

ADJUSTABLE RATE LOAN RIDER

NOTICE: THE SECURITY INSTRUMENT SECURES A NOTE WHICH CONTAINS A PROVISION ALLOWING FOR CHANGES IN THE INTEREST RATE. INCREASES IN THE INTEREST RATE WILL RESULT IN HIGHER PAYMENTS. DECREASES IN THE INTEREST RATE WILL RESULT IN LOWER PAYMENTS.

This Rider is made this 27th day of January, 1988, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Deed to Secure Debt (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to Inland Mortgage Corporation (the "Lender") of the same date (the "Note") and covering the property described in the Security Instrument and located at 10377 Dearlove Road, Unit #2A, Glenview, IL 60025 Property Address

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

A. INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note has an "Initial Interest Rate" of 7.45%. The Note interest rate may be increased or decreased on the 1st day of the month beginning on February, 1989 and on that day of the month every 12 months thereafter.

Changes in the interest rate are governed by changes in an interest rate index called the "Index". The Index is the:

(Check one box to indicate Index.)

- (1) "Contract Interest Rate, Purchase of Previously Occupied Homes, National Average for all Major Types of Lenders" published by the Federal Home Loan Bank Board.
(2) Federal Home Loan Bank 7th District Cost of Funds

(Check one box to indicate whether there is any maximum limit on changes in the interest rate on each Change Date; if no box is checked there will be no maximum limit on changes.)

- (1) There is no maximum limit on changes in the interest rate at any Change Date.
(2) The interest rate cannot be changed by more than 2.55 percentage points at any Change Date.

If the interest rate changes, the amount of Borrower's monthly payments will change as provided in the Note. Increases in the interest rate will result in higher payments. Decreases in the interest rate will result in lower payments.

B. LOAN CHARGES

It could be that the loan secured by the Security Instrument is subject to a law which sets maximum loan charges and that law is interpreted so that the interest or other loan charges collected or to be collected in connection with the loan would exceed permitted limits. If this is the case, 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 exceed 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.

C. PRIOR LIENS

If Lender determines that all or any part of the sums secured by this Security Instrument are subject to a lien which has priority over this Security Instrument, Lender may send Borrower a notice identifying that lien. Borrower shall promptly act with regard to that lien as provided in paragraph 4 of the Security Instrument or shall promptly secure an agreement in a form satisfactory to Lender subordinating that lien to this Security Instrument.

D. TRANSFER OF THE PROPERTY

If there is a transfer of the Property subject to paragraph 17 of the Security Instrument, Lender may require (1) an increase in the current Note interest rate, or (2) an increase in (or removal of) the limit on the amount of any one interest rate change (if there is a limit), or (3) a change in the Base Index figure, or all of these, as a condition of Lender's waiving the option to accelerate provided in paragraph 17.

By signing this, Borrower agrees to all of the above.

Connie Kallos (Seal)
Connie Kallos - Borrower

Jacqueline S. Kallos (Seal)
Jacqueline G. Kallos - Borrower

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* If more than one box is checked or if no box is checked, and Lender and Borrower do not otherwise agree in writing, the first Index named will apply.

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CONDOMINIUM RIDER

THIS CONDOMINIUM RIDER is made this 27th day of January, 1988, 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 Note to Inland Mortgage Corporation (the "Lender") of the same date and covering the Property described in the Security Instrument and located at: 10377 Dearlove Road, Unit #2A, Glenview, IL 60025

The Property includes a unit in, together with an undivided interest in the common elements of, a condominium project known as: Regency Condominium #1

(the "Condominium Project"). If the owners association or other entity which acts for the Condominium Project (the "Owners Association") holds title to property for the benefit or use of its members or shareholders, the Property also includes Borrower's interest in the Owners Association and the uses, proceeds and benefits of Borrower's interest.

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

A. Condominium Obligations. Borrower shall perform all of Borrower's obligations under the Condominium Project's Constituent Documents. The "Constituent Documents" are the: (i) Declaration or any other document which creates the Condominium Project; (ii) by-laws; (iii) code of regulations; and (iv) other equivalent documents. Borrower shall promptly pay, when due, all dues and assessments imposed pursuant to the Constituent Documents.

B. Hazard Insurance. So long as the Owners Association maintains, with a generally accepted insurance carrier, a "master" or "blanket" policy on the Condominium Project which is satisfactory to Lender and which provides insurance coverage in the amounts, for the periods, and against the hazards Lender requires, including fire and hazards included within the term "extended coverage," then:

(i) Lender waives the provision in Uniform Covenant 2 for the monthly payment to Lender of one-twelfth of the yearly premium installments for hazard insurance on the Property; and

(ii) Borrower's obligation under Uniform Covenant 5 to maintain hazard insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Owners Association policy.

Borrower shall give Lender prompt notice of any lapse in required hazard insurance coverage.

