

# UNOFFICIAL COPY

97365547

97365547

(Space Above This Line For Recording Data)

## MORTGAGE

0961208131

THIS MORTGAGE ("Security Instrument") is given on JANUARY 28TH, 1997  
RAMIRO A GARZA AND LUCILA GARZA, HUSBAND AND WIFE

The mortgagor is

("Borrower"). This Security Instrument is given to MIDAMERICA FEDERAL SAVINGS BANK

which is organized and existing under the laws of UNITED STATES OF AMERICA  
address is 1001 S. WASHINGTON ST. NAPERVILLE IL 60540

and whose

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

ONE HUNDRED THOUSAND AND NO/100

Dollars (U.S. \$ 100,000.00 )

This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on FEBRUARY 1, 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 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 38 (EXCEPT THE SOUTH 5 FEET THEREOF) AND THE SOUTH 10 FEET OF LOT 39 IN BLOCK 3 IN CRANE ARCHER AVENUE HOME ADDITION TO CHICAGO, A SUBDIVISION OF THAT PART OF THE SOUTHEAST QUARTER LYING NORTHERLY OF ARCHER AVENUE, IN SECTION 8, TOWNSHIP 38 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JUNE 2, 1914, AS DOCUMENT NUMBER 542880, IN COOK COUNTY, ILLINOIS

P. I. N. #: 19 08 405 083 0000

which has the address of 5125 S MASSASOIT  
(Street)

CHICAGO  
(City)

Illinois 60638  
(Zip Code) ("Property Address"):

Note:

Paragraphs 1 and 2 shall be applied first to any prepayment charges due under the Note; second to amounts payable under paragraph 2; third, to interest due; fourth, to principal due; and last, to any late charges due under the

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

Upon payment in full of all sums secured by the Security Instrument, Lender shall promptly refund to Borrower any funds held by Lender. If, under paragraph 21, Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any funds held by Lender at the time of acquisition or sale as a credit against the sums secured by the Security Instrument.

If the funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess funds in accordance with the requirements of applicable law. If the amount of the funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may, at its option, 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.

The funds shall be held in an institution whose deposits are insured by a federal agency, institutionally, 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 Items. Lender may not charge Borrower for holding and applying the funds, except as may be provided in the Escrow Items. Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with the loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires to be paid, Lender shall not be required to pay Borrower any interest or earnings on the funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the funds. Lender shall give to Borrower, with a change, an annual accounting of the funds, showing credits and debits to the funds and the purpose for which each credit to the funds was made. The funds are pledged as additional security for all sums secured by the Security Instrument.

2. Escrow for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for (a) yearly taxes and assessments which may attach prior to the Security Instrument as a lien on the Property; (b) yearly hazard or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These funds are called "Escrow Items." Lender may, at any time, collect and hold funds in an amount not to exceed the maximum amount for 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 Escrow Items or otherwise in accordance with applicable law.

1. Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

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

THIS SECURITY INSTRUMENT contains uniform covenants for national use and non-uniform covenants 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 that the Property is unincumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

TOGETHER WITH all the improvements now or hereafter erected on the property, and all assessments, 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."

20250334

# UNOFFICIAL COPY

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

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

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 the term "extended coverage" and any other hazards, including theft or flooding, for which the 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 damages to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. **Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds.** Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgement 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,





# UNOFFICIAL COPY

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

**13. Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

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

**15. Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause 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.

**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 sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

**18. Borrower's Right to Reinstate.** 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) take such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and

24. Release of Lien; Change of Loan Servicer. The Note or partial interest in the Note (together with the Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and the 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 the Loan Servicer. Borrower will also contain any other information required by applicable law. The notice will state the name and address of the new Loan Servicer and address to which payments should be made. The notice will also contain any other information required by applicable law.

25. 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 of small quantities of Hazardous Substances that are generally recognized to be appropriate for normal residential use and to maintenance of the Property.

26. Hazardous Substances. 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 the Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law, 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.

27. Hazardous Substances. "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gases, vapors, other flammable or toxic petroleum products, toxic pesticides, and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in 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.

28. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in the 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 the Security Instrument.

29. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in the 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 the Security Instrument.

30. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in the 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 the Security Instrument.

31. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in the 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 the Security Instrument.

32. Release. Upon payment of all sums secured by the Security Instrument, Lender shall release the Security Instrument without charge to Borrower. Borrower shall pay any recording costs.

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

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

35. Release. Upon payment of all sums secured by the Security Instrument, Lender shall release the Security Instrument without charge to Borrower. Borrower shall pay any recording costs.

36. Release. Upon payment of all sums secured by the Security Instrument, Lender shall release the Security Instrument without charge to Borrower. Borrower shall pay any recording costs.

37. Release. Upon payment of all sums secured by the Security Instrument, Lender shall release the Security Instrument without charge to Borrower. Borrower shall pay any recording costs.

38. Release. Upon payment of all sums secured by the Security Instrument, Lender shall release the Security Instrument without charge to Borrower. Borrower shall pay any recording costs.

39. Release. Upon payment of all sums secured by the Security Instrument, Lender shall release the Security Instrument without charge to Borrower. Borrower shall pay any recording costs.

40. Release. Upon payment of all sums secured by the Security Instrument, Lender shall release the Security Instrument without charge to Borrower. Borrower shall pay any recording costs.

41. Release. Upon payment of all sums secured by the Security Instrument, Lender shall release the Security Instrument without charge to Borrower. Borrower shall pay any recording costs.

42. Release. Upon payment of all sums secured by the Security Instrument, Lender shall release the Security Instrument without charge to Borrower. Borrower shall pay any recording costs.

43. Release. Upon payment of all sums secured by the Security Instrument, Lender shall release the Security Instrument without charge to Borrower. Borrower shall pay any recording costs.

44. Release. Upon payment of all sums secured by the Security Instrument, Lender shall release the Security Instrument without charge to Borrower. Borrower shall pay any recording costs.

45. Release. Upon payment of all sums secured by the Security Instrument, Lender shall release the Security Instrument without charge to Borrower. Borrower shall pay any recording costs.

46. Release. Upon payment of all sums secured by the Security Instrument, Lender shall release the Security Instrument without charge to Borrower. Borrower shall pay any recording costs.

47. Release. Upon payment of all sums secured by the Security Instrument, Lender shall release the Security Instrument without charge to Borrower. Borrower shall pay any recording costs.

[Check applicable box(es)]

- Adjustable Rate Rider
- Graduated Payment Rider
- Balloon Rider
- VA Rider

- Condominium Rider
- Planned Unit Development Rider
- Rate Improvement Rider
- Other(s) (specify)

- 1-4 Family Rider
- Biweekly Payment Rider
- Second Home Rider

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

Witnesses:

*Ramiro A. Garza* (Seal) \_\_\_\_\_ (Seal) \_\_\_\_\_  
 RAMIRO A. GARZA -Borrower -Borrower

*Lucila Garza* (Seal) \_\_\_\_\_ (Seal) \_\_\_\_\_  
 LUCILA GARZA -Borrower -Borrower

\_\_\_\_\_  
 (Seal) \_\_\_\_\_ (Seal) \_\_\_\_\_  
 -Borrower -Borrower

STATE OF ILLINOIS,

I, *Mary E. Lucas*, a Notary Public in and for said county and state do hereby certify that *Ramiro A. Garza and Lucila Garza*, 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 *29<sup>th</sup>* day of *January* 1997.

My Commission Expires:  
*1-19-2001*

*Mary E. Lucas*  
 Notary Public

THIS INSTRUMENT WAS PREPARED BY *Kenneth Koranda* WHEN RECORDED RETURN TO:  
 KENNETH KORANDA "OFFICIAL SEAL" MIDAMERICA FEDERAL SAVINGS BANK  
 1001 S. WASHINGTON ST. Mary E. Lucas 1112 S. WASHINGTON ST., SUITE 212  
 NAPERVILLE, IL 60540 Notary Public, State of Illinois NAPERVILLE, IL 60540-7959  
 My Commission Exp. 01/19/2001

ATTORNEY'S NATIONAL TITLE SERVICE  
 THE FIRST NATIONAL BANK  
 SUITE 1000  
 CHICAGO, IL 60602

UNOFFICIAL COPY

Property of Cook County Clerk's Office

97052017



(Space Above This Line For Recording Date)

