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DEPT-01 RECORDING 143.50
T#0009 TRAN 1730 03/19/98 10:37:00
7582 CG *-98-215328
COOK COUNTY RECORDER

Do not write above this line

MORTGAGE

SB50027467

THIS MORTGAGE ("Security Instrument") is given on March 17, 1998.
The mortgagor is John Smolarczyk and Sophie Smolarczyk, Husband and Wife,
whose address is 5247 South Menard Avenue, Chicago, IL 60638 ("Borrower").

This Security Instrument is given to Superior Bank FSB,
which is organized and existing under the laws of
the United States of America, and whose address is 5600 North River Road,
Suite 600, Rosemont, IL 60018 ("Lender").
Borrower owes Lender the principal sum of Ninety Seven Thousand Six Hundred and 00/100

Dollars (U.S. \$ 97,600.00). 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 April 1, 2028. This Security Instrument secures
to Lender: (a) the repayment of the debt evidenced by the Note, with interest as provided by the terms of
the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums,
with interest, advanced under paragraph 6 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
these purposes Borrower does hereby mortgage, grant and convey to Lender the following described
property located in Cook County, Illinois:

If this box is checked see Schedule A annexed hereto and made a part hereof.

which has the address of 5247 South Menard Avenue, Chicago, IL 60638

("Property Address"):

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all 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.

Borrower and Lender covenant and agree as follows:

1. Payment of Principal, Interest and Other Charges. Subject to paragraph 10, Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any late charges, prepayment charges and collection costs and expenses and dishonored check charges as provided in the Note.

2. Application of Payments. Unless applicable law provides otherwise, Lender will apply each of Borrower's payments under the Note first to accrued and unpaid interest under the Note to the date of payment and the remainder, if any, to the unpaid principal balance under the Note. Any late charges, prepayment charges, collection costs and expenses, dishonored check charges and payments made by Lender to enforce the Note and/or to protect Lender's interests under this Security Instrument will be assessed separately.

3. Prior Mortgages; Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property, which may attach to this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph, and receipts evidencing such payments.

Borrower shall perform all of Borrower's obligations under any mortgage, deed of trust or other security instrument with, creating or having a priority over this Security Instrument, including but not limited to, Borrower's covenant to make payments when due. Borrower shall promptly discharge any lien which has priority over this Security Instrument (other than a senior mortgage, deed of trust or other security instrument approved by Lender at the time of origination of this Security Instrument and with respect to which Borrower complies with the provisions of the immediately preceding sentence) 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 Lender's opinion operate to prevent the enforcement of the lien; or (c) secure 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 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.

4. 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, not to exceed the full replacement cost of the buildings and improvements on the Property. 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 6.

All insurance policies and renewals must be acceptable to Lender and must include a standard mortgage clause in favor of and in a form acceptable to Lender. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid

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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 paragraph 1 or change the amount of the payments. If under paragraph 17 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.

5. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds; Condominiums; Planned Unit Developments Unless Borrower's loan application and Lender's loan approval provided that the Property was not required to be occupied as Borrower's principal residence, Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least 1 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 not permit, or be alleged to have permitted, the Property to be used in connection with any illegal activity. In that regard, Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment would result in forfeiture of the Property or otherwise materially impair 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.

If this Security Instrument is on a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development the by-laws and regulations of the condominium or planned unit development and constituent documents.

6. 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, 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, paying insurance premiums, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 6, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 6 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these

12. 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

refund reduces principal, the reduction will be treated as a partial prepayment. refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this interest and/or other loan charges to the permitted limit; and (b) any sums already collected from (ii) any such interest and/or other loan charges shall be reduced by the amount necessary to reduce the other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then; which sets maximum loan charges, and that law or regulation is finally interpreted so that the interest or 11. Loan Charges. If the loan secured by this Security Instrument is subject to a law or regulation

liability hereunder. or the Note without that Borrower's consent and without thereby impairing that Borrower's obligations and extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument secured by this Security Instrument and (c) agrees that Lender and any other Borrower may agree to Properly under the terms of this Security Instrument; (b) is not personally obligated to pay the sums co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the and several. Any Borrower who co-signs this Security Instrument but does not execute the Note; (a) is Borrower subject to the provisions of paragraph 17 (B). Borrower's covenants and agreements shall be joint and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and 10. Successors and Assigns Bound; Joint and Several Liability; Co-Signers. The covenants

or remedy shall not be a waiver of or preclude the exercise of any right or remedy. original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right amortization of the sums secured by this Security Instrument by reason of any demand made by the proceedings against any successor in interest or refusal to extend time for payment or otherwise modify the original Borrower or Borrower's successors in interest. Lender shall not be required to commence Lender to Borrower or to any successor in interest of Borrower shall not operate to release the liability of payment or modifications of amortization of the sums secured by this Security Instrument granted by 9. Borrower Not Released; Forbearance By Lender Not a Waiver. Extensions of the time for

amount of such payments. 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 paragraph 1 or change the

