

# UNOFFICIAL COPY

## SECURITY INSTRUMENT RIDER

DOC 022

This Security Instrument Rider is attached to and made a part of a Security Instrument (Deed of Trust, Deed to Secure Debt, or Mortgage) dated **JUNE 29, 1988** given by the undersigned (the "Borrower") to secure Borrower's Note to **FIRST NATIONWIDE BANK, A FEDERAL SAVINGS BANK** (the "Lender") of the same date and shall be deemed to amend and supplement said Security Instrument

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

### A. ASSUMPTION

Lender will consent to a transfer of the property subject to the Security Instrument if (i) the Credit of the Borrower's successor in interest is satisfactory to Lender, (ii) Borrower's successor in interest has executed a written assumption agreement accepted in writing by Lender, and (iii) Borrower's successor in interest pays to Lender an assumption fee in an amount requested by Lender, which shall not exceed the amount requested by Lender for similar transactions.

### B. INTEREST RATE AND LOAN TERM ADJUSTMENTS. Paragraph 23 is hereby added to the Security Instrument

**23. INTEREST RATE AND LOAN TERM ADJUSTMENTS.** The Promissory Note secured by this Security Instrument contains the following provisions:

#### "3. INTEREST RATE ADJUSTMENTS

##### (A) Definitions

**"ADJUSTMENT INDEX"** means the cumulative average over a 26-week period of the Weekly Index. The Weekly Index is the Weekly Auction Average Rate on Treasury Bills with a 6-Month Maturity as published by the Federal Reserve Board. The Index is calculated using the sum of the 26 preceding Weekly Indexes divided by 26. In the event the Weekly Index is no longer available, Index shall mean a substitute Index selected by the Note Holder in compliance with Federal law.

**"INITIAL INDEX"** means the value of one Weekly Auction Average Rate. It is different from the Index used to calculate adjustments in the interest rate. The Initial Index on this loan is (as set forth in the Note).

**"THEN CURRENT INDEX"** means the value of the Adjustment Index two calendar months prior to each Interest Adjustment Date.

**"INTEREST RATE"** means the annual rate of interest charged on the Principal Balance of the loan from time to time.

**"INITIAL INTEREST RATE"** means the Interest Rate charged as of the date this Note is executed as shown in Section 2.

**"THEN CURRENT INTEREST RATE"** means, for the period prior to the first Interest Adjustment Date, the Initial Interest Rate. Thereafter, it means the Interest Rate after the most recent Interest Adjustment.

**"INTEREST ADJUSTMENT"** means an increase or decrease in the Then Current Interest Rate as specified in Section 3(B).

**"INTEREST ADJUSTMENT DATE"** means the day on which every sixth regularly scheduled monthly payment is due.

**"SEMI-ANNUAL PERIOD"** means each successive period of six calendar months beginning with the first day of the calendar month in which this Note is dated.

**"INITIAL DUE DATE"** means the date on which all sums due under this Note are initially due and payable as shown in Section 4(A).

**"THEN CURRENT DUE DATE"** means, for the period prior to the first Interest Adjustment Date, the Initial Due Date. Thereafter, it means the Due Date after the most recent Interest Adjustment.

**"DUE DATE"** means the date on which all sums due under this Note are due and payable as such date may be adjusted from time to time.

**"FINAL DUE DATE"** means the date beyond which the loan term shall not be extended.

**(B) INTEREST RATE ADJUSTMENTS:** On each Interest Adjustment Date, the Note Holder shall decrease or may, at its option, increase the Interest Rate as follows: After said Interest Rate Adjustment, the difference between the Then Current Interest Rate and the Initial Interest Rate, but for the limitations on interest rate changes set forth below, would be the same as the difference between the Then Current Index and the Initial Index. Such Interest Rate Adjustments are subject to the following limitations: there shall be no more than one Interest Adjustment in any Semi-Annual Period; no Interest Adjustment will result in a Then Current Interest Rate in excess of **4.0 percentage** points below or above the Initial Interest Rate, or a Then Current Interest Rate in excess of the interest rate which would allow complete repayment of the remaining Principal Balance plus accrued interest in full on or before the Final Due Date set forth in Section 5 hereof, without increasing the monthly payment set forth in Section 4(C) below. The fact that the Note Holder may not have invoked a permissible increase in whole or in part shall not be deemed a waiver of the Note Holder's right to invoke said increase at a later time.

