

# UNOFFICIAL COPY

A.J. SMITH FEDERAL SAVINGS BANK  
1475 S. CICERO AVENUE  
MIDLOTHIAN, IL 60445

36165310

APPL# 001-602J6042  
ML# 0C25014671

DEPT-01 RECORDING \$35.50  
T#0010 TRAM #218 03/05/96 15:26:00  
47474 + (CJ) \* -76-165310  
COOK COUNTY RECORDER

Prepared by: LINDA GOUGH .

## MORTGAGE

3380

THIS MORTGAGE ("Security Instrument") is given on FEBRUARY 23, 1996 . The mortgagor is  
JOHN R PETERS, MARRIED TO ESTHER R. PETERS  
*Esther R. P.E.R.*

("Borrower"). This Security Instrument is given to  
A.J. SMITH FEDERAL SAVINGS BANK

which is organized and existing under the laws of THE UNITED STATES OF AMERICA , and whose  
address is: 14757 SOUTH CICERO AVENUE, MIDLOTHIAN, ILLINOIS 60445

EIGHTY SEVEN THOUSAND FIVE HUNDRED AND NO/100

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

Dollars (U.S. \$ 87,500.00

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, 2006 . 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 9 IN BLOCK 5, IN HERZOG'S THIRD ADDITION TO DES PLAINES, BEING A SUBDIVISION OF PART OF LOTS 4 AND 5 OF SEEGER'S SUBDIVISION OF PART OF THE SOUTH 1/2 OF FRACTIONAL SECTION 7 AND PART OF THE NORTH 1/2 OF FRACTIONAL SECTION 18, TOWNSHIP 41 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO PLAT THEREOF REGISTERED IN THE OFFICE OF THE REGISTRAR OF TITLES OF COOK COUNTY, ILLINOIS ON DECEMBER 22, 1953 AS DOCUMENT NUMBER 1498708, IN COOK COUNTY, ILLINOIS.

P.I.N.#: 09-18-113-009

First American Title Order # CF91363

which has the address of 79 WARRINGTON RD., DES PLAINES (Street, City),  
Illinois 60016 (Zip Code) ("Property Address");

ILLINOIS - Single Family - FNMA/FHLMC UNIFORM

INSTRUMENT Form 3914 8/98

Assembled 5/91

SM(ILL) 0007



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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 requirements and conditions shall also be covered by this Security Instrument. 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 and guarantee the title to the Property against all claims and demands, subject to any encumbrances of record. THIS SECURITY INSTRUMENT constitutes uniform covenant for national use and non-uniform covenants with limited variations by jurisdiction to constitute a national 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. Payment of 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 ("Taxes") for (a) yearly taxes and assessments which may attach priority over this Security Instrument as a lien on the Property; (b) yearly beneficial 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 fire and marine 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 sums are called "Taxes and Insurance." Lender may, at any time, collect and hold funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the Federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. Section 2601 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 Taxes and Interest or otherwise in accordance with applicable law.

The Funds shall be held in an institution where deposits are insured by a Federal agency, instrumentally, 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 interest. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the escrow items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not 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 amount permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the escrow items when due, Lender may 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.

Final payment in full of all sums secured by this Security Instrument, Lender shall promptly refuse 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 copy any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument. Lender shall promptly refuse 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 copy 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 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, kind, to principal due; and last, to any late charges due under the Note.

< Charge; Late. Borrower shall pay all taxes, assessments, charges, fees and expenses attributable to the Property which may attach priority over this Security Instrument, and household 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 arrears 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 on 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 with the lien by, or through an agent or assignee of the lien to 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 attach priority over this Security Instrument, Lender may give notice to Borrower a notice identifying the lien. Borrower shall satisfy the lien or take care or more of the lien or both before the date of the giving of notice.

4. Charge; Late. Borrower shall pay all taxes, assessments, charges, fees and expenses attributable to the Property which may attach priority over this Security Instrument, and household 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 arrears 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 on 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 with the lien by, or through an agent or assignee of the lien to 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 attach priority over this Security Instrument, Lender may give notice to Borrower a notice identifying the lien. Borrower shall satisfy the lien or take care or more of the lien or both before the date of the giving of notice.

5. Charge; Late. Borrower shall pay all taxes, assessments, charges, fees and expenses attributable to the Property which may attach priority over this Security Instrument, and household 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 arrears 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 on 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 with the lien by, or through an agent or assignee of the lien to 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 attach priority over this Security Instrument, Lender may give notice to Borrower a notice identifying the lien. Borrower shall satisfy the lien or take care or more of the lien or both before the date of the giving of notice.

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**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 this 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; Leasehold.** 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 extraordinary 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 the 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 attorney's 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

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Form 3014 9/90

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to survive.

13. Governing Law; Severability. The Security Instrument shall be deemed to have been given to Borrower or Lender which gives as provided in this paragraph. 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 the extent the provisions of this Security Instrument and the Note are declared to be severable.

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 below 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 which gives as provided in this paragraph.

15. Loan Charges. If the loan secured by this Security Instrument is subject to a law which sets a maximum loan charge, and the 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 limit, 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 credited 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.

