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Prepared by CHEVY CHASE BANK, F.S.B.

MORTGAGE

SMK... 10/11/98

THIS MORTGAGE Security Instrument is given on MAY 11, 1998

The mortgagor is

DONALD G. OLSEN AND MAURA R. OLSEN

Borrower This Security Instrument is given to CHEVY CHASE BANK, F.S.B.

which is organized and existing under the laws of THE UNITED STATES OF AMERICA and whose address is 7700 OLD GEORGETOWN RD., BETHESDA, MD 20814

Lender's Borrower owes Lender the principal sum of ONE HUNDRED TWENTY THREE THOUSAND SEVEN HUNDRED FIFTY AND 00/100 Dollars (U.S. \$123,750.00)

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 JUNE 1, 2028. 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:

SEE SCHEDULE "A" ATTACHED HERETO AND MADE A PART HEREOF.

LOT 41 AND THE SOUTH 15 FEET OF LOT 42 IN BLOCK 1 IN SOFIELD GARDENS, A SUBDIVISION IN THE EAST 1/2 OF SECTION 17, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

SUBJECT TO COVENANTS OF RECORD.

Parcel ID = 10-17-400-054-0000

which has the address of 9132 MASON AVENUE, MORTON GROVE Illinois 60053

(Street City)

(Location of Property Address)

ILLINOIS STATE FPM ANMA FHLMC UNIFORM INSTRUMENT Form 3014 9 90 Amended 8 95

2006/IL

MRO

BOX 333-CTI



TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument governing real property.

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

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

2. Funds 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 priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums; (e) yearly mortgage insurance premiums, if any; (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. Section 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.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, 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, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this 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 this Security Instrument.

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

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attach 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 attach priority over

this Security Instrument. Lender may, at Borrower's election, elect to make Borrower liable, as stated here, or take one or more of the following actions with respect to the Property:

5. Hazard or Property Insurance. Borrower shall keep the Property insured by a fire and theft policy or policies created on the Property, including coverage for hazards included with the fire and theft policy, and any other hazards, including those covered by a separate fire and theft policy, and Lender retains an insurable interest in the amounts and for the periods for which the insurance coverage is provided. Borrower shall keep the Property insured for the periods and for the amounts and for the periods for which the insurance coverage is provided. If Borrower fails to maintain the insurance described above, Lender may, at Lender's option, obtain and maintain property insurance on the Property, including coverage for the hazards described in paragraph 5.

Any insurance policies and renewals shall be a benefit to Lender and shall be a standard mortgage clause. Lender shall be named as the first beneficiary of the policies and policies. If Lender requires, Borrower shall promptly provide Lender with receipts of payments of premiums and notices of the event of loss. Borrower shall give prompt notice to the insurance carrier and Lender. Lender may, at Lender's option, elect to make the premium on Borrower.

Unless Lender, at Borrower's option, waives, subject to the usual proceeds standard, the right to restoration or repair of the Property, Lender shall be entitled to the proceeds of any insurance policy covering the Property, including fire and theft insurance. If the restoration or repair of the Property is not possible, or if Lender elects to waive the assertion of the insurance proceeds, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not the amount is in excess of the sums secured by this Security Instrument. If Borrower abandons the Property, or if the Property is sold, with or without Lender's consent, and the insurance proceeds are used to settle a claim, then Lender may, at Lender's option, elect to use the proceeds to restore or repair the Property or to pay sums secured by this Security Instrument, whether or not the claim. The sums payable in settlement of the claim shall be used.

Unless Lender, at Borrower's option, waives, subject to application of proceeds to principal shall not extend or postpone the date of the maturity of the payments intended to be made pursuant to paragraph 2, or change the amount of the payments. If under paragraph 2, the Property is acquired by Lender, Borrower's right to any insurance proceeds and proceeds resulting from damage to the Property, or to the acquisition of the Property, shall pass to Lender to the extent of the sums secured by this Security Instrument in the event of a loss 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, at its option, waives, in writing, which consent shall not be unreasonably withheld, or unless external circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or allow the waste of the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is taken against Lender's personal property, which could result in forfeiture of the Property, or that would materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default in the state, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that the Lender's good faith determination, prejudices 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 all material information in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee interests shall merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in the Property.

If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, recondemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees, or entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

8. Mortgage Insurance.

If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to

[Handwritten signature]

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

prepayment charge under the Note. Borrower 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 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 loan exceed the permitted limits, then (a) any such loan charge shall be reduced by the amount necessary to reduce the charge and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the

13. Loan Charges. If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent. 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 paragraph 12. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of this exercise of any right or remedy.