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

instrument. Any excess will be paid to the persons legally entitled to it. Security Instrument, subject to the terms of any senior mortgage, deed of trust or other security condemnation, are hereby assigned and shall be paid to Lender and applied to the amount secured by this connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of 8. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in

cause for the inspection. 7. 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

upon notice from Lender to Borrower requesting payment. permitted by law or, if not, at the highest lawful rate and shall be payable, together with such interest, an adjustable rate, at the rate then in effect under the Note as such rate may change from time to time) if amounts shall bear interest from the date of disbursement at the rate set forth in the Note (or, if the rate is

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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 12.

13. Governing Law; Severability. This Security Instrument shall be governed by federal law, Illinois law and any local law that applies in the place 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.

14. Borrower's Copy. Borrower acknowledges receipt of photocopy or a conformed copy of the Note and of this Security Instrument.

15. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this 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 this 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 12 and 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.

16. 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 on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

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 Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, 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.

As used in this paragraph 16, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, lead-based paint, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 16, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

17. Lender's Rights if Borrower Fails to Keep Promises and Agreements. If any of the events or conditions described in subparagraphs (A), (B), (C), (D), (E) or (F) of this paragraph 17 shall occur, Lender, after giving Borrower any timely notice of Borrower's right to cure as may then be required by applicable law and Borrower's failure to cure within the time period set forth in such notice, may require that Borrower pay immediately the entire amount remaining unpaid under the Note and this Security Instrument. This requirement will be called "Immediate Payment in Full."

If Lender requires Immediate Payment in Full, Lender may bring a lawsuit to take away all of Borrower's remaining rights in the Property and to have the Property sold. At this sale Lender or another person may acquire the Property. This is known as "foreclosure and sale." If the proceeds of this sale are

If Lender gives notice of breach to Borrower, and to the extent that rents are not being collected by the holder of an assignment of rents which has priority over this Security Instrument: (i) all rents received by Borrower shall be held by Borrower as trustee for the benefit of Lender only, to be applied to the sums secured by the Security Instrument; (ii) Lender shall be entitled to collect and receive all of the

Assignment of Rents. Borrower unconditionally assigns and transfers to Lender all the rents and revenues of the Property. Borrower authorizes Lender or Lender's agent(s) to collect the rents and revenues and hereby directs each tenant of the Property to pay the rents to Lender or Lender's agent(s), except that Lender shall not be entitled to collect such rents and revenues if and to the extent such rents and revenues are being collected by the holder of an assignment of rents which has priority over this Security Instrument. However, prior to Lender's notice to Borrower of Borrower's breach of any covenant or agreement in the Security Instrument, Borrower shall collect and receive all rents and revenues of the Property as trustee for the benefit of Lender and Borrower. The assignment of rents constitutes an absolute assignment and not an assignment for additional security only.

18. Assignment of Leases. Borrower hereby assigns to Lender all leases of the Property and all security deposits made in connection with leases of the Property. Upon Lender's notice to Borrower of Borrower's breach of any covenant or agreement in this Security Instrument, Lender shall have the right to modify, extend or terminate the existing leases and to execute new leases, in Lender's sole discretion. As used in this paragraph 18, the word "lease" shall mean "sublease" if the Security Instrument is on a leasehold.

(F) Any representation made or information given to Lender by Borrower in connection with Borrower's application for the loan evidenced by the Note is false or misleading in any material respect.

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(E) Borrower fails to keep any other promise or agreement in this Security Instrument within the time set forth, or if no time is set forth in this Security Instrument, then within the time set forth in the notice sent to Borrower by Lender; or

(D) Borrower fails to make any payment required by any senior mortgage, deed of trust or other security instrument encumbering or affecting the Property, or Borrower fails to keep any other promise or agreement in any senior mortgage, deed of trust or other security instrument encumbering or affecting the Property; or

(C) On application of Lender, two or more insurance companies licensed to do business in the State in which the Property is located refuse to issue policies insuring the buildings and improvements on the Property; or

(B) Except in those circumstances in which federal law otherwise provides, all or any part of the Property, or any right in the Property, is sold or transferred without Lender's prior written consent (or, if Borrower is not a natural person, if a beneficial interest in Borrower is sold or transferred); or

(A) Borrower fails to make any payment required by the Note or this Security Instrument when it is due; or

Lender may require immediate Payment in Full under this paragraph 17, if:

insufficient to repay Lender the amounts due to Lender from Borrower under the Note and under this Security Instrument, Lender may, to the extent not limited or prohibited by law, obtain a court judgment against Borrower personally for the difference between all amounts due from Borrower under the Note and this Security Instrument and the sale proceeds. In any lawsuit for foreclosure and sale, Lender will have the right to collect all costs and expenses of the foreclosure and sale allowed by law. This includes attorney's fees and costs of title evidence permitted by applicable law and Rules of Court, and reasonable attorney's fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction). All such sums as may come due will be secured by the lien of this Security Instrument.

