender.

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D. **Condemnation.** The proceeds of any award or claim for damages, or consequential, payable to Borrower in connection with any condemnation or other taking of all or any part of the Property or the common areas and facilities of the PUD, or for any conveyance in lieu of condemnation, hereby assigned and shall be paid to Lender. Such proceeds shall be applied by Lender to the same account as provided in Uniform Covenant 10.

E. **Lender's Prior Consent.** Borrower shall not, except after notice to Lender and with Lender's prior written consent, either purchase or subdivide the Property or consent to:

(i) the abandonment or termination of the PUD, except for abandonment or termination required by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;

(ii) any amendment to any provision of the "Constituent Documents" if the provision is for the express benefit of Lender;

(iii) termination of professional management and assumption of self-management of the Owners Association; or

(iv) any action which would have the effect of reducing the public liability insurance coverage maintained by the Owners Association unacceptable to Lender.

F. **Remedies.** If Borrower does not pay PUD dues and assessments when due, then Lender may pay them. Any amounts disbursed by Lender under this paragraph F shall become additional debt of Borrower secured by the Security Instrument. Unless Borrower and Lender agree to other terms of payment, those 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.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this PUD Rider.

Will J. Flaherty III (Sign)  
WILLIAM J. FLAHERTY III (Name)

Matthew C. Flaherty (Sign)  
MATTHEW C. FLAHERTY (Name)

\_\_\_\_\_  
(Name)  
\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Sign)  
\_\_\_\_\_  
(Name)

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