12. Successors and Several Liability; Co-signers. The covenants and agreements of this exercise of any right or remedy. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's commence proceedings against any successor in interest or refuse to exist, time for payment or otherwise modify amortization not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall 11. Borrower Not Released; Forbearance By Lender. Extension of the time for payment or modification postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or secured by this Security Instrument, whether or not the Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums ward or settle a claim for damages. Borrower fails to respond to Lender within 30 days after the date the notice is given. If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an be applied to the sums secured by this Security Instrument whether or not the sums are then due. Lender shall take, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking, multiplied by the amount of the proceeds multiplied by the following fraction: (a) the total Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this whether or not (b) due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, shall be paid to Lender.

10. 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 lieu of condemnation, are hereby assigned and Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

9. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give insurance ends in accordance with any written agreement between Borrower and Lender or applicable law. the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage that Lender (request) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to substantially equivalent mortgage insurance coverage is not available. Borrower shall pay to Lender each month a sum equal to cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the

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 if 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. As to this and 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 is sold or transferred or 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 received or mailed, with 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 of Borrower.

18. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have acceleration of this Security Instrument discontinued at any time prior to the expiration of a 5 days or such other period as applicable, and to cause the title to the Property to be released, and to cause the Property pursuant to any power of sale contained in this Security Instrument to be sold, if that power of sale is contained in this Security Instrument. Those conditions are that Borrower (a) pays Lender all sums secured by this Security Instrument and the Note as of the acceleration had occurred, (b) cures any default in this Security Instrument, (c) pays all expenses incurred in enforcing this Security Instrument, including the cost of a title insurance policy, and (d) takes such other steps Lender may reasonably require to assure that the acceleration of this Security Instrument, Lender's exercise of the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall be void and unenforceable, and that the statement by Borrower in this Security Instrument and the Note that the security interest shall be an lien effect shall be void and unenforceable. However, this right to reinstate shall not bar the exercise of acceleration under paragraph 17.

19. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note together with this Security Instrument may be sold or transferred more times with or without notice to Borrower. A sale or transfer shall include a change in the entity known as the Loan Servicer, that conducts monthly payments due under the terms of this Security Instrument. There also may be one or more changes in the Loan Servicer obligated to service the Note. If there is a change in the Loan Servicer, Borrower will be given written notice of the change and accordance with requirements of applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

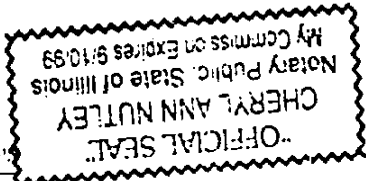
20. Hazardous Substances. Borrower shall be liable for part or all of the presence or release of any hazardous substances on or in the Property. Borrower shall be liable for the presence or release of any hazardous substances on or in the Property that is caused by any of the following: (a) any act or omission of Borrower, (b) any act or omission of any contractor, subcontractor, agent, independent contractor, or other person acting on behalf of Borrower, or (c) any act or omission of any person who is not a contractor, subcontractor, agent, independent contractor, or other person acting on behalf of Borrower, if the act or omission of that person is attributable to Borrower's negligence. Borrower shall be liable for the presence or release of any hazardous substances on or in the Property that is caused by any of the following: (a) any act or omission of Borrower, (b) any act or omission of any contractor, subcontractor, agent, independent contractor, or other person acting on behalf of Borrower, or (c) any act or omission of any person who is not a contractor, subcontractor, agent, independent contractor, or other person acting on behalf of Borrower, if the act or omission of that person is attributable to Borrower's negligence.

Borrower's obligations shall give Lender, without notice, the right to take any action permitted by applicable law, including any governmental or regulatory action, to prevent or remediate the presence or release of any hazardous substances on or in the Property, or to prevent or remediate the presence or release of any hazardous substances on or in the Property that is caused by any of the following: (a) any act or omission of Borrower, (b) any act or omission of any contractor, subcontractor, agent, independent contractor, or other person acting on behalf of Borrower, or (c) any act or omission of any person who is not a contractor, subcontractor, agent, independent contractor, or other person acting on behalf of Borrower, if the act or omission of that person is attributable to Borrower's negligence. Borrower shall promptly take all necessary remedial actions in accordance with applicable law.

As used in this paragraph 20, "Hazardous Substances" are those substances, pollutants, or contaminants by the following: (a) any act or omission of Borrower, (b) any act or omission of any contractor, subcontractor, agent, independent contractor, or other person acting on behalf of Borrower, or (c) any act or omission of any person who is not a contractor, subcontractor, agent, independent contractor, or other person acting on behalf of Borrower, if the act or omission of that person is attributable to Borrower's negligence. "Hazardous Substances" are those substances, pollutants, or contaminants by the following: (a) any act or omission of Borrower, (b) any act or omission of any contractor, subcontractor, agent, independent contractor, or other person acting on behalf of Borrower, or (c) any act or omission of any person who is not a contractor, subcontractor, agent, independent contractor, or other person acting on behalf of Borrower, if the act or omission of that person is attributable to Borrower's negligence.