**ADJUSTABLE RATE RIDER**

(Fixed Treasury Index-Rate Caps-Fixed Rate Conversion Option)

THIS ADJUSTABLE RATE RIDER is made this 28TH day of JANUARY, 1997, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to MIDAMERICA FEDERAL SAVINGS BANK

(the "Lender") of the same date and covering the property described in the Security Instrument and located at:

5125 S MASSASOIT, CHICAGO, ILLINOIS 60638

(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 ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BORROWER MUST PAY. THE NOTE ALSO CONTAINS THE OPTION TO CONVERT THE ADJUSTABLE RATE TO A FIXED RATE.

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

**A. ADJUSTABLE RATE AND MONTHLY PAYMENT CHANGES**

The Note provides for an initial interest rate of 6.375%. The Note provides for changes in the adjustable interest rate and the monthly payments, as follows:

**4. ADJUSTABLE INTEREST RATE AND MONTHLY PAYMENT CHANGES TWO AND THREE QUARTERS**

**(A) Change Dates**

The adjustable interest rate I will pay may change on the first day of FEBRUARY 1ST 1998 and on that day every 12th month thereafter. Each date on which my adjustable interest rate could change is called a "Change Date."

**(B) The Index**

Beginning with the first Change Date, my adjustable interest rate will be based on an Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year, as made available by the Federal Reserve Board. The most recent index figure available as of the date 45 days before each Change Date is called the "Current Index".

If the Index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

# UNOFFICIAL COPY

## (C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding **TWO AND THREE QUARTERS** percentage points ( **2.750 %**) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

## (D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than **8.375 %** or less than **4.375 %**. Thereafter, my adjustable interest rate will never be increased or decreased on any single Change Date by more than **THREE** percentage point(s) ( **3.000 %**) from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than **12.375 %**, which is called the "Maximum Rate".

## (E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

## (F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my adjustable interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

## B. FIXED INTEREST RATE OPTION

The Note provides for the Borrower's option to convert from an adjustable interest rate with interest rate limits to a fixed interest rate, as follows:

### 5. FIXED INTEREST RATE CONVERSION OPTION

#### (A) Option to Convert to Fixed Rate

I have a Conversion Option that I can exercise unless I am in default or this Section (A) will not permit me to do so. The "Conversion Option" is my option to convert the interest rate I am required to pay by this Note from an adjustable rate with interest rate limits to the fixed rate calculated under Section (B) below.

The conversion can only take place on a date(s) specified by the Note Holder during the period beginning on the first Change Date and ending on the fifth Change Date. Each date on which my adjustable interest rate can convert to the new fixed rate is called the "Conversion Date."

If I want to exercise the Conversion Option, I must first meet certain conditions. Those conditions are that: (i) I must give the Note Holder notice that I want to do so; (ii) on the Conversion Date, I must not be in default under the Note or the Security Instrument; (iii) by a date specified by the Note Holder, I must pay the Note Holder a conversion fee of U.S.\$ **250.00**; and (iv) I must sign and give the Note Holder any documents the Note Holder requires to effect the conversion.

#### (B) Calculation of Fixed Rate

My new, fixed interest rate will be equal to the Federal National Mortgage Association's required net yield as of a date and time of day specified by the Note Holder for (i) if the original term of this Note is greater than 15 years, 30-year fixed rate mortgages covered by applicable 90-day mandatory delivery commitments, plus **FIVE-EIGHTHS OF ONE PERCENTAGE POINT (0.625%)** rounded to the nearest one-eighth of one percentage point (0.125%), or (ii) if the original term of this Note is 15 years or less, 15-year fixed rate mortgages covered by applicable 90-day mandatory delivery commitments, plus **FIVE-EIGHTHS OF ONE PERCENTAGE POINT (0.625%)** rounded to the nearest one-eighth of one percentage point (0.125%). If this required net yield cannot be determined because the applicable commitments are not available, the Note Holder will determine my interest rate by using comparable information. My new rate calculated under this Section 5(B) will not be greater than the Maximum Rate stated in Section 4(D) above.



UNOFFICIAL COPY

Property of Cook County Clerk's Office