## UNOFFICIAL COPY,

Loan No. 602871-6

### ADJUSTABLE RATE RIDER

(Interest Rate Limits)

THIS ADJUSTABLE RATE RIDER is made this 18th day of June , 19 88 , 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 Adjustable Rate Note to LIBERTY FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHICAGO (the "Lender") of the same date (the "Note") and covering the property described in the Security Instrument and located at:

926 KENILWORTH AVENUE, GLENVIEW, IL. 60025

[Property Address

The Note contains provisions allowing for changes in the interest rate every year subject to the limits stated in the Note. If the interest rate increses, the Borrower's monthly payments will be highe of the interest rate decreases, the Borrower's monthly payments will be lower.

ADDITIONAL CO ENANTS. 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 provides for an initial investirate of 7.500. %. Section 4 of the Note provides for changes in the interest rate and the monthly payments, as follows:

### "4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

### (A) Change Dates

The interest rate I will pay may change in the first day of September 1, 19, 89, and on that day every 12th month thereafter. Fich 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 weekly average yield on United States Treasury securities adjusted to a construct maturity of 1 year, as made available by the Federal Reserve Board. The most recent Index figure available as of the disc 45 days before 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 money interest rate by adding percentage points (2.00%) to the Current Index. The Note Holder will then round the result of this addition to the nearest one quarter of one percentage point (0.25%). Subject to the limits at its in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal balance of my loan I am expected to owe on the Change Date in 6th on the maturity date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

### (D) Limit on Interest Rate Changes

The rate of interest I am required to pay shall never be increased or decreased or any single Change Date by more than  $\square$  one percentage point (1.0%)  $\square$  two percentage points (2.0%) [Check only one box] around the rate of interest I have been paying for the preceding 12 months. My interest rate also shall never be greater than 11.50 %, or less than 7.50 %.

### (E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

### (F) Notice of Changes

The Note Holder will mail or deliver to me a notice of any changes in the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and too 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 Security Instrument 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 Security Instrument, 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 Security Instrument; 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 Security Instrument.

If Lender determines that all or any part of the Property is subject to a lien which may attain a priority over this Security Instrument, 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.

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#### C. NOTICE

Uniform Covenant 14 of the Security Instrument 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 Security Instrument 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 Security Instrument shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

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

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

15. Uniform Security Instrument; Governing Law; Severability. This form of 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. 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, and to this end the provisions of this Security Instrument and the Note are declared to be severable.

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

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

17. Transfer of the Property of a Beneficial Interest in Borrower. If all or any part of the Property or an interest therein 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 corporat, Lender may, at Lender's option, declare all the sums secured by this Security Instrument to be immediately due and payable. 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 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 Borrowe, Twoke any remedies permitted by paragraph 18 hereof. Notwithstanding a sale or transfer, Borrower will continue to be obligated under the Note and this Security Instrument unless Lender has released Borrower in writing.

#### F. LOAN CHARGES

If the loan secured by the 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 on cone 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 making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment under the Note.

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

George Kovac T	(Seal)
GEORGE KOVAC	-Borrower
HOLLY) DAVIS	(Seal) -Borrower
	(Seai) -Borrower

[Sign Original Only]

3721191

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### NOTE IDENTIFIED

3721181

- [Space Above This Line For Recording Data]

L#602871-6

### **MORTGAGE**

THIS MCR. GAGE ("Security Instrument") is given on June 18th
19.88. The mongagor is GEORGE KOVAC and HOLLY DAVIS, HUSBAND AND WIFE

("Borrower"). This Security Instrument is given to
LIBERTY FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHICAGO which is organized and existing
under the laws of The United States of America and whose address is
5700 N. Lincoln Avenue. Chicago. Illinois 60659 ("Lender").

Borrower owes Lender the principal sum of Two Hundred Ten Thousand and 00/100

Dollars (U.S. \$ 210,000.00 ). 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 August 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 sum, 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 here y nortgage, grant and convey to Lender the following described property located in COOK

County, Illinois:

LOT FOUR (4) IN PAGE'S SUBDIVISION OF PART OF THE SOUTH EAST QUARTER (1/4) OF THE NORTH WEST QUARTER (1/4) OF SECTION WENTY-FIVE (25), TOWNSHIP FORTY-TWO (42) NORTH, RANGE TWELVE (12) EAST OF THE THIRD PRINCIPAL MERIDIAN ACCORDING TO PLAT THEREOF REGISTERED IN THE OFFICE OI THE REGISTRAR OF TITLES OF COOK COUNTY, ILLINOIS ON SEPTEMBER 11, 1975, AS DOCUMENT NUMBER 2828806; IN COOK COUNTY, ILLINOIS.

PTN# 04-25-116-043-0000 VOL. 133

which has the address of .. 926 KENTLWORTH . AVENUE ......

GLENVIEW

Illinois . . 60025 . . . . . . . . . ("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 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.