NON-COMPLIANCE COVENANTS. Borrower and Lender shall be bound by the following:

21. Acceleration, Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument but not prior to acceleration under paragraph 17 unless



My Commission Expires:

Given under my hand and official seal, this signed and delivered the said instrument as subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that personally known to me to be the same person(s) whose name(s)

that [Signature] a Notary Public in and for said county and state do hereby certify County ss: [Signature]

[Signature] Borrower (Seal) [Signature] Borrower (Seal)

[Signature] Borrower (Seal) MALBA R. OLSEN

[Signature] Borrower (Seal) DONALD G. OLSEN

Witnesses:

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

- Adjustable Rate Rider
Balloon Rider
Graduated Payment Rider
Planned Unit Development Rider
Condominium Rider
1-4 Family Rider
Bimonthly Payment Rider
Second Home Rider
Rate Improvement Rider
XX (Others) [Specify] ADD. TO ARR AND SCH. "A"

24. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the riders were a part of this Security Instrument.

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

22. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument without charge to Borrower. Borrower shall pay any recordation costs.

21. Including, but not limited to, reasonable attorney's fees and costs of title evidence, proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial or before the date specified in the notice. Lender, at its option, may require immediate payment in full of all sums non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property. The notice shall further (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums (e) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default;

ADJUSTABLE RATE RIDER

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

THIS ADJUSTABLE RATE RIDER is made this 11th day of May 1998, 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 Chevy Chase Bank, F.S.B.

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

9132 Mason Avenue, Morton Grove, IL 60053

(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 6.625%. The Note provides for changes in the adjustable interest rate and the monthly payments as follows:

4. ADJUSTABLE INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The adjustable interest rate I will pay may change on the first day of June, 2001, 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.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding Three and 000/1000 percentage point(s) (3.000%) 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 8.625%.

MULTISTATE CONVERTIBLE ADJUSTABLE RATE RIDER - Single Family - 1 Year Treasury Index - FNMA Uniform Instrument

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Form 3118 1/89

845A 6902

UNIFORM MORTGAGE FORMS 3-13-1993 8100 1800 507 1091

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Handwritten initials and signature

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or less than **4.625** % . Thereafter, my adjustable interest rate will never be increased or decreased on any single Change Date by more than **Two and 000/1000** percentage point(s) (**2.000** %) from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than **12.625** %, 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 new 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 5(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 5(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. \$ **500.00**; 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 60-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 60-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.

(C) New Payment Amount and Effective Date

If I choose to exercise the Conversion Option, the Note Holder will determine the amount of the monthly payment that would be sufficient to repay the unpaid principal I am expected to owe on the Conversion Date in full on the Maturity Date at my new fixed interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment. Beginning with my first monthly payment after the Conversion Date, I will pay the new amount as my monthly payment until the Maturity Date.

C. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

i. Until Borrower exercises the Conversion Option under the conditions stated in Section B of this Adjustable Rate Rider, Uniform Covenant 17 of the Security Instrument is amended to read as follows:

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Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, 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.

2. If Borrower exercises the Conversion Option under the conditions stated in Section B of this Adjustable Rate Rider, the amendment to Uniform Covenant 17 of the Security Instrument contained in Section C 1 above shall then cease to be in effect, and the provisions of Uniform Covenant 17 of the Security Instrument shall instead be in effect, as follows:

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

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay 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.

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

Donald G. Olsen (Seal) Borrower Maura R. Olsen (Seal) Borrower

ADDENDUM TO ADJUSTABLE RATE RIDER

(Fixed Rate Conversion Option)

THIS ADDENDUM TO ADJUSTABLE RATE RIDER is made this 11th day of May 1998 and is incorporated into and shall be deemed to amend and supplement the Adjustable Rate Rider (the "Rider") of the same date signed by the undersigned borrower(s) (referred to below as "I", "me" or "my") to secure such borrowers' Adjustable Rate Note ("Note") to Chevy Chase Bank, P.S.B. ("you" or "yours"), of the same date and covering the property described in the Rider.

You and I agree that, notwithstanding any other provisions of the Note, the Rider or the Deed of Trust or other security instrument securing the Note, the Rider is amended as follows:

1. The third paragraph of Section 5(A) ("Option to Convert to Fixed Rate"), is changed to read as follows:

I have the option to convert this loan to a fixed rate on the first day of the month of the first and second Change Date (month 57 and month 49, referred to below as "Conversion Date") of the loan term.