In the event of a distribution of hazard insurance proceeds in lieu of restoration or repair following a loss to the Property, whether to the unit or to common elements, any proceeds payable to Borrower are hereby assigned and shall be paid to Lender for application to the sums secured by the Security Instrument, with any excess paid to Borrower.

C. Public Liability Insurance. Borrower shall take such actions as may be reasonable to insure that the Owners Association maintains a public liability insurance policy acceptable in form, amount, and extent of coverage to Lender.

D. Condemnation. The proceeds of any award or claim for damages, direct or consequential, payable to Borrower in connection with any condemnation or other taking of all or any part of the Property, whether of the unit or of the common elements, or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. Such proceeds shall be applied by Lender to the sums secured by the Security Instrument as provided in Uniform Covenant 9.

E. Lender's Prior Consent. Borrower shall not, except after notice to Lender and with Lender's prior written consent, either partition or subdivide the Property or consent to:

(i) the abandonment or termination of the Condominium Project, except for abandonment or termination required by law in the case of substantial destruction by fire or other casualty, or in the case of a taking by condemnation or eminent domain;

(ii) any amendment to any provision of the Constituent Documents if the provision is for the express benefit of Lender;

(iii) termination of professional management and assumption of self-management of the Owners Association; or

(iv) any action which would have the effect of rendering the public liability insurance coverage maintained by the Owners Association unacceptable to Lender.

F. Remedies. If Borrower does not pay condominium dues and assessments when due, then Lender may pay them. Any amounts disbursed by Lender under this paragraph F shall become additional debt of Borrower secured by the 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.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this Condominium Rider.

Connie Kallos (Seal)
Connie Kallos Borrower

Jacqueline G. Kallos (Seal)
Jacqueline G. Kallos Borrower

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JUNIOR MORTGAGE RIDER

This Junior Mortgage Rider is made this 27th day of January, 19 88, and is attached to and forming part of Note and Mortgage dated this 27th day of January, 19 88, between Inland Mortgage Corporation (the "Mortgagee") and Connie Kallon, never been married and Jacqueline G. Kallon, never been married (the "Mortgagor") covering property commonly known as: 10377 Dearlove Road, Unit #2A, Glenview, IL 60025.

A. Senior Mortgage. The premises are subject to the lien or liens of the following described mortgages and/or trust deeds (said mortgages and/or trust deeds, together with any other documents or instruments given as further security for the obligations which said mortgages and/or trust deeds secure, and together with any modifications and amendments thereto and together with any substitutions therefor or refinancings thereof, are hereinafter collectively called the "Senior Mortgage"):

Note and Mortgage No. the principal amount of \$ 46,320.00 dated the 27th day of January, 19 88, by and between Inland Mortgage Corporation ("Mortgagee") and Connie Kallon, never been married and Jacqueline G. Kallon, never been married ("Mortgagor").

B. Mortgagor's Compliance with Senior Mortgage. Mortgagor covenants and agrees to comply with all of the terms and provisions of the Senior Mortgage. In the event the Mortgagor fails to so comply within five (5) days prior to the expiration of any applicable grace period provided for in the Senior Mortgage for such compliance and such failure shall result in the default thereunder, such failure on the part of the Mortgagor herein shall automatically constitute a default under this Mortgage and shall entitle the Mortgagee, at its option, to exercise any and all of the same rights and remedies given the Mortgagee in this mortgage for default by Mortgagor in the payment of principal or interest due hereunder.

C. Subrogation. Mortgagor covenants and agrees that, to the extent Mortgagee pays any installment of principal or interest or any other sums due under the Senior Mortgage and, in addition, to the extent necessary to make effective such rank and priority: (a) Mortgagee shall become subrogated to, receive and enjoy all of the rights, liens, powers and privileges granted to the Senior Mortgagee and (b) the Senior Mortgage shall remain in existence for the benefit of and to further secure the debt and other sums secured, or that hereunder become secured.

D. Prohibition of Amendments to Senior Mortgage. Mortgagor covenants and agrees that it will not accept any further advances under the Senior Mortgage and will not do any act or enter into any agreement with the holder of the Senior Mortgage increasing the indebtedness secured thereby or modifying or amending any of the terms thereof.

E. Notices From Senior Mortgagee. Mortgagor covenants and agrees to promptly send to Mortgagee copies of any notices received by it from the holder of the Senior Mortgage.

