

Borrower PAULINE T. BRENNAN

Pauline T. Brennan

Borrower JOHN C. BRENNAN

John C. Brennan

In Witness Whereof, Borrower has executed this Condominium Rider. but not limited to, those provided under Uniform Covenant 7. Lender may invoke any remedies provided under the security instrument, including, hereunder, including the covenant to pay when due condominium assessments, then D. Remedies. If Borrower breaches Borrower's covenants and agreements terminate professional management and assume self-management of the Condominium Project.

(iii) any material amendment to the declaration, by-laws or code of regulations of the Owner's Association, or equivalent constituent document of the Condominium Project, including, but not limited to, any amendment which would change the percentage interests of the unit owners in the Condominium Project; or (iii) the effectuation of any decision by the Owners Association to terminate professional management and assume self-management of the Condominium Project. (ii) the abandonment or termination of the Condominium Project, except for abandonment or termination provided 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;

(i) the abandonment or termination of the Condominium Project, except for abandonment or termination provided 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; Lender and with Lender's prior consent, partition or subdivide the Property or consent to: C. Lender's prior consent. Borrower shall not, except after notice to Lender and with Lender's prior written consent, partition or subdivide the instrument, with the excess, if any, paid to Borrower. and shall be paid to Lender for application to the sums secured by the security instrument, any such proceeds payable to Borrowers are hereby assigned to common elements, restoration or repair following a loss to the unit or restoration or repair following a loss to the Property, whether to the unit or in the event of a distribution of hazard insurance proceeds in lieu of give Lender prompt notice of any lapse in such hazard insurance coverage. preceding sentence shall be deemed to have no force or effect. Borrower shall during which such hazard insurance coverage is not maintained, the immediately such provisions and the provisions of Uniform Covenant 5. For any period of time Project or of applicable law to the extent necessary to avoid a conflict between by-laws, code of regulations or other constituent document of the Condominium hazard insurance proceeds shall be superseded by any provisions of the declaration.

(ii) the provisions in Uniform Covenant 5 regarding application of insurance coverage on the Property is deemed satisfied; and (ii) Borrower's obligation under Uniform Covenant 5 to maintain hazard on the Property; payment to Lender of one-twelfth of the premium installments for hazard insurance (i) Lender waives the provision in Uniform Covenant 2 for the monthly as Lender may require, such other hazards as Lender may require and in such amounts and for such periods coverage against fire, hazards included within the term "extended coverage," and "master" or "blanket" policy on the Condominium Project which provides insurance B. Hazard insurance. So long as the Owners Association maintains a Condominium Project.

A. Assessments. Borrower shall promptly pay, when due, all assessments imposed by the Owners Association or other governing body of the Condominium Project (herein "Owners Association") pursuant to the provisions of the declaration, by laws, code of regulations or other constituent document of the Condominium Project. B. Hazard insurance. So long as the Owners Association maintains a "master" or "blanket" policy on the Condominium Project which provides insurance coverage against fire, hazards included within the term "extended coverage," and such other hazards as Lender may require and in such amounts and for such periods as Lender may require, Lender waives the provision in Uniform Covenant 2 for the monthly payment to Lender of one-twelfth of the premium installments for hazard insurance on the Property;

Condominium Covenants. In addition to the covenants and agreements made in the security instrument, Borrower and Lender further covenant and agree as follows: A. Assessments. Borrower shall promptly pay, when due, all assessments imposed by the Owners Association or other governing body of the Condominium Project (herein "Owners Association") pursuant to the provisions of the declaration, by laws, code of regulations or other constituent document of the Condominium Project. B. Hazard insurance. So long as the Owners Association maintains a "master" or "blanket" policy on the Condominium Project which provides insurance coverage against fire, hazards included within the term "extended coverage," and such other hazards as Lender may require and in such amounts and for such periods as Lender may require, Lender waives the provision in Uniform Covenant 2 for the monthly payment to Lender of one-twelfth of the premium installments for hazard insurance on the Property;

This condominium rider is made this 22nd day of September 1988 and is incorporated into and shall be deemed to amend and supplement a Mortgage, Deed of Trust or Deed to Secure Debt (herein "security instrument") dated of even date herewith, given by the undersigned (herein "Borrower") to secure Borrower's Note to GREATAMERICAN FEDERAL SAVINGS AND LOAN ASSOCIATION (herein "Lender") and covering the Property described in the security instrument and located at 6400 N. Cicero Ave., Unit #410 - Lincolnwood, IL. 60464 (Property Address) The Property comprises a unit in, together with an undivided interest in the common elements of, a condominium project known as REGAL COURT CONDOMINIUM (Name of Condominium Project) (herein "Condominium Project").

CONDOMINIUM RIDER

RIDER ATTACHED TO MORTGAGE FOR RECORDING

LOAN #01-10548116

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[Faint, illegible text covering the majority of the page, likely bleed-through from the reverse side.]

