

UNOFFICIAL COPY

ADJUSTABLE RATE LOAN RIDER CORPORATE TRUSTEE

LOAN NO. 011800062

DATE SEPTEMBER 22, 1988

This Rider is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Deed to Secure Debt (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to ST. PAUL FEDERAL BANK FOR SAVINGS, (the "Lender" or "Note Holder") of the same date herewith (the "Note") and covering the Property described in the Security Instrument and located at:

1740 N 79TH CT, ELMWOOD PARK, IL 60635

(Property Address)

NOTICE TO BORROWER: THE SECURITY INSTRUMENT SECURES A NOTE WHICH CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND MONTHLY PAYMENTS. THE BORROWER'S MONTHLY PAYMENTS ARE IN FIXED AMOUNTS DURING THE YEAR(S) OF THE NOTE. THE REMAINING MONTHLY PAYMENTS COULD INCREASE OR DECREASE, DEPENDING ON CHANGES IN THE INTEREST RATE.

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

INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note has an Initial Interest Rate of **9.250%**. Beginning on the date of the Note, the Borrower will pay interest at a yearly rate of **9.250%** until the first Change Date. This rate of interest is called the Buydown Interest Rate. The Buydown Interest Rate is a reduction of the Initial Interest Rate and is made by the Lender in exchange for the payment of a "buydown" fee from the Borrower to the Lender in an amount equal to **ZERO PERCENT** of the principal amount of the Note. The Note Interest rate may be changed on the 1st day of the month beginning on **OCTOBER 1, 1989** and on that day of the month every 12 months thereafter. Each date on which the rate of interest may change is called a Change Date.

Changes in the interest rate are governed by changes in an interest rate index called the "Index". The Index is the Federal Home Loan Bank Board Monthly National Median Annualized Cost of Funds for FSLIC-insured savings and loan associations.

To set the new interest rate before each Interest Change Date the Note Holder will first add **TWO AND ONE QUARTER PERCENTAGE POINTS** to the Current Index. The Current Index is the most recent index figure available 45 days prior to each Change Date. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). This rounded amount will be the new interest rate until the next Change Date provided that on the first Change Date the new interest rate will not be increased more than **ZERO** percentage points (**0.000%**) or decreased more than **ZERO** percentage points (**0.000%**) from the initial interest rate set forth above (as distinguished from the Buydown Interest Rate) and provided further that on any subsequent Change Date the new interest rate will not be increased or decreased by more than **TWO** percentage points (**2.000%**). At no time during the term of the Note shall the interest rate be less than **2.250%** per annum nor more than **13.500%** per annum.

The first **12** monthly payments due under the Note will each be in the amount of **\$777.43**. Beginning with the **13TH** payment, the amount of the monthly payments will be determined in accordance with the terms of the Note and will always be sufficient to repay the unpaid principal balance in full, in substantially equal payments by the final payment date.

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By signing below, Borrower agrees to all contained in this Adjustable Rate Loan Rider.

This Adjustable Rate Loan Rider is executed by the Borrower, RIVER FOREST STATE BANK AND TRUST COMPANY, a corporation

organized and existing under the laws of THE STATE OF ILLINOIS, not personally, but as Trustee, under a Trust Agreement dated 11/27/87 and known as Trust No. 3359. In the exercise of the power and authority conferred upon and vested in it as such Trustee (and said Trustee hereby warrants that it possesses full power and authority to execute this instrument), and it is expressly understood and agreed by the Lender herein and by every person now or hereafter claiming any right or security hereunder, that nothing herein or in said Note contained shall be construed as creating any liability on the said Borrower personally to pay the said Note or any interest that may accrue thereon, or any indebtedness accruing hereunder, or to perform any covenants either express or implied therein, all such liability, if any, being expressly waived, and that any recovery on the Security Instrument and the Note shall be against and out of the property hereby conveyed by enforcement of the provisions of the Security Instrument and any Riders thereto and of said Note, but this waiver shall in no way effect the personal liability of any co-signer, endorser or guarantor of said Note.

CORPORATE SEAL

IN WITNESS WHEREOF, the Borrower, as Trustee as aforesaid and not personally, has caused this Adjustable Rate Loan Rider to be signed by its TRUST OFFICER, ~~XXXXXX~~ and its corporate seal to be hereunto affixed and attested by its ~~XXXXXX~~ CONTROLLER, ~~XXXXXX~~ the day and year first above written.