#### "4. PAYMENTS

**(C) Amount of Monthly Payments.** Monthly installments of principal and interest will be due on the first day of each month commencing on (date set forth in the Note), my monthly payments will be U.S. \$ (amount set forth in the Note).

#### "5. EXTENSION OF TERM

On each Interest Adjustment Date, the Note Holder shall adjust the Then Current Due Date to a date on which the Principal Balance and accrued interest at the Then Current Interest Rate would be paid in full without increasing or decreasing the monthly payment set forth in Section 4(C) above. In no case will the Due Date be extended beyond **JULY 1, 2028** (the "Final Due Date")."

IN WITNESS WHEREOF, Borrower has executed this Security Instrument Rider.

3720218

Borrower

*Paul Matik, Jr.*  
PAUL MATIK, JR.

Borrower

(Seal)

Borrower

*Darlene M. Roback*  
DARLENE M. ROBACK

Borrower

(Seal)

Loan

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## RIDER TO SECURITY INSTRUMENT

DOC. 020

This Rider is made this 29th day of JUNE 19 88 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 (the "Note") to First Nationwide Bank, A Federal Savings Bank (the "Lender") of the same date and encumbering the property described in the Security Instrument and located at

8419 CRAIN STREET, NILES, IL 60648

**Notice to Borrower:** This rider changes the terms of your Security Instrument as set forth herein.

If the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association buys all or some of the Lender's rights under the Security Instrument and Note, the promises, agreements and covenants in paragraphs 2, 3, and 4 of this rider will no longer have any force or effect.

### ADDITIONAL COVENANTS

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

1. The second paragraph of Section 2, Funds for Taxes and Insurance, is amended so that, following the sentence which ends with "permits Lender to make such a charge" is inserted in the following new sentence: "A charge assessed by Lender in connection with Borrower's entering into this Security Instrument to pay the cost of an independent tax reporting service shall not be a charge for purposes of the preceding sentence."
2. **Insured Losses:** The following provisions are added to paragraph 5 of the Security Instrument and supersede any provisions in conflict therewith: If the property is damaged, and the loss is covered by insurance, the Borrower must immediately notify the Lender and the insurance company. The proceeds of the insurance will be paid to the Lender. The Borrower will arrange for the repair of the property and hire his own contractor(s). After the work is done, Lender will pay the contractor's bills from the insurance proceeds provided Lender approves of the quality of the work done and the amounts of the bills, or if the Borrower has paid those bills himself, Lender will reimburse the Borrower from the insurance proceeds. If there is any balance of insurance proceeds remaining with Lender after completion of the repairs and the payment of all bills, and if the loan is not in default, Lender will pay over the balance to the Borrower. If the loan is in default, Lender has the right to apply the balance to a principal reduction of the loan. It is the Borrower's responsibility to see that no mechanic's liens are filed against the property. The Lender shall not be responsible for paying out any more funds than it has received in insurance proceeds.
3. **Additional Loan Call Provision:** Paragraph 17 of the Security Instrument is amended to provide that the provisions thereof for acceleration and for immediate payment in full of all sums secured by the Security Instrument shall apply if a suit is brought to deprive Borrower of title or to condemn the property as being unfit for human use or to abate a nuisance, or if the Borrower's title is lost by execution sale or by any other legal process.
4. **Payoff, Reconveyance or Satisfaction:** Subject to applicable law, Borrower agrees to pay Lender a reasonable fee to prepare a payoff statement, reconveyance or satisfaction, plus the cost of recording the deed of reconveyance or satisfaction.

IN WITNESS WHEREOF, Borrower has executed this Rider to Security Instrument

Borrower Paul Matik, Jr. (seal)

PAUL MATIK, JR.

