

# UNOFFICIAL COPY

P791554 Page 1 of 11  
2828/0130 05 001 1997-09-18 17:07:38  
Cook County Recorder 41.50

RECORD AND RETURN TO:  
ANCHOR MORTGAGE CORPORATION  
520 WEST ERIE-SUITE 300  
CHICAGO, ILLINOIS 60610

Prepared by: HELEN TRIM  
CHICAGO, IL 60610

PURCHASE MONEY  
MORTGAGE

State of Illinois

FHA Case No.

131:8815483-

ATTORNEY'S NATIONAL  
TITLE NETWORK INC.

THIS MORTGAGE ("Security Instrument") is given on JULY 31, 1997  
The Mortgagor is  
ANTONIO MONTERO, MARRIED TO  
GUILLERMINA MONTERO \*\*

("Borrower"). This Security Instrument is given to  
ANCHOR MORTGAGE CORPORATION

which is organized and existing under the laws of THE STATE OF ILLINOIS , and  
whose address is 520 WEST ERIE-SUITE 300  
CHICAGO, ILLINOIS 60610 ("Lender"). Borrower owes Lender the principal sum of  
ONE HUNDRED TWENTY SIX THOUSAND SIX HUNDRED FIFTY  
AND 00/100 Dollars (U.S. \$ 126,650.00 ).  
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 AUGUST 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

FHA Illinois Mortgage - 4/96

VMP-4R(IL) (9608)

VMP MORTGAGE FORMS - 18001521-7291

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Initials: A.M. G.M.

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G.M.  
DPS 1610  
Initalis: A.L.H.

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amounts due for the mortgage insurance premium.

Borrower's payments are payable in the account may not be based on disbursements or distributions before the Borrower's payment is received by RESPA for unanticipated amounts from time to time ("RESPA"), except that the cushion or reserve permitted by RESPA for procedures amended from time to time under the Real Estate Settlement Procedures Act of 1974, 12 U.S.C. Section 2601 et seq., and implementing regulations, 24 CFR Part 3500, as they may be maximum amount that may be required for Borrower's escrow account under the Real Estate Settlement Procedures Law may be called "Escrow Items" and the sums paid to Lender are called "Escrow Funds".

Items are called "Escrow Items" and the sums paid to Lender are called "Escrow Funds".

in a reasonable amount to be determined by the Secretary. Except for the monthly charge by the Secretary, or (ii) a monthly charge instead of a mortgage insurance premium if this Security instrument is held by the Secretary, shall also include either: (i) a sum for the annual mortgage insurance premium to be paid by Lender to the Secretary, which such premium would have been required if Lender still held the Security instrument, each monthly payment mortgage insurance premium to the Secretary of Housing and Urban Development ("Secretary"), or in any year in property, and (c) premiums for insurance required under paragraph 4. In any year in which the Lender must pay a special assessment levied or to be levied against the Property, (b) leasehold payments or ground rents on the property, together with the principal and interest as set forth in the Note and any late charges, a sum for (a) taxes and payment, monthly Payment of Taxes, Insurance and Other Charges, Borrower shall include in each monthly interest on, the debt evidenced by the Note and late charges due under the Note.

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

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

Borrower grants and conveys the Property, and that the Property is unencumbered, except for encumbrances of record, mortgagee, grant and convey the Property, all replacement and additions shall also be covered by this Security instrument. All of the foregoing is referred to in this Security instrument as the "Property".

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".

03-10-205-013

Parcel ID #: \_\_\_\_\_  
which has the address of \_\_\_\_\_  
669 NORTH WAYNE PLACE , WHEELING  
Illinois 60090  
(Zip Code) ("Property Address");  
(Street, City).

\*\* GUARANTEE MONTERO IS EXECUTING THIS MORTGAGE SOLELY FOR THE PURPOSE  
OF MAINTAINING ANY AND ALL MARITAL AND HOMESTEAD RIGHTS

## SEE ATTACHED RIDER FOR LEGAL DESCRIPTION

COOK  
does hereby mortgage, grant and convey to the Lender the following described property located in  
of Borrower's covenants and agreements under this Security instrument and the Note. For this purpose, Borrower  
County, Illinois:

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 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 (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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(b) Sale Without Credit Approval. Lender shall, if permitted by applicable law (including Section 341(d) of the Gram-Si, Germania Depository Institutions Act of 1982, 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 or the failure to do so may result in the loss of the security interest in the instrument.