F. Notices to Senior Mortgagee. Mortgagor shall, immediately at the request of the Mortgagee from time to time, notify and confirm to the holder of the Senior Mortgage in writing signed by the Mortgagor and sent to the holder of the Senior Mortgage by registered mail or by certified mail return receipt requested, with a counterpart of said notification delivered to the Mortgagee, (a) that the Mortgagor has entered into this Mortgage, describing the essence of this Mortgage so that the holder of the Senior Mortgage will understand the same as it affects said holder, (b) that payment of the constant monthly payments under the Senior Mortgage as well as deposits for taxes, assessments and similar charges which are mentioned in the Senior Mortgage, as well as any prepayment under the Senior Mortgage, or payment

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after acceleration of the Senior Mortgage, shall be made by the Mortgagee, (c) authorizing and directing the holder of the Senior Mortgage to accept payments, as well as the payment or performance of any other obligation contained in the Senior Mortgage on the part of the Mortgagee to be performed thereunder, by Mortgagee, with same effect as if paid or performed by the Mortgagee, (d) directing the holder of the Senior Mortgage to send and deliver to the holder of this Mortgage counterpart copies of all demands, notices and communications of default, payments due, or otherwise, required to be given or actually given to the Mortgagee, (e) requesting the holder of this Mortgage to enter into an agreement with the holder of this Mortgage whereby the holder of this Mortgage shall be given notice of and opportunity to cure any default by the Mortgagee under the Senior Mortgage and (f) providing such other information and completing any forms or questionnaires requested by Mortgagee or the Senior Mortgagee in connection with the foregoing.

g. Senior Mortgage Payments-When Due. Anything herein to the contrary notwithstanding, all payments required to be made by Mortgagee by the terms and provisions of the Senior Mortgage shall be due and payable at least five (5) days prior to the time such payments are required to be made by the provisions of the Senior Mortgage, except if a period of time more than five (5) days is required expressly by this Mortgage, the longer period shall be effective. If directed by Mortgagee, such payments shall be made to Mortgagee for forwarding to the holder of the Senior Mortgage. The Mortgagee shall furnish the Mortgagee promptly upon demand and proof satisfactory to the Mortgagee that Mortgagee has made the payments required to be made under the Senior Mortgage from time to time and as often as the Mortgagee shall require.

h. Mortgagee's Duty to Cure Senior Mortgage Default. In the event the Mortgagee fails to perform any obligation under the Senior Mortgage with the result that the holder of the Senior Mortgage declares a default thereunder, then and in that event the Mortgagee covenants and agrees that it will immediately cure such default and cause such declaration of default issued by the holder of the Senior Mortgage to be rescinded and shall cause acceleration declared by the holder of the Senior Mortgage to be rescinded and shall cause the Senior Mortgage to be returned to a default-free condition and shall hold the Mortgagee harmless from its failure to do so or from any damages or liability which the Mortgagee sustains by reason of such default under the Senior Mortgage.

Connie Kallio
(Borrower)
Jaqueline G. Kallio
(Borrower)

Property of C

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[Space Above This Line For Recording Date]

MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on January 27
 10...88 The mortgagor is Connie Kallos, never been married and Jacqueline G. Kallos, never been married ("Borrower"). This Security Instrument is given to Inland Mortgage Corporation which is organized and existing under the laws of Illinois and whose address is 2901 Butterfield Road, Oak Brook, Illinois 60521 ("Lender"). Borrower owes Lender the principal sum of Forty-Six Thousand Three Hundred Twenty-And 0/100 Dollars (U.S. \$ 46,320.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on February 1, 2018. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications; (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:

PARCEL 1: UNIT 5-201 IN THE REGENCY CONDOMINIUM NUMBER 1, AS DELINEATED ON THE SURVEY OF PART OF THE WEST 30 ACRES OF THE SOUTH WEST 1/4 OF THE SOUTH EAST 1/4 OF SECTION 32, TOWNSHIP 12 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN; WHICH SURVEY IS ATTACHED AS EXHIBIT "E", IN THE DECLARATION OF CONDOMINIUM, REGISTERED IN THE OFFICE OF THE REGISTRAR OF TITLES, OF COOK COUNTY, ILLINOIS, AS DOCUMENT NUMBER LR3112447; TOGETHER WITH ITS UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS, AS SET FORTH IN THE SAID DECLARATION, AS AMENDED FROM TIME TO TIME, IN COOK COUNTY, ILLINOIS.

PARCEL 2: EASEMENTS APPURTENANT TO AND FOR THE BENEFIT OF PARCEL 1, AS SET FORTH IN THE DECLARATION, REGISTERED AS DOCUMENT NUMBER LR3112442, AS AMENDED FROM TIME TO TIME, AND AS CREATED BY DEED FROM THE NATIONAL BANK OF AUSTIN, AS TRUSTEE UNDER TRUST AGREEMENT DATED, AUGUST 21, 1969, KNOWN AS TRUST NUMBER 4600, TO JOHN E. ROBERTS REGISTERED AS DOCUMENT NUMBER LR3113171 FOR INGRESS AND EGRESS, ALL IN COOK COUNTY, ILLINOIS. PERM. TAX #04-32-402-061-1144, VOL. 134.

which has the address of 10377 Dearlove Road, Unit #2A Olneyview
(Street) (City)
 Illinois 60025 ("Property Address");
(Zip Code)

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 seised 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.