BY: Ann C. Calathas
XXXXXXXXXX President TRUST OFFICER

ATTEST: Gregory A. Noonan ASST. CONTROLLER
XXXXXXXXXX

STATE OF ILLINOIS
COUNTY OF COOK

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY THAT ANN C. CALATHAS, TRUST OFFICER, ~~XXXXXX~~ and ~~XXXXXX~~ CONTROLLER, ASST. CONTROLLER, ~~XXXXXX~~ of RIVER FOREST STATE BANK AND TRUST COMPANY, ~~XXXXXX~~ GREGORY A. NOONAN, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such TRUST OFFICER, ~~XXXXXX~~ President, ~~XXXXXX~~ CONTROLLER, Secretary, appeared before me this day in person and acknowledged that they did so, sealed and delivered the said instrument as their free and voluntary act, and as the free and voluntary act of said Borrower, as Trustee as aforesaid, for the uses and purposes therein set forth, and caused the corporate seal of said Corporation to be thereto attached. Given under my hand and Notarial Seal, this 22nd day of September, 19 88

Evelyn C. Housenga

" OFFICIAL SEAL "
EVELYN C. HOUSENGA
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 4/13/92

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ADDENDUM TO ADJUSTABLE RATE LOAN RIDER
(Fixed Rate Conversion and Assumption Options) 2 8 3

LOAN NO. 011800062
DATE SEPTEMBER 22, 1988

THIS ADDENDUM TO ADJUSTABLE RATE LOAN RIDER is incorporated into and shall be deemed to amend and supplement the Adjustable Rate Loan Rider (the "Rider") to the Mortgage, Deed of Trust or Security Deed (the "Security Instrument"), each dated the same date as this Addendum and given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note with Addendum To Adjustable Rate Note to ST. PAUL FEDERAL BANK FOR SAVINGS (the "Lender") and dated the same date as this Addendum (the "Note"), covering the property described in the Security Instrument and located at:

1740 N 79TH CT, ELMWOOD PARK, IL 60635
(Property Address)

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

A. FIXED INTEREST RATE OPTION

The Note provides for the Borrower's option to convert from an adjustable interest rate to a fixed interest rate, as follows:

1. Option to Convert to Fixed Rate

I have a Conversion Option which I can exercise at any time unless I am in default or this Section A1 or Section A3 below will not permit me to do so. The "Conversion Option" is my option to convert the interest rate I am required to pay by the Note from an adjustable rate to a fixed rate.

The conversion will be effective on the first day of any month when a payment is due provided I have given the notice set forth below. The date on which the conversion will be effective is called the "Conversion Date".

If I want to exercise the Conversion Option, I must first meet certain conditions. Those conditions are that: (a) I must give the Note Holder notice that I am doing so at least 15 days before the next Conversion Date; (b) on the Conversion Date, I am not in default under the Note or the Security Instrument; (c) by the Conversion Date, I must pay the Note Holder a conversion fee equal to **TWO PERCENT (2.00%)** of the unpaid principal I am expected to owe on that Conversion Date plus U.S. **\$250.00**; (d) by the Conversion Date, if an appraisal report is required by Section A3 below, the Note Holder has received the report and I have paid the appraisal fee and any amount necessary to reduce unpaid principal; and (e) I must sign and give the Note Holder any documents the Note Holder require to effect the conversion.

2. Calculation of Fixed Rate

My new, fixed interest rate will be equal to the Federal Home Loan Mortgage Corporation's required net yield for 30-year, fixed rate mortgages covered by 60-day, mandatory delivery commitments in effect as of the date 15 days before the Conversion Date, plus **THREE EIGHTS OF ONE PERCENT (0.375%)**. If this required net yield is not available, the Note Holder will determine my interest rate by using a comparable figure.

3. Reduction of Principal Balance Before Conversion; Appraisal

If the unpaid principal I am expected to owe on the Conversion Date will be greater than the original principal amount of my loan, the Note Holder may require an appraisal report on the value of the property described in the Security Instrument. The appraisal report must be prepared by a qualified appraiser chosen by the Note Holder. I will pay the Note Holder a reasonable fee for this appraisal report.

The unpaid principal I am expected to owe on the Conversion Date could be an amount greater than 95% of the appraisal report's stated value of the property securing my loan. If so, I cannot exercise the Conversion Option unless I pay the Note Holder an amount sufficient to reduce my unpaid principal to an amount equal to 95% of the stated value of the property.

4. Determination of New Payment Amount

If I choose to exercise the Conversion Option, the Note Holder will determine the amount of the monthly payment that would be sufficient to repay the unpaid principal I am expected to owe on the Conversion Date in full by the final payment date at my new fixed interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment. Beginning with my first monthly payment after the Conversion Date, I will pay the new amount as my monthly payment until the final payment date.

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I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY THAT ANN C. CALATHAS, TRUST OFFICER, RIVER FOREST STATE BANK AND TRUST COMPANY, SECRETARY, appeared before me this day in person and acknowledged that they signed, sealed and delivered the said instrument as their free and voluntary act, and as the true and voluntary act of said Borrower, as Trustee as aforesaid, for the uses and purposes therein set forth and intended. This I certify to be true and correct. My commission expires September 19 88.