(ii) Borrower defaults by failing, for a period of thirty days, to perform any other obligations contained prior to or on the due date of the next monthly payment, or  
(i) Borrower defaults by failing to pay in full any monthly payment required by this Security Instrument defaults, require immediate payment in full of all sums secured by this Security Instrument.  
(a) Default. Lender may, except as limited by regulations issued by the Secretary, in the case of payment

9. Grounds for Acceleration of Debt.

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

above within 10 days of the giving of notice.  
Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth of the Property is subject to a lien which may attach priority over this Security Instrument, Lender may give agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an Lenders in good faith the lien by, or demands against enforcement of the lien in, legal proceedings which in the contexts in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) (a) agrees in writing to make the payment of the amount of the obligation secured by the lien over this Security Instrument unless Borrower promptly discharges any lien which has priority over this Security Instrument or debt of Borrower and be rate, and at the option of Lender, shall be immediately due and payable.

Any amounts disbursed by Lender under this paragraph shall become an additional debt of Borrower and be secured by this Security Instrument. These amounts shall bear interest from the date of disbursement, at the Note rights in the Property, including payment of taxes, hazard insurance and other items mentioned in paragraph 2.  
Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property, such as a proceeding in bankruptcy, for condemnation or to enforce laws or affect Lender's rights in the Property, such as a proceeding in bankruptcy, for condemnation or to enforce laws or covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Borrower fails to make these payments or the payments required by paragraph 2, or fails to perform any other evidencing these payments.

7. Charges to Borrower and Protection of Lender's Rights in the Property. Borrower shall pay all government or municipal charges, fines and impositions that are not included in paragraph 2. Borrower shall pay all these obligations on time directed 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 of these obligations or other bills to the entity legally entitled hereunto.

Any excess proceeds over an amount required to pay all outstanding indebtedness under the Note and this payment. Any excess proceeds over an amount required to pay all outstanding indebtedness under the Note and this payment the due date of the monthly payments, which are referred to in paragraph 2, or change the amount of such paragraph 3, and then to preparement of principal. Any application of the proceeds to the principal shall not exceed or under the Note and this Security Instrument, first to any delinquent amounts applied in the order provided in 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, Lender shall be paid to Lender to the extent of the indebtedness that remains unpaid hereby assigned and shall be paid to Lender to the extent of the indebtedness that remains unpaid any condemnation or other taking of any part of the Property, or for convenience in place of condemnation, are any condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with leasehold and fee title shall not be merged unless Lender agrees to the merger in writing.

Borrower shall comply with the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold, Borrower's occupancy of the Property as a principal residence, if this Security Instrument is on a commencing Borrower's condition with the loan evidenced by the Note, including, but not limited to, representations and warranties (or information) in connection with the loan evidenced by the Note, including, but not limited to, representations and warranties (or information) false or inaccurate information or statements to Lender (or failed to provide Lender with any material material, false or inaccurate information or statements to Lender during the loan application process, gave abandoned Property. Borrower shall also be in default if Borrower, during the loan application process, gave

- (i) All or part of the Property, or a beneficial interest in a trust owning all or part of the Property, is sold or otherwise transferred (other than by devise or descent), and
- (ii) The Property is not occupied by the purchaser or grantee as his or her principal residence, or the purchaser or grantee does so occupy the Property but his or her credit has not been approved in accordance with the requirements of the Secretary.
- (c) **No Waiver.** If circumstances occur that would permit Lender to require immediate payment in full, but Lender does not require such payments, Lender does not waive its rights with respect to subsequent events.
- (d) **Regulations of HUD Secretary.** In many circumstances regulations issued by the Secretary will limit Lender's rights, in the case of payment defaults, to require immediate payment in full and foreclose if not paid. This Security Instrument does not authorize acceleration or foreclosure if not permitted by regulations of the Secretary.
- (e) **Mortgage Not Insured.** Borrower agrees that if this Security Instrument and the Note are not determined to be eligible for insurance under the National Housing Act within 60 days from the date hereof, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. A written statement of any authorized agent of the Secretary dated subsequent to 60 days from the date hereof, declining to insure this Security Instrument and the Note, shall be deemed conclusive proof of such ineligibility. Notwithstanding the foregoing, this option may not be exercised by Lender when the unavailability of insurance is solely due to Lender's failure to remit a mortgage insurance premium to the Secretary.

