

UNOFFICIAL COPY

RECORD AND RETURN TO:
PREFERRED MORTGAGE ASSOCIATES, LTD.
800 EAST OGDEN-SUITE 103
NAPERVILLE, ILLINOIS 60583



RECOR TITLE INSURANCE

Prepared by: HOWARD A. DAVIS
NAPERVILLE, IL 60583

DEPT-01 RECORDING \$39.50
T#0015 TRAN 4200 06/11/97 14:01:00
#9366 CT *-97-417108
COOK COUNTY RECORDER

97417108

SC 341993

State of Illinois

PURCHASE MONEY MORTGAGE

FNA Case No.

131:8718312-729

20977807

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THIS MORTGAGE ("Security Instrument") is given on JUNE 9, 1997
The Mortgagor is
SKIPPER A. MARTIN AND AMBER J. MULLINS, HUSBAND AND WIFE

212 EAST COLFAX STREET, PALATINE, ILLINOIS 60067

("Borrower"). This Security Instrument is given to
PREFERRED MORTGAGE ASSOCIATES, LTD.

which is organized and existing under the laws of THE STATE OF ILLINOIS, and
whose address is 3140 FINLEY ROAD-SUITE 404
DOWNERS GROVE, ILLINOIS 60515 ("Lender"). Borrower owes Lender the principal sum of
ONE HUNDRED THIRTY NINE THOUSAND FIVE HUNDRED TWENTY
AND 00/100 Dollars (U.S. \$ 139,520.00).

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 JULY 1
2027.

This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the
Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums,
with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance

FEA Illinois Mortgage - 4/96

4R(ILL) (8008)

VMP MORTGAGE FORMS - (800) 821-7291

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Initials: *[Signature]*

DPS 1609

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amounts due for the mortgage insurance premiums... Lender may, at any time, collect and hold amounts for Factor Items in an aggregate amount not to exceed the

Factor Items and the same paid to Lender are called "Factor Funds."... 1. Payment of Principal, Interest and Late Charge. Borrower shall pay when due the principal of, and

UNIFORM COVENANTS

Borrower and Lender covenant and agree as follows:

THIS SECURITY INSTRUMENT contains within a uniform security instrument covering real property... with limited variations by jurisdiction to constitute a uniform security instrument covering real 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/or the Property is unencumbered, except for encumbrances of record.

TOGETHER WITH all 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.

Parcel ID #: 02-14-303-044
which has the address of 212 EAST COLFAX STREET, PALATINE, ILLINOIS 60067

AS DOCUMENT NUMBER 8,257,744, ILLINOIS, ACCORDING TO THE PLAN THEREOF RECORDED APRIL 25, 1928

THE WEST 1/2 OF LOT 17, ALL OF LOT 18 AND THE EAST 1/2 OF LOT 19 IN BLOCK 4, ALL IN DEERSON AND WEBER'S PALATINE RIDGE IN THE EAST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 10, TOWNSHIP 43 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, ACCORDING TO THE PLAN THEREOF RECORDED APRIL 25, 1928

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If the amounts held by Lender for Escrow Items exceed the amounts permitted to be held by RESPA, Lender shall account to Borrower for the excess funds as required by RESPA. If the amounts of funds held by Lender at any time are not sufficient to pay the Escrow Items when due, Lender may notify the Borrower and require Borrower to make up the shortage as permitted by RESPA.

The Escrow Funds are pledged as additional security for all sums secured by this Security Instrument. If Borrower tenders to Lender the full payment of all such sums, Borrower's account shall be credited with the balance remaining for all installment items (a), (b), and (c) and any mortgage insurance premium installment that Lender has not become obligated to pay to the Secretary, and Lender shall promptly refund any excess funds to Borrower. Immediately prior to a foreclosure sale of the Property or its acquisition by Lender, Borrower's account shall be credited with any balance remaining for all installments for items (a), (b), and (c).

3. Application of Payments. All payments under paragraphs 1 and 2 shall be applied by Lender as follows:

First, to the mortgage insurance premium to be paid by Lender to the Secretary or to the monthly charge by the Secretary instead of the monthly mortgage insurance premium;

Second, to any taxes, special assessments, leasehold payments or ground rents, and fire, flood and other hazard insurance premiums, as required;

Third, to interest due under the Note;

Fourth, to amortization of the principal of the Note; and

Fifth, to late charges due under the Note.

4. Fire, Flood and Other Hazard Insurance. Borrower shall insure all improvements on the Property, whether now in existence or subsequently erected against any hazards, casualties, and contingencies, including fire, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. Borrower shall also insure all improvements on the Property, whether now in existence or subsequently erected, against loss by floods to the extent required by the Secretary. All insurance shall be carried with companies approved by Lender. The insurance policies and any renewals shall be held by Lender and shall include loss payable clauses in favor of, and in a form acceptable to, Lender.