16. Succession and Assignments. 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 has done so to secure the Note; (a) is co-signing this Security Instrument only to mortgage, grant and convey the Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by the Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or rescind by the Security Instrument with regard to the terms of this Security Instrument or the Note without the Borrower's consent.

17. 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 the Security Instrument by reason of any debt and made by the original Borrower or Borrower's successor in interest. Any forgiveness by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right in remedy.

18. Succession and Assignments. 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 has done so to secure the Note; (a) is co-signing this Security Instrument only to mortgage, grant and convey the Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by the Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or rescind by the Security Instrument with regard to the terms of this Security Instrument or the Note without the Borrower's consent.

19. Construction of Ambiguities. 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 that due 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 the Security Instrument. 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 the Security Instrument, whether or not that due 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 the Security Instrument.

20. Construction. 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 that due 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 the Security Instrument.

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

22. Construction. 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 that due 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 the Security Instrument.

23. Construction. 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 that due 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 the Security Instrument.

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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 those 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 uncharged. 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 formaldehydes, 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:

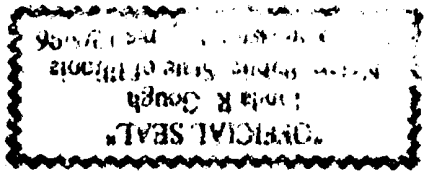
21. **Acceleration; Remedies.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 17 unless applicable law provides otherwise). The notice shall specify: (a) the 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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Form 3016 9/96

MIDLOTHIAN, IL 60445  
14757 S. CICERO AVENUE

RESERVE BANK A.T. SMITH FEDERAL SAVINGS BANK



My Commission Expires:

Given under my hand and official seal, this 23rd day of February 1996

extracted to the foregoing instrument, appeared before me this day in person, and acknowledged that they

JOHN R. PETERS married to SYRIL E. PETERS  
the undersigned to JOHN R. PETERS  
a Notary Public in and for said county and state do hereby certify that

STATE OF ILLINOIS County of Cook

(Seal) Borrower (Seal) Borrower

(Seal) Borrower

(Seal) JOHN R. PETERS

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

- VA Rider
- Balloon Rider
- Contingent Payment Rider
- Adjustable Rate Rider
- Condominium Rider
- Planned Unit Development Rider
- Ride Improvement Rider
- Other(s) (specify)
- 1-4 Family Rider
- Bi-weekly Payment Rider
- 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. Waiver 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. Borrower shall pay any recording costs.

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BALLOON PAYMENT NOTE RIDER

THIS BALLOON PAYMENT NOTE RIDER ("Rider") is made this 23RD day of FEBRUARY, 1996, and is incorporated into and shall be deemed to amend and supplement a Note in the amount of \$ 87,500.00 dated an even date herewith, executed by the undersigned ("Borrower") to A.J. SMITH FEDERAL SAVINGS BANK ("Lender") secured by a Mortgage, Deed of Trust or Deed to Secure Debt ("Security Instrument") dated an even date herewith.

In addition to the agreements and provisions made in said Note, both Borrower and Lender further agree as follows:

Any provisions of said Note, or other such instruments executed in connection with said indebtedness which are inconsistent with the provisions of this Rider, including, but not limited to, monthly payments of principal and interest, maturity date and notice to the Borrower are hereby amended or deleted to the extent necessary to conform such instruments to the provisions of this Rider.

The following notice is given to the Borrower as part of this loan contract to Federal regulations:

THIS LOAN IS PAYABLE IN FULL AT THE END OF TEN (10) YEARS (8), YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND UNPAID INTEREST THEN DUE. THE LENDER IS UNDER NO OBLIGATION TO REFINANCE THE LOAN AT THAT TIME. YOU WILL THEREFORE BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER WILLING TO LEND YOU THE MONEY AT PREVAILING MARKET RATES, WHICH MAY BE CONSIDERABLY HIGHER OR LOWER THAN THE INTEREST RATES ON THIS LOAN. IF YOU REFINANCE THIS LOAN AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING FROM THE SAME LENDER.

At least forty-five (45) but not more than ninety (90) days prior to the maturity of a Balloon Payment Loan, the Lender must send the Borrower a notice which states, among other things, the maturity date, the balance due at maturity (assuming all scheduled payments due between notification and maturity have been made), and whether and under what conditions the Lender will refinance the loan.

This Balloon Payment Loan shall be due and payable on MARCH 1, 2006. Payment on this Balloon Payment Loan shall be as follows:

119 consecutive MONTHLY principal and interest installments of \$856.50  
(monthly, quarterly, etc.)

first due on the 1ST day of APRIL, 1996. Such payments to continue until maturity when the remaining principal balance and any unpaid interest thereon shall be due and payable.

1 ESTIMATED BALLOON PAYMENT AS OF: 02-01-96 AMOUNT \$ 12,120.37

If none of the above lines above have been checked, the payment terms on the attached Note shall be deemed to be the mode of payment selected by both Borrower and Lender.

IN WITNESS WHEREOF, Borrower has executed this Balloon Payment Note Rider.

John R. Peters  
JOHN R. PETERS

John R. Peters  
JOHN R. PETERS

MAIL TO:

A. J. SMITH FEDERAL  
SAVINGS BANK  
14757 South Cicero Avenue  
Midlothian, Illinois 60445

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