1436220 7147742 DB99
NOTE I.O

Per efforts 1/25/01 Created by 3112447 from Cert 1149440 1/24/08

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CHICAGO TITLE INS. RECEIVED

Ph 1-14-11

INSTRUCTIONS

OR

NAME	HARRY J. WEBB
STREET	10377 DEARLOVE ROAD, UNIT #2A
CITY	CHICAGO, ILL.
STATE	ILLINOIS
ZIP	60625
APPLICANT	INLAND MORTGAGE CORPORATION
DATE	10/28/08
AMOUNT	358,438.75
REASON	REFINANCE

(Name) Eric J. Webb
 (Address) 2901 Butterfield Rd, Oak Brook, IL 60052
 This instrument was prepared by Inland Mortgage Corporation
 10377 Dearlove Road, Unit #2A
 Glenview, IL 60025
 Eric J. Webb
 Inland Mortgage Corporation

STATE OF ILLINOIS
 COUNTY of Cook
 I, the undersigned, do hereby certify that [Name] 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 he/she/it signed and delivered the said instrument as free and voluntary act, for the uses and purposes therein set forth.
 My Commission Expires: 10/28/10
 Notary Public

Before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 18, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

20. Lender in Possession. Upon acceleration under paragraph 18 or abandonment of the Property and at any time prior to the expiration of any period of redemption following judicial sale, 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. 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.

21. 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.

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

23. 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
 Condominium Rider
 2-4 Family Rider
 Other(s) [specify]

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

(Seal) *Jeanne Kallio*
 (Seal) *Jacqueline G. Kallio*

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Property of Cook County Clerk's Office

8. **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.

9. **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, 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.

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.

10. **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 or preclude the exercise of any right or remedy.

11. **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.

12. **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 the principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

13. **Legislation Affecting Lender's Rights.** If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Security Instrument unenforceable according to its terms, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument and may invoke any remedies permitted by paragraph 19. If Lender exercises this option, Lender shall take the steps specified in the second paragraph of paragraph 17.

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

15. **Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

16. **Borrower's Copy.** Borrower shall be given one conformed copy of the Note and of this Security Instrument.

17. **Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if 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 laws as of the date of this Security Instrument.

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

18. **Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 6 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note has no acceleration occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraphs 13 or 17.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

19. **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 paragraphs 13 and 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or

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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") equal to one-twelfth of (a) yearly taxes and assessments which may accrue prior to the maturity of this Security Instrument; (b) yearly household payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (d) yearly mortgage insurance premiums, if any. These items are called "escrow items". Lender may estimate the Funds due on the basis of current data and reasonable estimates of future escrow items.

The Funds shall be held in an institution of which are insured or guaranteed by a federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay the escrow items, and Borrower may not charge for holding and applying the Funds, analyzing the account or verifying the escrow items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing that interest shall be paid on the Funds, unless an agreement is made or applicable law requires interest to be paid. Lender shall not be required to pay Borrower interest or charges 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 such debt to the Funds was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.

If the amount of the Funds held by Lender, together with the future monthly payments of the Funds payable prior to the due dates of the escrow items, shall exceed the amount required to pay the escrow items when due, the excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly payments of the Funds. If the amount of the Funds held by the Lender is not sufficient to pay the escrow items when due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as required by Lender.

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 18 the Property is sold or acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application 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 late charges due under the Note; second, to prepayment charges due under the Note; third, to amounts payable under paragraph 2; fourth, to interest due; and last, to principal due.

4. Charges; Taxes. Borrower shall pay all taxes, assessments, charges, fees and impositions attributable to the Property which may accrue prior to the maturity of this Security Instrument, and Lender shall not be required to pay them on time directly to the person or persons to whom they are payable. 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 or persons to whom they are payable. 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 obligations secured by the lien in a manner acceptable to the Lender; (b) consents in kind to the enforcement of the lien or forfeiture of any part of the Property; 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 accrue prior to the maturity of this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one more of the actions set forth above within 10 days of the giving of notice.

5. Hazard 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 for which Lender requires insurance. This insurance shall be maintained in the amount and for the periods that Lender requires. The insured carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld.

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 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 or proceeds to principal will 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 18 the Property is acquired by Lender, Borrower's right to any insurance policy 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.

6. Preservation and Maintenance of Property; Leasehold. Borrower shall not destroy, damage or substantially change the Property, allow the Property to deteriorate or commit waste. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in the Property; Mortgage Insurance. 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 proceeding in bankruptcy, probate, for condemnation 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 State rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

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 insurance in effect until such time as the requirement for the insurance terminates in accordance with the applicable law.

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