Property of Cook County Clerk's Office

100-10000

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The mortgagor shall promptly pay as the same become due and payable all payments to the maintenance and reserve funds and all assessments as required by the Declaration or By-Laws or any resolutions adopted pursuant to either thereof, and shall promptly upon demand exhibit to the mortgagee receipts for all such payments, and in the event that the mortgagor fails to make such payments as the same become due and payable, the mortgagee may from time to time at its option, but without any obligation so to do and without notice to or demand upon the mortgagor make such payments, and the same shall be added to the debt secured hereby and shall bear interest until repaid at the rate provided in said promissory note; provided, however, that the failure of the mortgagor to make any such payment to the maintenance fund or to exhibit such receipts shall, at the election of the mortgagee, constitute a breach of covenant under this mortgage entitling the mortgagee to accelerate the indebtedness secured hereby. The mortgagor shall fully and faithfully keep and perform each and every covenant, agreement and provision in the Declaration or By-Laws, and Rules and Regulations on the part of the mortgagor to be kept and performed, and in the event of the failure of the mortgagor to do within a period of thirty (30) days after notice from either the Board of Managers or the Owners, Association of Regal Court Condominium Association, or in the case of any such default which

to the building. or the Owners, Association, for the purpose of repairing and restoring the damage proceeds of such insurance affecting the mortgaged premises to be disbursed by the Board of Managers, or the Owners, Association, are sufficient to repair or restore the building permit the mortgagee shall, if the proceeds of insurance collectible by the Board of Managers, event of damage to or destruction of the building or any part thereof or of the mortgaged insurance on the entire building and the mortgaged premises as above provided and in the hereby. In the event that the Board of Managers, or the Owners, Association, does furnish mortgagee and may add the premium therefore to the unpaid balance of the indebtedness secured and malicious mischief endorsements, covering the mortgaged premises for its benefit as the mortgagee at its election may take out fire insurance with extended coverage, vandalism Association, or the mortgagor fails or refuses to provide insurance coverage as above provided hereinafter to the contrary notwithstanding, in the event of the Board of Managers, or the Owner replacement value of the mortgaged premises, in the event of the full insurable with extended coverage, vandalism and malicious mischief endorsements for the full insurable unit, then the mortgagor shall furnish to the mortgagee an original policy of fire insurance conditional basis which requires the individual unit owner to provide his own insurance on his Managers, or the Owners, Association, insures the mortgaged premises only on a contingent or policy. In the event that the policy or policies of insurance maintained by the Board of the mortgagor with evidence of the payment of premiums and with renewal policies to be deposited with the mortgagee and a copy or a duplicate of such policy or policies shall be deposited to the mortgagor shall not be cancelled except after ten (10) days written notice Association, or any unit owner for the recovery of any loss under said policy or policies. Such policy or policies shall provide for separate protection for each unit and its attached, built-in or installed fixtures and equipment to the full insurable replacement value thereof, and with a separate loss payable endorsement in favor of the mortgagee or the mortgagees of each unit. Such policy or policies shall permit the waiver of subrogation and shall provide that the insurance company or companies will look to the Board of Managers, the Owners, Association, or any unit owner for the recovery of any loss under said policy or policies. Said policy or policies shall provide for separate protection for each unit and its attached, Declaration, and to the respective mortgagees of the unit owners, as that interest may appear of Managers, as Trustees for each of the unit owners in the percentages established in the written in the name of, and the proceeds thereof shall be payable to, the members of the Board conditional endorsement covering the replacement value of the units to provide for restore- full insurable replacement value of the common elements, and having item or contingent or fire insurance, with extended coverage vandalism and malicious mischief endorsements, for the Association") fail or refuses to maintain in full force and effect a policy or policies of to be incorporated by the Board of Managers pursuant to the Declaration (the "Owners' Indebtedness" secured hereby by the Board of Managers or any association of unit owners caused mortgagee entitling the mortgagee at its option to accelerate the entire unpaid balance of the case, the prior written consent of the mortgagee. It shall constitute a default under this Condominium Property Act, the unanimous consent or the unanimous vote of the owners of units is required, the mortgagor shall not so vote or give such consent without, in each and every In each and every case in which, under the provisions of the Declaration, the By-Laws or the which the mortgage premises are a part, vote in opposition to a motion to repair, or rebuild, Declaration or By-Laws; and (c) in the event of damage to or destruction of the property of to any modification of, amendment to or relaxation in the enforcement of any provision of the partition of the property of which the mortgaged premises are a part; (b) vote for or consent with the prior written consent of the mortgagee (a) institute any action or proceeding for (the "By-Laws"). The mortgagor shall not, except created to facilitate the administration and operation of Regal Court Condominium Association adopted by the Board of Managers (the "Rules and Regulations", or the By-Laws of any corporation (the "Declaration"), the Rules and Regulations of Regal Court Condominium

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(continued)

cannot with due diligence be cured or remedied within such thirty (30) days period, if the mortgagor fails to proceed promptly after such notice to cure or remedy the same with due diligence, then in any such case, the mortgagee may from time to time at its option, but without any obligation so to do, cure or remedy any such default of the mortgagor (the mortgagor hereby authorizing the mortgagee to enter upon the mortgaged premises as may be necessary for such purpose), and all sums expended by the mortgagee for such purposes, including reasonable counsel fees, shall be added to the debt secured hereby, shall become due and payable and shall bear interest until repaid at the rate provided in the note secured hereby; provided however, that the failure of the mortgagor to keep or perform any such covenant, agreement or provision for thirty (30) days after any such notice shall, at the election of the mortgagee, constitute a breach of covenant under this mortgage entitling the mortgagee to accelerate the indebtedness secured hereby.