In the event of loss, Borrower shall give Lender immediate notice by mail. Lender may make proof of loss if not made promptly by Borrower. Each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Lender, instead of to Borrower and to Lender jointly. All or any part of the insurance proceeds may be applied by Lender, at its option, either (a) to the reduction of the indebtedness under the Note and this Security Instrument, first to any delinquent amounts applied in the order in paragraph 3, and then to prepayment of principal, or (b) to the restoration or repair of the damaged Property. Any application of the proceeds to the principal shall not extend or postpone the due date of the monthly payments which are referred to in paragraph 2, or change the amount of such payments. Any excess insurance proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

In the event of foreclosure of this Security Instrument or other transfer of title to the Property that extinguishes the indebtedness, all right, title and interest of Borrower in and to insurance policies in force shall pass to the purchaser.

5. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Use; 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 (or within sixty days of a later sale or transfer of the Property) and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender determines that requirement will cause undue hardship for Borrower, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall notify Lender of any extenuating circumstances. Borrower shall not commit waste or destroy, damage or substantially change the Property or allow the Property to deteriorate, reasonable wear and tear excepted. Lender may inspect the Property if the Property is vacant or abandoned or the loan is in default. Lender may take reasonable action to protect and preserve such vacant or

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abandoned Property. 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 the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and fee title shall not be merged unless Lender agrees to the merger in writing.

6. **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 place of condemnation, are hereby assigned and shall be paid to Lender to the extent of the full amount of the indebtedness that remains unpaid under the Note and this Security Instrument. Lender shall apply such proceeds to the reduction of the indebtedness under the Note and this Security Instrument, first to any delinquent amounts applied in the order provided in paragraph 2, and then to prepayment of principal. Any application of the proceeds to the principal shall not extend or postpone the date of the monthly payment, which are referred to in paragraph 2, or change the amount of such payments. ~~Any~~ ~~proceeds~~ proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

7. **Changes to Borrower and Protection of Lender's Rights in the Property.** Borrower shall pay all governmental or similar charges, taxes and impositions that are not included in paragraph 2. Borrower shall pay all these obligations on time directly to the entity which is owed the payment. If failure to pay would adversely affect Lender's interest in the Property, upon Lender's request Borrower shall promptly furnish to Lender receipts evidencing these payments.

If Borrower fails to make these payments or the payments required by paragraph 2, or fails to perform any other 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, for condemnation or to enforce laws or regulations), then Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property, including payment of taxes, to and insurance and other items mentioned in paragraph 2. Any amounts disbursed by Lender under this paragraph shall become an additional debt of Borrower and be secured by this Security Instrument. Those amounts shall bear interest from the date of disbursement, at the Note rate, and in the option of Lender, shall be interest-free and payable.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contains in good faith the lien by, or demands 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 claim priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take up or more of the amount set forth above within 10 days of the giving of notice.

8. **Fees.** Lender may collect fees and charges authorized by the Secretary.

9. **Grounds for Acceleration of Debt.**

(a) **Default.** Lender may, except as limited by regulations issued by the Secretary, in the case of payment default, require immediate payment in full of all sums secured by this Security Instrument if:

(i) Borrower defaults by failing to pay in full any monthly payment required by this Security Instrument prior to or on the due date of the next monthly payment, or

(ii) Borrower defaults by failing, for a period of thirty days, to perform any other obligations contained in this Security Instrument.

(b) **Sale Without Credit Approval.** Lender shall, if permitted by applicable law (including Section 341(d) of the Gen-St. Courts Depository Institutions Act of 1987, 12 U.S.C. 1701j-3(d)) and with the prior approval of the Secretary, require immediate payment in full of all sums secured by this Security Instrument if:

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12. Successors and Assigns of Borrower shall not be a waiver of or preclude the exercise of any right or remedy... Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of the Note without the Borrower's consent.

11. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time of payment or other modification of amortization of the sums secured by this Security Instrument shall not operate to release the liability of the original Borrower or Borrower's successors in interest.

10. Reinstatement. Borrower has a right to be reinstated if Lender has required immediate payment... Upon reinstatement by Borrower, this Security Instrument shall be reinstated as if Lender had not required immediate payment.

- (c) No Waiver. If circumstances occur that would permit Lender to require immediate payment... (d) Regulations of HUD Secretary. In many circumstances regulations issued by the Secretary... (e) Mortgage Not Insured. Borrower agrees that if this Security Instrument and the Note are to be eligible for insurance...