If I want to exercise the Conversion Option, I must first meet certain conditions. These conditions are that: (i) I must give you written notice that I want to do so at least 45 but not more than 60 days before the Conversion Date (which must be the first day of a month) selected by me; (ii) on the Conversion Date, I must occupy the property which secures this loan as my primary residence, and I must not be in default under the Note or the Security Instrument; (iii) by a date specified by you, I must pay you a conversion fee of U.S. \$ 500.00; (iv) the new fixed interest rate determined under Section 5(B) below may not be more than two whole percentage points above the adjustable rate which will have been in effect for the six month period immediately prior to the Conversion Date or, if by the Conversion Date the then current adjustable rate will not have been in effect for a full six months, the adjustable rate which was in effect for the full six month period preceding the change to the then current rate; (v) the new, fixed interest rate monthly principal and interest payment may not be more than 115% of the monthly principal and interest payment in effect for the six month period immediately prior to the Conversion Date or, if by the Conversion Date such monthly payment will not have been in effect for a full six months, the monthly principal and interest payment which was in effect for the full six month period preceding the change to the then current monthly payment; and (vi) I must sign and give you any documents you require to effect the conversion. If I am unable to meet conditions (iv) and or (v), I may submit a new, complete mortgage loan application to you (including any supporting or supplementary documents requested by you) and you shall process such application under your then current underwriting standards and procedures and advise me whether, and on what terms and other conditions, you will waive compliance with either or both conditions and effect the conversion. In the event that, for any reason, the conversion is not effected, my interest rate will continue to be an adjustable rate and I may not exercise my Conversion Option again until the next Conversion Date, if any.

2. Paragraph 5(B) ("Calculation of Fixed Rate"), is amended to read as follows:

If, at the time of conversion, my original loan amount is less than or equal to the maximum single loan amount which may be sold to the Federal National Mortgage Association ("FNMA"), my new fixed interest rate will be equal to FNMA's required net yield as of a date and time of day specified by you for (i) if the original term of this Note is greater than 15 years, 30-year fixed rate mortgages covered by applicable 60-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 60-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 is not available from FNMA or cannot be determined for any reason, you will determine my interest rate by using comparable information as reasonably determined in your sole discretion. My new rate calculated as stated above will not be greater than the "Maximum Rate" stated in the Note ("Lifetime Cap").

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If, at the time of conversion, my original loan amount is more than the maximum single loan amount which may be sold to FNMA, my new fixed interest rate will be equal to FNMA's required net yield as of a date and time of day specified by you for (i) if the original term of this Note is greater than 15 years, 30-year fixed rate mortgages covered by applicable 60-day mandatory delivery commitments, plus three-quarters of one percentage point (0.750%), 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 60-day mandatory delivery commitments, plus three-quarters of one percentage point (0.750%), rounded to the nearest one-eighth of one percentage point (0.125%). If this required net yield is not available from FNMA or cannot be determined for any reason, you will determine my interest rate by using comparable information as reasonably determined in your sole discretion. My new rate calculated as stated above will not be greater than the Lifetime Cap.


3. A new Paragraph (D) entitled "Lender's Options on Nonconforming Loans", is added to read as follows:

If, at the time of conversion, my original loan amount is more than the maximum single loan amount which may be sold to FNMA, you may but shall not be required to take one or more of the following actions:

- 1. Appraisal. You may obtain at my expense a new Property appraisal. If, as a result of this new appraisal, my loan-to-value ratio exceeds ninety percent (90%), you may decline to effect the conversion. If my loan-to-value ratio is less than ninety percent (90%) but greater than eighty percent (80%), you may obtain mortgage insurance at my expense as a condition of effecting the conversion.
- 2. Credit Report. You may obtain at my expense a new credit report on me. If, in your sole reasonable discretion, the credit report does not meet your ordinary underwriting criteria for nonconforming loan conversions, you may decline to effect the conversion.
- 3. Mortgage Insurance. You may change the coverage and premium amount of any mortgage insurance currently covering my loan in order to adequately protect your interest in my loan as reasonably determined in your sole discretion.
- 4. Title Report. You may obtain at my expense an update to the title report performed in connection with the origination of my loan. If, in your sole reasonable discretion, the new title report does not meet your ordinary underwriting criteria for nonconforming loan conversions, you may decline to effect the conversion.

BY SIGNING BELOW, I accept and agree to the foregoing amendments to the Note.

 (SEAL)
Donald G. Olsen

 Maura R. Olsen
Maura R. Olsen (SEAL)

(SEAL)

(SEAL)