To the extent that the printed portion of this mortgage conflicts with the provisions contained in the Rider, the provisions of this Rider shall prevail. Notices may be mailed to GREATAMERICAN FEDERAL SAVINGS AND LOAN ASSOCIATION at 1001 Lake Street, Oak Park, Illinois 60301.

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~~Unit Number 410~~
Unit Number 410, in Regal Court Condominium, as delineated on a survey of the following described real estate:

Lot "A" in Devon-Ligero Consolidation of certain parcels of land in the Southeast 1/4 of Section 33, Township 41 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois, which survey is attached as Exhibit "A" to the Declaration of Condominium recorded as Document 24762168 and registered as Land Registration Number 3065337, together with its undivided percentage interest in the common elements in Cook County, Illinois.

~~and including~~ *and including*
The exclusive right to the use of parking space numbers 65 and 66, a limited common element, as delineated on the survey attached to the Declaration aforesaid, recorded as Document 24762168 and registered as Document 3065337, in Cook County, Illinois.

Mortgagor also hereby grants to Mortgagees, its successors and assigns, as rights and easements appurtenant to the above-described real estate, the rights and easements for the benefit of said property set forth in the aforementioned Declaration.

This Mortgage is subject to all rights, easements, restrictions, conditions, covenants and reservations contained in said Declaration the same as though the provisions of said Declaration were recited and stipulated at length herein.

PERMANENT INDEX NUMBER: 10-33-432-040-1041 Volume 128

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Clerk's Office

THIS INSTRUMENT WAS PREPARED BY:
James D. O'Malley

Loan # 07-10548116

CONDOMINIUM RIDERS ATTACHED TO MORTGAGE FOR RECORDING

GreatAmerican Fed. S & L
1001 Lake Street
Oak Park, IL 60301

NOTE IDENTIFIED

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MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on September 22, 1988. The mortgagor is JOHN C. BRENNAN AND PAULINE T. BRENNAN, MARRIED TO EACH OTHER ("Borrower"). This Security Instrument is given to GreatAmerican Federal Savings and Loan Association, which is organized and existing under the laws of THE UNITED STATES OF AMERICA, and whose address is 1001 Lake Street - Oak Park, Illinois 60301 ("Lender"). Borrower owes Lender the principal sum of Thirty Thousand and no/100 Dollars (U.S. \$ 30000.00). 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 October 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:

LEGAL DESCRIPTION RIDER ATTACHED HERETO. INITIAL WHERE X IS INDICATED.

which has the address of 6400 N. CICERO AVE. UNIT #410 LINCOLNWOOD
(Street) (City)
Illinois 60646 ("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 seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

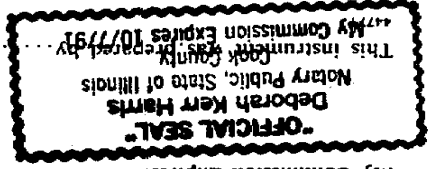
THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

DF-7181604 Rev. 7/18/604/ Home

Des effect of on Cert 1439160 notted by SA 9/26/88

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DEBORAH KERR HARRIS
Notary Public

Deborah Kerr Harris
Seal

My Commission Expires:

Witness my hand and official seal this 26th day of September 1988

(he, she, they)

they executed said instrument for the purposes and uses therein set forth.
I, JOHN C. BRENNAN AND PAULINE T. BRENNAN, HIS WIFE, personally appeared before me and is (are) known or proved to me to be the person(s) who, being informed of the contents of the foregoing instrument, have executed same, and acknowledged said instrument to be their free and voluntary act and deed and that (his, her, their)

Property of COOK COUNTY

STATE OF ILLINOIS
COUNTY OF COOK

Submitted by: _____
Address: _____
Phone: _____
Address: _____
Date: _____
Address: _____
Address: _____
Address: _____

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CHICAGO TITLE INS.

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JOHN C. BRENNAN (Borrower) (Seal)

PAULINE T. BRENNAN (Borrower) (Seal)

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

- Adjustable Rate Rider
 - Graduated Payment Rider
 - Condominium Rider
 - 2-4 Family Rider
 - Planned Unit Development Rider
 - Other(s) [specify]
23. Rider 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)]
22. Waiver of Homestead. Borrower waives all right of homestead exemption in the Property.
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.
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.
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 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.

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 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 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 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 attain priority 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 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 attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or make 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 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. 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 policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

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 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 Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

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