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	covenants contained in this Security	ees to the terms and scorded with it.	accepts and agr Borrower and re	[specify] o BELOW, Ecr.ower any rider(s) ex-or.ced by	BY SIGNIN	
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	teceiver'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 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)]					
end CS	donment of the Property and at any time der (in person, by agent or by judicially e the Property and to collect the rents of ver shall be applied first to payment of the limited to, receiver's fees, premiums on	paragraph 19 or aband wing judicial sale, Len ssession of and manag by Lender or the receiv	sceleration under redemption folloy rer upon, take po iy renis collected	in Possession. Upon action Of any perion of any perion of a fillon of a fillon of the contilled to be filloned on the contilled the contilled the contilled the contilled the contilled the contilled on the conti	20, Lender prior to the expire appointed receiver the Property inclu	
3721181	the Property. The notice shall further of the Property. The notice shall further of the Property. The proceeding the noncice shall further it payment in full of all sums secured by nrity Instrument by judicial proceeding, provided in this paragraph 19, including,	to specified in the notion of a cape and sales and sale and sale asses of the tip in and the tip in a cape and the cape a	ab of borore the da closure by judici safter acceleration se of Borrower to ander at its option of the barand and pnaes incurred in	o to cure the default or core the default, fore curity Lastrant of the selection of the core core core core core core core cor	unlish tank (b) bna secured by this Se rowerrow mrothi so have the constitution to be the c	
	acceleration under paragraphs to and the autit, (b) the action required to cure the ower, by which the default must be cured;	all specify: (a) the def	e), The notice sh	law provides otherwise	oldsoilqqs eesinu	

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 for a secretarion in this Security Instrument that not prior to acceleration under paragraphs 13 and 17.

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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 resettle 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 secure a by this Security Instrument, whether or not then due.

Unless Lend or and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date fathe monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

10. Borrowe 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 ben fit 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 regar; 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: (r) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any such loan charge shall be reduced by the amount 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 occurring to its terms, Lender, at its option, may require immediate payment in full of all sums secured by this Security In a ment 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 to wind 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 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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requesting payment.

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 Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this

Lender may take action under this paragraph 7, Lender does not have to do so. Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights: . the Property; Mortgage Insurance.

1. Protection of Lender's Rights: . the Property Instrument, or there is a legal proceeding that may significantly affect 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 Lender's rights in the Property (such as a proceeding in pankruptcy, probate, for condemnation or to enforce laws or Lender's rights in the Property (such as a proceeding in pankruptcy, probate, for condemnation or to enforce laws or Lender's rights in the Property (such as a proceeding in pankruptcy, probate, for condemnation or to enforce laws or Lender's rights in the Property (such as a proceeding in pankruptcy, probate, for condemnation or to enforce laws or Lender's rights in the Property (such as a proceeding in pankruptcy, probate, for condemnation or to enforce laws or Lender's rights in the Property (such as a proceeding in pankruptcy, probate, for condemnation or to enforce laws or Lender's rights in the Property (such as a proceeding in pankruptcy).

finatrument immediately prior to the acquisition.

6. Preservation and Maintenance of Property; Leaseholds.

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

from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security postpone the date of the monthly payments referred to in paragraphs I and 2 or change the amour of he payments. If under paragraph 19 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or

when the notice is given. offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the poorests 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 Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has applied to the sums secured by this Security Instrument, whether or not then due, with sayy excess paid to Borrower. If restoration or repair is not economically seasible or Lender's security would be lessen d the insurance proceeds shall be of the Property damaged, if the restoration or repair is economically feasible and Lenders security is not lessened. If the

all receipts of paid premiums and renewal notices. In the event of loss, Borlower thall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borlower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds and be applied to restoration or repair.

Lender shall have the right to hold the policies and renewals. If Lender 1 aqui es, Borrower shall promptly give to Lender All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause.

unreasonably withheld.

insured against loss by fire, hazards included within the term exter ded coverage" and any other hazards for which Lender requires. The requires insurance. This insurance shall be entired in the an ormer subject to Lender's approval which shall not be insurance shall be chosen by Bortewer subject to Lender's approval which shall not be insurance shall be chosen by Bortewer subject to Lender's approval which shall not be

5. Hazard Insurance. Borrower shall keep the in protements now existing or hereafter erected on the Property of the giving of notice.

the Property is subject to a lien which may attain prior to 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 agreement satisfactory to Lender subordinating the Ler to this Security Instrument. If Lender determines that any part of 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 prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien and prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien and prevent the enforcement of the lien of the enforcement of the lien of the lien of the lien of the enforcement of the lien of the lien of the lien of the lien of the enforcement of the lien of the lien of the lien of the lien of the enforcement of the lien of th

pay them on time directly to the person swed 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 Note; third, to amounts payable to under paragraph 2; fourth, to interest due; and last, to principal due.

4. Charges; Liens. I orrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain rito ity over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall promise of amounts.

application as a c.e. it gainst the sums secured by this Security Instrument.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraphs I and 2 sh. Il by applied: first, to late charges due under the Note; second, to prepayment charges due under the

amount necessary to make up the deficiency in one or more payments as required by 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 trior to the sale of the Property or its acquisition by Lender, any Funds held by Lender stall apply, no later than immediately trior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a cost to contact the sales of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a cost to contact the sales of the Property or its acquisition by Lender, any Funds held by Lender at the time of applications.

amount of the Funds held by Lender is not sufficient to pay the escrow items when due, Borrower shall pay to Lender any at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly payments of Funds. If the

this Security Instrument.

If the amount of the Funds held by Lender, together with the future monthly payments of Funds payable prior to the dates of the escrow items, shall exceed the amount required to pay. The escrow items, shall exceed the amount required to pay. The escrow items, when due, the excess shall be,

purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by 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 Lender may agree in writing that interest shall be paid on the Funds. Unless an agreement is made or applicable law 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 may not charge, borrower and Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and

The Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a federal or

basis of current data and reasonable estimates of future escrow items. one-twelfth of: (a) yearly taxes and assessments which may attain priority 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 mortgage insurance premiums, if any. These items are called "escrow items." Lender may estimate the Funds due on the

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 UNIFORM COVENANTS. Borrower and Lender covenant and garee 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. Payment of Principal of Principal Prepayment and late charges due under the Note.