**10. Reinstatement.** Borrower has a right to be reinstated if Lender has required immediate payment in full because of Borrower's failure to pay an amount due under the Note or this Security Instrument. This right applies even after foreclosure proceedings are instituted. To reinstate the Security Instrument, Borrower shall tender in a lump sum all amounts required to bring Borrower's account current including, to the extent they are obligations of Borrower under this Security Instrument, foreclosure costs and reasonable and customary attorneys' fees and expenses properly associated with the foreclosure proceeding. Upon reinstatement by Borrower, this Security Instrument and the obligations that it secures shall remain in effect as if Lender had not required immediate payment in full. However, Lender is not required to permit reinstatement if: (i) Lender has accepted reinstatement after the commencement of foreclosure proceedings within two years immediately preceding the commencement of a current foreclosure proceeding, (ii) reinstatement will preclude foreclosure on different grounds in the future, or (iii) reinstatement will adversely affect the priority of the lien created by this Security Instrument.

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

**12. Successors and Assigns Bound; Joint and Several Liability; Co-Signers.** 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 9(b). Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

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Date: AA/AA

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assigment of rents of the Property shall terminate when the debt secured by the Security Instrument is paid in full. Any application of rents shall not cure or waive any default or invalidity or remedy of Lender. This of breach to Borrower. However, Lender or a judicially appointed receiver may do so at any time there is a breach. Lender shall not be required to enter upon, take control of or maintain the Property before or after giving notice prevent Lender from exercising its rights under this paragraph 17.

Borrower has not executed any prior assignment of the rents and has not and will not perform any act that would due and unpaid to Lender or Lender's agent on Lender's written demand to the tenant.

If Lender gives notice of breach to Borrower: (a) all rents received by Borrower shall be held by Borrower as entitled to collect and receive all of the rents of the Property; and (b) Lender shall pay all rents trustee for benefit of Lender only, to be applied to the sums secured by the Security Instrument. If Lender gives notice of breach to Borrower: (a) all rents received by Borrower shall be held by Borrower as rents constitutes an absolute assignment and not an assignment for additional security only.

Borrower of all rents and revenues of the Property as trustee for the benefit of Lender and Borrower. This assignment of each tenant of the rents to Lender or Lender's agent. However, prior to Lender's notice to each lessee of the Property, Borrower authorizes Lender or Lender's agents to collect the rents and revenues and hereby directs of the Property. Borrower unconditionally assigns and transfers to Lender all the rents and revenues

17. Assignment of Rents. Borrower unconditionally assigns and transfers to Lender all the rents and revenues

## NON-UNIFORM COVENANTS. Borrower and Lender further agree as follows:

jurisdiction where the Property is located that relates to health, safety or environmental protection.

As used in this paragraph 16, "hazardous Substances" are those substances defined as toxic or hazardous and radioactive materials. As used in this paragraph 16, "Environmental Law" means federal laws and laws of the jurisdiction of Borrower's premises and herbicides, volatile solvents, materials containing asbestos or formaldehyde, petrochemical products, toxic pesticides and herbicides, volatile substances: gasoline, kerosene, other flammable or toxic substances by Environmental Law and the following substances: asbestos, lead paint or hazardous wastes of which Borrower has actual knowledge. If Borrower learns, or is notified by any government or regulatory authority, that any removal or remedial action is necessary or prudent to remove any Hazardous Substances affecting the Property is by any government 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 government or regulatory authority, that any removal or remedial actions in accordance with Environmental Law.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action necessary, Borrower shall promulgate necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 16, "normal residential uses" and to maintenance of the Property.