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rents of the Property; and (iii) each tenant of the Property shall pay all rents due and unpaid to Lender or Lender's agent(s) in Lender's written demand to the tenant.

Borrower has not executed any prior assignment of the rents, except to the holder of a mortgage, deed of trust or other encumbrance which has priority over this Security Instrument and has not and will not perform any act that would prevent Lender from exercising its rights under this paragraph 19 which Lender presently has, or any rights to which Lender may become entitled in the future as a result of the release, satisfaction or invalidity of a presently existing assignment of rents.

Any application of rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of rents of the Property shall not cure or waive any default or invalidate any other rights or remedies of Lender. This assignment of rents of the Property shall terminate when the debt secured by the Security Instrument is paid in full.

20. Appointment of Receiver: Lender in Possession. Upon acceleration under paragraph 17 or abandonment of the Property and at any time thereafter Lender, in person, by agent or by judicially appointed receiver, shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property, including those past due, pursuant to paragraph 19. However, Lender shall be under no obligation to enter upon, take control of or maintain the Property. Any rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Security Instrument. Lender and any receiver shall be liable to account only for those rents actually received.

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

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

23. Use of Property: Compliance with Law. Borrower shall not seek, agree to or make a change in the use of the Property or its zoning classification, unless Lender has agreed in writing to the change. Borrower shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to 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))

<input checked="" type="checkbox"/> Adjustable Rate Rider	<input type="checkbox"/> Condominium Rider	<input type="checkbox"/> 1-4 Family Rider
<input type="checkbox"/> Graduated Payment Rider	<input type="checkbox"/> Planned Unit Development Rider	<input type="checkbox"/> Biweekly Payment Rider
<input checked="" type="checkbox"/> Other(s) (Specify)	<input type="checkbox"/> Balloon Rider	<input type="checkbox"/> Second Home Rider

Legal Description

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Property.com

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REQUEST FOR NOTICE OF DEFAULT AND FORECLOSURE UNDER SUPERIOR DEEDS TO SECURE DEBT, MORTGAGES OR DEEDS OF TRUST

Borrower and Lender request the holder of any mortgage, deed of trust or other encumbrance which has priority over this Security Instrument to give notice to Lender, at Lender's address set forth on page one of this Security Instrument, or at any other address for notice provided by Lender to such holder, of any default under any such superior instrument or encumbrance and of any sale or other action to enforce such superior instrument or encumbrance.

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.

John Smolarczyk (Seal)
Borrower

Sophie Smolarczyk (Seal)
Borrower

(Seal)
Borrower

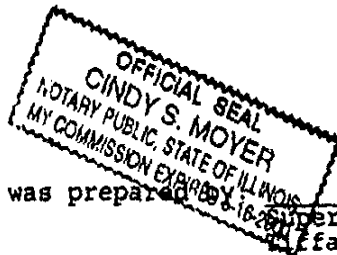
(Seal)
Borrower

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STATE OF ILLINOIS)
)SS
COUNTY OF COOK)

I, Cindy S. Moyer, a(n) Notary Public, in and for said County and State, do hereby certify that John Smolarczyk and Sophie Smolarczyk, Husband and Wife personally known to me to be the same person(s) whose name(s) is (are) subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that she (he) (they) signed and delivered the said instrument as her (his) (their) free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and official seal, this 17th day of March, 1998.



Cindy S. Moyer
Notary Public of IL

This instrument was prepared by Superior Bank FSB
Efany Swygert

AFTER RECORDING RETURN TO:
Superior Bank FSB
135 Chestnut Ridge Road
Montvale, New Jersey 07645
Attn: Recorded Documents Dept

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SB50027467

SCHEDULE 'A'

Tax ID #: 19-08-412-091

Property Address: 5247 South Menard Avenue, Chicago, IL 60638

LOT 29 (EXCEPT THE SOUTH 5 FEET THEREOF) AND LOT 30 (EXCEPT THE NORTH 12 FEET THEREOF) IN BLOCK 13 IN CRANE ARCHER AVENUE HOME ADDITION TO CHICAGO, BEING A SUBDIVISION OF THE SOUTHEAST 1/4 NORTH OF ARCHER AVENUE IN SECTION 8, TOWNSHIP 38 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Property of Cook County Clerk's Office

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Property of Cook County Clerk's Office

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ADJUSTABLE RATE RIDER

SB50027467

(LIBOR 6 Month Index (As Published in *The Wall Street Journal*) - Rate Caps)

THIS ADJUSTABLE RATE RIDER is made this 17th day of March, 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 Superior Bank FSE

(the "Lender")
of the same date and covering the property described in the Security Instrument and located at: 5247 South Menard Avenue, Chicago, IL 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 INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BORROWER MUST PAY.