... to Borrower provided for in this Security Instrument... unless applicable law requires use of another method... to Lender's address stated herein or any address... for in this Security Instrument shall be deemed to have been given to Borrower...
... Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything on 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 any investigation, claim, demand, lawsuit or other action recognized to be appropriate to normal residential uses and to maintenance of Hazardous Substances that are generally 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 remedial action in accordance with Environmental Law is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. As used in this paragraph 16, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following: asbestos, lead, radon, and other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, gasoline, kerosene, other flammable or toxic and radioactive materials. As used in this paragraph 16, "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 hereby covenant and agree as follows:

17. Assignment of Rents. Borrower unconditionally assigns and transfers to Lender all the rents and revenues of the Property. Borrower authorizes Lender or Lender's agents to collect the rents and revenues and hereby directs Borrower of Borrower's breach of any covenant or agreement in the Security Instrument, Borrower shall collect and receive all rents and revenues of the Property as trustee for the benefit of Lender only. However, prior to Lender's notice of breach, Lender gives notice of breach to Borrower: (a) all rents received by Borrower shall be held by Borrower and assigned to Lender or Lender's agent on Lender's written demand; (b) Lender shall collect and receive all rents and revenues of the Property; and (c) such tenant of the Property shall pay all rents and revenues of the Property to Lender or a judicially appointed receiver. Any do so at any time there is a breach to Borrower. However, Lender or a judicially appointed receiver may do so at any time there is any application of rents shall not cure or waive any default or irrevocable assignment of the Property in the Security Instrument in full assignment of rents of the Property shall terminate when the debt secured by the Security Instrument is paid in full.



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Property of Cook County

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21. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants 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)].
- Condominium Rider
- Growing Equity Rider
- Planned Unit Development Rider
- Graduated Payment Rider
- Other [specify]
20. Waiver of Homestead. Borrower waives all right of homestead exemption in the Property.
19. 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.
18. Foreclosure Procedure. If Lender requires immediate payment in full under paragraph 9, Lender 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 18, including, but not limited to, reasonable attorneys' fees and costs of title evidence.
- If the Lender's interest in this Security Instrument is held by the Secretary and the Secretary requires immediate payment in full under Paragraph 9, the Secretary may invoke the nonjudicial power of sale provided in the Single Family Mortgage Foreclosure Act of 1994 ("Act") (12 U.S.C. 3751 *et seq.*) by requesting a foreclosure commissioner designated under the Act to commence foreclosure and to sell the Property as provided in the Act. Nothing in the preceding sentence shall deprive the Secretary of any rights otherwise available to a Lender under this Paragraph 18 or applicable law.

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

Witnesses:

Skipper A. Martin (Seal)
SKIPPER A. MARTIN -Borrower

_____ (Seal)
-Borrower

Amber L. Mullins (Seal)
AMBER L. MULLINS -Borrower

_____ (Seal)
-Borrower

_____ (Seal)
-Borrower

_____ (Seal)
-Borrower

_____ (Seal)
-Borrower

_____ (Seal)
-Borrower

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STATE OF ILLINOIS, *Mableton*

County is:

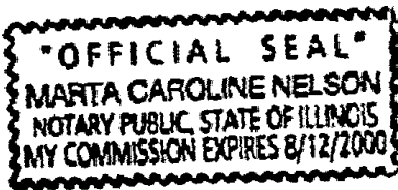
I, *Mableton*, the undersigned, a Notary Public in and for said county and state do hereby certify that SKIPPER A. MARTIN AND AMBER L. MULLINS, HUSBAND AND WIFE

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 they 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 *9th* day of *June* *1997*.

My Commission Expires:

Mableton
Notary Public



FHA Case No.
131:8718312-729

ADJUSTABLE RATE RIDER

THIS ADJUSTABLE RATE RIDER is made this 9TH day of JUNE, 1997, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed ("Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's Note ("Note") to PREFERRED MORTGAGE ASSOCIATES, LTD.

(the "Lender") of the same date and covering the property described in the Security Instrument and located at: 212 EAST COLFAX STREET, PALATINE, ILLINOIS 60067

Property Address

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

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

INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Date

The interest rate may change on the first day of OCTOBER 1, 1998, and on that day of each succeeding year. "Change Date" means each date on which the interest rate could change.

(B) The Index

Beginning with the first Change Date, the interest rate will be based on an Index. "Index" means the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year, as made available by the Federal Reserve Board. "Current Index" means the most recent Index figure available 30 days before the Change Date. If the Index (as defined above) is no longer available, Lender will use as a new Index any index prescribed by the Secretary. As used in this Rider, "Secretary" means the Secretary of Housing and Urban Development or his or her designee. Lender will give Borrower notice of the new Index.

(C) Calculation of Interest Rate Changes

Before each Change Date, Lender will calculate a new interest rate by adding a margin of TWO AND THREE FOURTHS percentage point(s) (2.750 %) to the Current Index and rounding the sum to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in paragraph (D) of this Rider, this rounded amount will be the new interest rate until the next Change Date.

(D) Limits on Interest Rate Changes

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

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BY SIGNING BELOW, BORROWER ACCEPTS AND AGREES TO THE TERMS AND COVENANTS CONTAINED IN THIS ADJUSTABLE RATE RIDER.

 (Sign Below This Line Reserved for Acknowledgment)

 (Seal) **ANDER L. MOULTON**
 -Borrower

 (Seal) **SKIPPER A. MARTIN**
 -Borrower

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

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

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