STATE OF ILLINOIS
COUNTY OF COOK

ATTEST: *[Signature]*
SECRETARY, TRUST OFFICER

BY: *[Signature]*
TRUST OFFICER

IN WITNESS WHEREOF, the Borrower, as Trustee as aforesaid and not personally, has caused this Adjustable Rate Loan Rider to be signed by its TRUST OFFICER and its corporate seal to be hereunto affixed and attested by its ~~SECRETARY~~ on the day and year first above written.

CORPORATE SEAL

This Adjustable Rate Loan Rider is executed by the Borrower, a corporation organized and existing under the laws of THE STATE OF ILLINOIS, under a Trust Agreement dated 11/27/88 and known as Trust No. 3359 but as Trustee, under a Trust Agreement dated 11/27/88 and known as Trust No. 3359 in the exercise of the power and authority conferred upon and vested in it as such Trustee (and said Trustee hereby warrants that it possesses full power and authority to execute this instrument), and it is expressly understood and agreed by the Lender, herein and by every person now or hereafter claiming any right or security hereunder, that nothing herein or in said Note contained shall be construed as creating any liability on the said Borrower personally to pay the said Note or any interest thereon, or any indebtedness accruing hereunder, or to perform any covenants or conditions therein, all such liability, if any, being expressly waived, and that any recovery on the Security Instrument and the Note shall be against and out of the property hereby conveyed by encumbrance of the provisions of the Security Instrument and any Riders thereto and of said Note, but this waiver shall in no way effect the personal liability of any co-signer, endorser or guarantor of said Note.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Addendum To Adjustable Rate Loan Rider.

Notwithstanding the provisions of Uniform Covenant 17 of the Security Instrument, Lender shall waive such option to accelerate and shall release Borrower from all obligations under the Security Instrument and the Note provided that prior to the sale or transfer, (a) Borrower is not in default of the terms and conditions of the Security Instrument and the Note, (b) the credit of the person to whom the Property is to be sold or transferred is satisfactory to Lender, (c) Lender is paid Lender's then applicable assumption fee, (d) the person to whom the property is to be sold or transferred executes an assumption agreement acceptable to Lender wherein such person agrees to assume all of the Borrower's obligations under the Security Instrument and the Note.

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.

The provisions of Uniform Covenant 17 of the Security Instrument provides as follows:

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.

B. ASSUMPTION OPTION

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(Space Above This Line For Recording Data)

MORTGAGE LOAN NO. 011800062
Corporate Trustee

THIS MORTGAGE ("Security Instrument") is given on **SEPTEMBER 22, 1988**, between the Mortgagor **RIVER FOREST STATE BANK AND TRUST COMPANY**, a corporation organized and existing under the laws of **THE STATE OF ILLINOIS**

("Borrower"), not personally but solely as Trustee under a Trust agreement dated **11/27/87** and known as Trust No. **3359**, and the Mortgagee, **ST. PAUL FEDERAL BANK FOR SAVINGS**, a corporation organized and existing under the laws of the United States of America, whose address is 6700 W. North Avenue, Chicago, Illinois 60635 ("Lender"). Borrower owes Lender the principal sum of

NINETY-FOUR THOUSAND FIVE HUNDRED AND 00/100 Dollars (U.S. \$94, 500.00)

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 1, 2018**. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following described property located in **COOK** County, Illinois:

Lot Ninety-eight (98) in North of River Forest Wooded Homesites, a Subdivision of that part of the West Half (1/2) of the South West Quarter (1/4) of Section 36, Township 40 North, Range 12, East of the Third Principal Meridian, described as follows: Commencing at a point in the West line of said Southwest Quarter (1/4) 799.25 feet North of the South West corner thereof, running thence East 1329.8 feet on a line parallel with the South line of said Section, to the East line of the West Half (1/2) of the South West Quarter (1/4); thence North 798.71 feet along said East line; thence Westerly 1329.83 feet to a point in said West line 798.71 feet North of the place of beginning, measured along the said West line; thence South along said West line to the place of beginning, in Cook County, Illinois.

Permanent Real Estate Tax Number: **12-36-313-009**

PIN. #12-36-313-009-0000

[Handwritten signature]

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which has the address of **1740 N 79TH CT, ELWOOD PARK, IL 60635** ("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 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.

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.

applicable law. Lender shall pay by promissory note to maintain the insurance until such time as the requirement for the insurance is terminated in accordance with the terms of the written agreement or instrument.

If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay by promissory note to maintain the insurance until such time as the requirement for the insurance is terminated in accordance with the terms of the written agreement or instrument.

Lender to Borrower requesting payment. Lender to Borrower requesting payment. Lender to Borrower requesting payment. Lender to Borrower requesting payment. Lender to Borrower requesting payment.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Lender does not have to do so.

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.

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.

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.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may arise, promptly 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, Lender shall pay them on 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.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to amounts payable under paragraph 2; second, to interest due; and last, to principal due.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") equal to one-twelfth of: (a) yearly taxes and assessments which may accrue 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.

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.

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

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, 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.

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