

ADJUSTABLE RATE RIDER

THIS ADJUSTABLE RATE RIDER is made this 5th day of OCTOBER, 1985, and is incorporated into and shall be deemed to amend and supplement a mortgage, (the "Mortgage") of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note to DOUGLAS SAVINGS AND LOAN ASSOCIATION (the "Lender") of the same date (the "Note") and covering the property described in the Mortgage and located at:

452 LINSEY AVE., SCHAUMBURG, ILLINOIS 60194  
(Property Address)

The Note contains provisions allowing for changes in the interest rate every month. If the interest rate increases, the Borrower's monthly payments may be higher. If the interest rate decreases, the Borrower's monthly payments may be lower.

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

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

The Note provides for an initial interest rate of 9.5 %. Section 4 of the Note provides for changes in the interest rate and the monthly payments, as follows:

**4. INTEREST RATE CHANGES**

**(A) Change Dates**

The interest rate I will pay may change on the first day of DECEMBER, 1985, and on that day of the month every month thereafter. Each date on which my interest rate could change is called a "Change Date."

**(B) The Index**

Beginning with the first Change Date, my interest rate will be based on an index. The "index" is the index of prime rates published in the "Monthly Rates" section of the Wall Street Journal. The index figure published on the last business day of the second month preceding each Change Date is called the "Current Index." If the index is no longer available, the Note Holder will choose a new index which 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 two percentage points (2%) 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%). This rounded amount will be my new interest rate until the next Change Date.

**(D) Change Limitations**

There will be no limitation on the amount by which the interest rate may increase or decrease other than the limitations set forth in this Note, provided that at no time shall the interest rate on this Note be adjusted to a rate less than ten percent (10%) per year.

**(E) Effective Date of Changes**

My new interest rate will become effective on each Change Date.

**(F) Notice of Changes**

The Note Holder will notify me of any changes in the amount of my interest rate on the Monthly Statement that I will receive 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. CHARGES; LIENS**

Uniform Covenant 4 of the Mortgage is amended to read as follows:

**4. Charges; Liens.** Borrower shall pay all taxes, assessments, and other charges, fines and impositions attributable to the Property which may attain a priority over this Mortgage, and leasehold payments or ground rents, if any, in the manner provided under paragraph 2 hereof or, if not paid in such manner, by Borrower making payment, when due, directly to the payee thereof. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event Borrower shall make payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall promptly discharge any lien which has priority over this Mortgage; provided, that Borrower shall not be required to discharge any such lien so long as Borrower: (a) shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to Lender; (b) shall in good faith contest such lien by, or defend against enforcement of such lien in, legal proceedings which in the opinion of Lender operate to prevent the enforcement of the lien or forfeiture of the Property or any part thereof; or (c) shall secure from the holder of such lien an agreement in a form satisfactory to Lender subordinating such lien to this Mortgage.

If Lender determines that all or any part of the Property is subject to a lien which may attain a priority over this Mortgage, Lender shall send Borrower notice identifying such lien. Borrower shall satisfy such lien or take one or more of the actions set forth above within ten days of the giving of notice.

**C. NOTICE**

Uniform Covenant 14 of the Mortgage is amended to read as follows:

**14. Notice.** Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Mortgage shall be given by delivering it or by mailing it by first class mail addressed to Borrower at the Property address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by first class mail to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Mortgage shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

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## D. UNIFORM SECURITY INSTRUMENT; GOVERNING LAW; SEVERABILITY

Uniform Covenant 15 of the Mortgage is amended to read as follows:

15. **Uniform Mortgage; Governing Law; Severability.** This form of mortgage combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property. This Mortgage 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 Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision, and to this end the provisions of this Mortgage and the Note are declared to be severable.

## E. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

Uniform Covenant 17 of the Mortgage is amended to read as follows:

17. **Transfer of the Property; Assumption.** If all or any part of the Property or an interest therein is sold or transferred by Borrower without Lender's prior written consent, excluding (a) the creation of a lien or encumbrance subordinate to this Mortgage, (b) the creation of a purchase money security interest for household appliances, (c) a transfer by devise, descent or by operation of law upon the death of a joint tenant (d) the grant of any leasehold interest of three years or less not containing an option to purchase, (e) a transfer to a relative resulting from the death of a borrower, (f) a transfer where the spouse or children of the Borrower become an owner of the property, (g) a transfer resulting from a decree of a dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement, by which the spouse of the borrower becomes an owner of the property, or (h) a transfer into an inter vivos trust in which the Borrower is and remains a beneficiary and which does not relate to a transfer of rights of occupancy in the property, Lender may, at Lender's option, declare all the sums secured by this Mortgage to be immediately due and payable. Lender shall have waived such option to accelerate if, prior to the sale or transfer, Lender and the person to whom the Property is sold or transferred reach agreement in writing that the credit of such person is satisfactory to Lender and that the interest payable on the sums secured by this Mortgage shall be at such rate as Lender shall request. If Lender has waived the option to accelerate provided in this paragraph 17, and if Borrower's successor in interest has executed a written assumption agreement in writing by Lender, Lender shall release Borrower from all obligations under this Mortgage and the Note.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with paragraph 14 hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by paragraph 18 hereof.

## F. COVENANT DELETED

Non-Uniform Covenant 21 of the Mortgage ("Future Advances") is deleted.

## G. LOAN CHARGES

If the loan secured by the Mortgage 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 permitted limits, then: (1) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (2) 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 under the Note.

## H. LEGISLATION

If, after the date hereof, enactment of expiration of applicable laws have the effect of rendering the provisions of the Note, the Mortgage or this Adjustable Rate Rider (other than this paragraph H) unenforceable according to their terms, or all or any part of the sums secured hereby uncollectable, as otherwise provided in the Mortgage and this Adjustable Rate Rider, or of diminishing the value of Lender's security, then Lender, at Lender's option, may declare all sums secured by the Mortgage to be immediately due and payable.

IN WITNESS WHEREOF, Borrower has executed this Adjustable Rate Rider.

LARRY KRAUSE

(Seal)  
Borrower

CHRISTINE KRAUSE

(Seal)  
Borrower

(Seal)  
Borrower

3468375

State of Illinois, COOK County ss:

I, the undersigned, a Notary Public  
in and for said county and state, do hereby certify that

LARRY KRAUSE AND CHRISTINE KRAUSE, HIS WIFE

\_\_\_\_\_ personally known to me to be the same person(s)  
whose name(s) subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that  
they signed and delivered the said instrument as their free and voluntary act, for the uses and purposes  
therein set forth.

Given under my hand and official seal, this 5th day of OCTOBER, 1985.

My Commission expires:

5/10/84

Barbara Schubert  
Notary Public