Borrower \_\_\_\_\_ (seal)

Borrower Darlene M. Roback (seal)

DARLENE M. ROBACK

Borrower \_\_\_\_\_ (seal)

(Space Below This Line for Acknowledgment)

COOK COUNTY SS: ILLINOIS,

I, PATRICIA J. LOVE

, A NOTARY PUBLIC IN AND FOR SAID COUNTY AND STATE, DO

HEREBY CERTIFY THAT Paul Matik, Jr, a bachelor & Darlene M. Roback, a spin ~~PERSONALLY~~ KNOWN TO ME TO BE THE SAME PERSONS WHOSE NAMES ARE 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 29th DAY OF June, 19 88 .  
MY COMMISSION EXPIRES: 1/10/90

Patricia J. Love  
NOTARY PUBLIC

3720218

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NOTE IDENTIFIED

*[Handwritten signature]*

LOAN NUMBER: 31600307

(Space Above This Line For Recording Data)

MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on JUNE 29, 1988. The mortgagor is PAUL MYTIK, JR., A BACHELOR, AND DARLENE M. ROBACK, A SPINSTER ("Borrower"). This Security Instrument is given to FIRST NATIONWIDE BANK, A FEDERAL SAVINGS BANK, which is organized and existing under the laws of CALIFORNIA, and whose address is 700 MARKET STREET, SAN FRANCISCO, CA 94102 ("Lender"). Borrower owes Lender the principal sum of ONE HUNDRED THOUSAND AND 00/100 Dollars (U.S. \$ 100,000.00). 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 JULY 1, 2003. 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:

LOT 5 IN BLOCK 5 IN GREENWOOD TERRACE, UNIT NO. 1, BEING A SUBDIVISION IN THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 23, TOWNSHIP 41 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO PLAT THEREOF REGISTERED IN THE OFFICE OF THE REGISTRAR OF TITLES TO COOK COUNTY, ILLINOIS ON MAY 7, 1956 AS DOCUMENT NUMBER 1668405.

County Clerk's Office

3720218

TAX I.D. NUMBER: 09-23-115-005

which has the address of 8419 CRAIN STREET, NILES Illinois 60648 ("Property Address");  
(Street) (City) (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.

*[Handwritten signature]* TL-104768.C1

*[Handwritten mark]*

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IN DUPLICATE  
Handwritten

OFFICIAL SEAL  
NOTARY PUBLIC  
Submitted by  
Address  
Delivered to

Address 60532  
Belmont Duplicate Trust  
1060 GREEN AVENUE  
CHICAGO, ILLINOIS 60603  
White  
LAND TITLE CO.  
100 W. MONROE, 4th FLOOR  
CHICAGO, ILLINOIS 60603

FILE TC-104718 cl  
guth

COOK COUNTY SS, ILLINOIS,  
I, Patricia J. Love  
, A NOTARY PUBLIC IN  
AND FOR SAID COUNTY AND STATE, DO HEREBY CERTIFY THAT PAUL MATIK, JR., a bachelor  
and Darlene M. Roback, a spinster  
, PERSONALLY KNOWN TO ME TO BE THE SAME  
PERSONS WHOSE NAMES ARE 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 29th DAY  
OF June, 1988  
MY COMMISSION EXPIRES: 1988  
Patricia J. Love  
NOTARY PUBLIC

PAUL MATIK JR. (Seal)  
DARLENE M. ROBACK (Seal)  
[Space Below this line for acknowledgment]

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

- Adjustable Rate Rider
- Condominium Rider
- 2-4 Family Rider
- Graduated Payment Rider
- Other(s) [specify] SSCROW

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 notice is not cured on or 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 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence.  
20. Lender in Possession. Upon acceleration under paragraph 19 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 boxes)

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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 Borrower's and Lender's written agreement or applicable law.

**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 of 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 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. 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.

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

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

**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) 5 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 had 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.

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

- 1. Payment of Principal and Interest Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.
  - 2. Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") equal to one-twelfth of: (a) yearly taxes and assessments which may be levied over this Security Instrument; (b) yearly leasehold 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 the deposits or accounts 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. Lender 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 any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.
  - If the amount of the Funds held by Lender, together with the future monthly payments of 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 Funds. If the amount of the Funds held by 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 19 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; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may be levied over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.
  - Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of, the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or 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 attach prior to 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.
  - 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 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.
  - All insurance policies and renewals 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 19 the Property is acquired by Lender, Borrower's right to any insurance proceeds 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; Leaseholds.** 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 a 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 attorney's 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.

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