

LOAN: 7810071174

RECORD & RETURN TO:
FIRSTAR HOME MORTGAGE CORPORATION
1550 EAST 79TH STREET
BLOOMINGTON, MN 55425

Prepared by:
KIMBERLY BEHRING
FIRSTAR HOME MORTGAGE CORPORATION
809 SOUTH 60TH STREET
WEST ALLIS, WISCONSIN 53214

MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on SEPTEMBER 18, 1998 . The mortgagor is
ROBERT W. MCCARTHY AND JANINE M. MCCARTHY , HUSBAND AND WIFE

("Borrower"). This Security Instrument is given to

FIRSTAR HOME MORTGAGE CORPORATION
which is organized and existing under the laws of THE STATE OF WISCONSIN , and whose
address is 809 SOUTH 60TH STREET, SUITE 210, WEST ALLIS, WI 53214

("Lender"). Borrower owes Lender the principal sum of
EIGHTY ONE THOUSAND EIGHT HUNDRED AND NO/100 Dollars (U.S. \$ 81,800.00).

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 OCTOBER 1, 2013 . 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 3 IN BLOCK 45 IN LINCOLNWOOD WEST, BEING A SUBDIVISION OF
PART OF THE WESTERLY PART OF THE SOUTHEAST 1/4 OF SECTION 24
AND PART OF THE SOUTHEAST 1/4 OF SECTION 23, EASTERLY OF THE
ILLINOIS CENTRAL RAILROAD, IN TOWNSHIP 35 NORTH, RANGE 13,
EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

THIS IS HOMESTEAD PROPERTY.

Parcel ID #: 31-23-427-003
which has the address of 521 CHASE STREET, PARK FOREST (Street, City),
Illinois 60466 (Zip Code) ("Property Address");

ILLINOIS - Family - FNMA/PHLMC UNIFORM
INSTRUMENT Form 3014 9/90
Amended 5/91
Page 1 of 6 VMP MORTGAGE FORMS (800)521-7291



SAS/ITE Unit 3
SIS 3 7063

98866954

UNOFFICIAL COPY

Form 3014 (Rev. 11-15-70)

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of the actions set forth above within 10 days of the giving of notice.

Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one of the following actions:

(a) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(b) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(d) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(e) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(f) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(g) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(h) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(i) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(j) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(k) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(l) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(m) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(n) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(o) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(p) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(q) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(r) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(s) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(t) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(u) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(v) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(w) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(x) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(y) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

(z) Lender determines that any part of the Property is subject to a lien which may attach prior to the giving of notice to the holder of the lien, or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

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, 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) consents in good faith to the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

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) consents in good faith to the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

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, 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) consents in good faith to the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or

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, 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 6, 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.

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. 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, 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 6, 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.

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. 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, 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 6, 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.

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 covering real property.

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

1. Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note. 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, 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 6, 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.

payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

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

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 shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property 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 market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

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 such payments.

11. Borrower Not Released; Forbearance by Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or 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.

Initials: *X [Signature]*

Form 3014 8/90

Form 8074 2/90
Lender
Borrower

8. Mortgage Insurance. Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage substantially equivalent to the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender, is obtained, Borrower shall pay the premiums required to be in effect. Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Lender shall not be in effect.

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 for condemnation or forfeiture or to enforce laws or regulations, then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so. Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

6. Occupancy, Preservation, Maintenance and Protection of the Property. Borrower's Loan Application, Leasehold, Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless 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 judgment could result in forfeiture of the Property or otherwise materially impact the lien created by this Security Instrument or Lender's security interest in the Property or other material impairment of Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

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 floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7. All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given. Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

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

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

(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:

Coleen Wirtel

Robert W. McCarthy (Seal) Borrower

Janine M. McCarthy by Robert W. McCarthy (Seal) Borrower HIS/HER ATTORNEY IN FACT.

(Seal) Borrower

Robert W. McCarthy (Seal) Borrower Attorney in fact

STATE OF ILLINOIS,

County is: Cook

I, THE UNDERSIGNED, a Notary Public in and for said county and state do hereby certify that ROBERT W. MCCARTHY AND JANINE M. MCCARTHY, HUSBAND AND WIFE

by Robert W. McCarthy

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 18TH day of SEPTEMBER, 1998

My Commission Expires:

OFFICIAL SEAL COLEEN WIRTEL Notary Public, State of Illinois Commission Expires May 10, 2000

Coleen Wirtel Notary Public