Borrower shall permit Lender to conduct any investigation of any Hazardous Substances that affect the presence, use, or storage on the Property of any Hazardous Substances that apply to the presence, use, or storage on the Property that is in violation of any Environmental Law. The proceeding two substances shall not apply to any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the jurisdiction in which the Property is located. In the event that any provision of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

14. Governing Law; Severability. This Security Instrument shall be governed by Federal law and the law of the jurisdiction in which the Property is located. In the event that any provision of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

15. Borrower's Copy. Borrower shall be given one conforming copy of the Note and of this Security Instrument and the Note are delivered to be severable.

Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given by first class mail to Lender's address stated herein or any address Lender designates by notice to Borrower. The Property Address or any other address Borrower designates by notice to Lender shall be directed to the mailing it by first class mail unless applicable law requires use of another method. The notice shall be delivered to notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or given by first class mail to Lender's address stated herein or any address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

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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: \*\*GUILLERMINA MONTERO IS EXECUTING THIS MORTGAGE  
SOLELY FOR THE PURPOSE OF WAIVING ANY AND ALL MARITAL AND HOMESTEAD RIGHTS

Antonio Montero (Seal)  
ANTONIO MONTERO/MARRIED TO -Borrower  
GUILLERMINA MONTERO

Guillermrina Montero (Seal)  
GUILLERMINA MONTERO -Borrower

(Seal)  
-Borrower

(Seal)  
-Borrower

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-Borrower

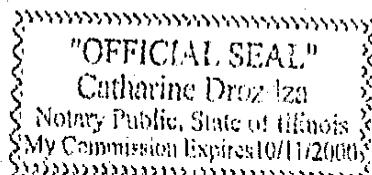
STATE OF ILLINOIS, COOK  
I, The undersigned, a Notary Public in and for said county and state do hereby certify  
that ANTONIO MONTERO, MARRIED TO GUILLERMINA MONTERO \*\*

, 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

31<sup>st</sup> day of July 1997

Notary Public



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Inches:

Property of Cook County Clerk's Office

21. 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)].  
 Condominium Rider     Growing Equity 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.

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 available to a Lender under this Paragraph 18 or applicable law. A foreclosure commission provided under the Act to compensate Lender for expenses and attorney fees and costs of title evidence.

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 attorney fees and costs of title evidence.

**RIDER - LEGAL DESCRIPTION**

LOT FOUR (4) IN BLOCK FOUR (4) IN DUNHURST SUBDIVISION UNIT NUMBER ONE OF PART OF THE SOUTHEAST QUARTER (1/4) OF SECTION 3, TOWNSHIP 42 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, AND PART OF THE NORTHEAST QUARTER (1/4) OF SECTION 10, TOWNSHIP 42 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO PLAT THEREOF REGISTERED IN THE OFFICE OF THE REGISTRAR OF TITLES OF COOK COUNTY, ILLINOIS, ON MAY 3, 1955, AS DOCUMENT NUMBER 1591895.

03-10-205-013

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Property of Cook County Clerk's Office

FHA Case No.

131:8815483-

## ADJUSTABLE RATE RIDER

THIS ADJUSTABLE RATE RIDER is made this **31ST** day of **JULY**, 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 **ANCHOR MORTGAGE CORPORATION**

(the "Lender") of the same date and covering the property described in the Security Instrument and located at:  
**669 NORTH WAYNE PLACE, WHEELING, ILLINOIS 60090**

[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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(Space Below This Line Reserved for Acknowledgment)

(Seal) Borrower  
ANTONIO MONTERO Borrower  
AUGUSTO ALVAREZ (Seal)

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

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 if this Rider does not require a minimum payment date less than 25 days after the date of change. 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 before the new monthly payment amount is due, and must set forth (i) the notice must be given at least 25 days before the new monthly payment amount is due, and (ii) the new monthly payment amount, (iii) the Change Date, (iv) the old interest rate, (v) the new interest rate, (vi) the current index and the date it was published, (vii) the method of calculating the change in monthly payment, and (viii) any other information which may be required by law from time to time.

(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 new monthly payment amount, (ii) the Change Date, (iii) the old interest rate, (iv) the new interest rate, (v) the current index and the date it was published, (vi) the method of calculating the change in monthly payment, and (vii) 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 owed on the principal balance through substantially equal payments, in making such calculation, Lender will use the new interest rate necessary to repay the unpaid principal balance in full at the maturity date of 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.