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

1. INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial interest rate of 8.750% (the "Initial Rate"). The Note provides for changes in the interest rate and the monthly payments as follows:

This Note is not payable in installments of equal amounts. Larger installments may be due as provided herein. The interest rate in effect on the date of this Note ("Initial Rate") is 8.750% per year, which, except for odd days' interest, if any, will be applied to a 360 day year consisting of 12 months with 30 days each.

The interest rate I will pay may change on the 1st day of April, 2000, and on that day every 6th month thereafter. Each date on which my interest rate could change is called a "Change Date."

Beginning with the first Change Date, the interest rate will be based on an Index. The "Index" is the average of interbank offered rates for 6 month U.S. Dollar-denominated deposits in the London market ("LIBOR") as published in *The Wall Street Journal* "Money Rates" table. The "Current Index" is the most recent Index value available as of the date forty-five (45) days before each Change Date if such date falls on a Friday or, if such date does not fall on a Friday, then the "Current Index" is the most recent Index value available as of the Friday immediately preceding the date forty-five (45) days before each Change Date. Before each Change Date the Note Holder will calculate the new interest rate, which, except for any odd days' interest upon prepayment in full, will be applied to a 360 day year consisting of 12 months with 30 days each, by adding 5.000 percentage points (the "Margin") to the Current Index. When a new rate is determined, the rate will be rounded to the nearest 1/8%. The Note Holder will then determine the amount of the level monthly payment that will be sufficient to repay the then unpaid principal in full by the maturity date of this Note, assuming that all delinquent payments are made and that all future payments are made when due.

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Unless applicable law provides otherwise, Lender will apply each of Borrower's regular monthly payments under the Note first to accrued and unpaid interest under the Note as if the payment is made on the due date, regardless of when the payment is actually received and the remainder, if any, to the unpaid principal balance under the Note. Any late charges, prepayment charges, collection costs and expenses, dishonored check charges and payments made by Lender to enforce the Note and/or to protect Lender's interests under this Security Instrument will be assessed separately.

APPLICATION OF BORROWER'S PAYMENTS

2. Paragraph 2 of the Security Instrument is hereby deleted in its entirety and replaced with the following:

payment in full is actually made.

maturity date of this Note. As stated in Section 2, however, interest will accrue until

payments are made and all future payments are made when due, be paid by the original

equal monthly installments so that the total amount due under this Note will, if all delinquent

Adjustments in the rate will be given effect by changing the dollar amounts of remaining

the limits stated in this Section 4.

wavier of the Note Holder's right subsequently to make any other permissible increase within

Holder may not have made a permissible increase in whole or in part will not be considered a

increases in the Index will be optional with the Note Holder. However, the fact that the Note

upon decreases in the Index determined on Change Dates, but rate increases based upon

percentage point limitation on rate changes described above, rate decreases will be mandatory

percentage point(s) below the Initial Rate and subject to the One (1.0)

Except in the case of a Current Index and Margin less than One (1.0)

information required by law and possibly certain other information as well.

days before the effective date of any payment change. The notice will include

in the interest rate and the amount of the new monthly payment at least twenty-five (25)

payment changes again. The Note Holder will deliver by mail to me a notice of any change

monthly payment date after the Change Date and will remain in effect until the monthly

will become effective on the Change Date. The new monthly payment will begin on the first

this loan will, the rate be increased above the rate permitted by law. The new interest rate

below the Initial Rate during the entire term of this loan and at no time during the term of

per year, nor will it ever be less than One (1.0) percentage point(s)

(6) months. The interest rate will never be greater than 14.75 percent

percentage point(s) from the rate of interest charged during the preceding six

increased or decreased on any single Change Date by more than One (1.0)

below the Initial Rate and, at all subsequent Change Dates, the interest rate will never be

(2.0) percentage point(s) above or One (1.0) percentage point(s)

At the first Change Date, the interest rate will not be increased to more than Two

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

John Smolarczyk (Seal)
John Smolarczyk Borrower

Sophie Smolarczyk (Seal)
Sophie Smolarczyk Borrower

_____ (Seal)
Borrower

_____ (Seal)
Borrower

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