

ADJUSTABLE RATE RIDER  
(1 Year Treasury Index - Rate Caps - Fixed Rate Conversion Option)

THIS ADJUSTABLE RATE RIDER is made this 13th day of April, 19 83, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to HOUSEHOLD BANK, f.a.b. 255 E. LAKE STREET BLOOMINGDALE, IL 60106 (the "Lender") of the same date and covering the property described in the Security Instrument and located at:

2638 N. LOWELL AVENUE

CHICAGO, IL 60638

(Property Address)

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT THE BORROWER'S INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BORROWER MUST PAY. THE NOTE ALSO CONTAINS THE OPTION TO CONVERT THE ADJUSTABLE RATE TO A FIXED RATE.

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

**A. ADJUSTABLE RATE AND MONTHLY PAYMENT CHANGES**

The Note provides for an initial interest rate of 8.375%. The Note provides for changes in the adjustable interest rate and the monthly payment, as follows:

**4. ADJUSTABLE INTEREST RATE AND MONTHLY PAYMENT CHANGES**

**(A) Change Dates**

The adjustable interest rate I will pay may change on the first day of May, 19 80, and on that day every 12th month thereafter. Each date on which my adjustable interest rate could change is called a "Change Date".

**(B) The Index**

Beginning with the first Change Date, my adjustable interest rate will be based on an index. The "index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year, as made available by the Federal Reserve Board. The most recent index figure available as of the date 30 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 my new interest rate by adding Two and Three quarters percentage points (2.750%) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated 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 that I am expected to owe at the Change Date in full 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) Limits on Interest Rate Changes**

The interest rate I am required to pay at the first Change Date will not be greater than 10.375% or less than 8.375%. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than two percentage points (2.0%) from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than 14.375%, which is called the "Maximum Rate".

**(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 deliver or mail to me a notice of any changes in my adjustable interest rate and 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 also the title and telephone number of a person who will answer any question I may have regarding the notice.

**B. FIXED INTEREST RATE OPTION**

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

**5. FIXED INTEREST RATE CONVERSION OPTION**

**(A) Option to Convert to Fixed Rate**

I have a Conversion Option which I can exercise unless I am in default or this Section 5(A) will not permit me to do so. The "Conversion Option" is my option to convert the interest rate I am required to pay by this note from an adjustable rate with interest rate limits to the fixed rate calculated under Section 5(B) below.

The conversion can only take place on a date specified by the Note Holder during the period beginning on the first Change Date and ending on the fifth Change Date. Each date on which my adjustable interest rate can convert to the new fixed rate is called the "Conversion Date".

If I want to exercise the Conversion Option, I must first meet certain conditions. Those conditions are that: (i) I must give the Note Holder notice that I want to do so; (ii) on the Conversion Date, I must not be in default under the Note or the Security Instrument; and (iii) I must sign and give the Note Holder any documents the Note Holder requires to effect the conversion.

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PROPERTY OF COOK COUNTY CLERK'S OFFICE

ADJUSTABLE RATE AND MONTHLY PAYMENT CHANGES

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ADJUSTABLE RATE AND MONTHLY PAYMENT CHANGES

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(B) Calculation of Fixed Rate

My new, fixed interest rate will be equal to the Federal Reserve's 90-day Adjustable Rate mortgage's required net yield as of a date and time of day specified by the note holder for (i) if the original term of this note is greater than 15 years, 30-year fixed rate mortgages covered by the applicable 60-day mandatory delivery commitments, plus 5/8 of one percentage point (0.625%), rounded to the nearest one-eighth of one percentage point (0.125%), or (ii) if the original term of this note is 15 years or less, 15-year fixed rate mortgages covered by applicable 90-day mandatory delivery commitments, plus 5/8 of one percentage point (0.625%), rounded to the nearest one-eighth of one percentage point (0.125%). If this adjusted net yield cannot be determined because the applicable commitments are not available, the Note Holder will determine my interest rate by using comparable information. My new rate calculated under Section 4(B) will not be greater than the Maximum Rate stated in Section 4(D) above.

(C) New Payment Amount and Effective Date

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 on the maturity 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 maturity date.

B. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

1. If Borrower exercises the Conversion Option under the conditions stated in Section B of this Adjustable Rate Rider, Uniform Covenant 17 of the Security Instrument is amended to read 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. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, 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.

2. If Borrower exercises the Conversion Option under the conditions stated in Section B of this Adjustable Rate Rider, the amendment to Uniform Covenant 17 of the Security Instrument contained in Section C1 above shall then cease to be in effect, and the provisions of Uniform Covenant 17 of the Security Instrument shall instead be in effect, 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.

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.

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

JAY A. FARRELL (Seal) Borrower

RUTH C. HAGERTY (Seal) Borrower

(Seal) Borrower

(Seal) Borrower

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... of the ...  
... of the ...  
... of the ...

(C) New General Assent and Effective Date

... of the ...  
... of the ...  
... of the ...

OF THE PROPERTY OF A BENEFICIAL INTEREST IN GOVERNMENT

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Cook County Clerk's Office

JAY A. LARSEN  
RUTH C. HADLEY

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THIS 1-4 FAMILY RIDER is made this 13th day of April, 1989, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to HONSCHELD BANK, F.S.B.  
255 N. LAKE STREET ELCOMINGDALE, IL 601  
(the "Lender") of the same date and covering the property described in the Security Instrument and located at:

2438 N. LOWELL AVENUE CHICAGO, IL 60639

[Property Address]

**1-4 FAMILY COVENANTS.**

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

**A. USE OF PROPERTY; COMPLIANCE WITH LAWS.**

Borrower shall not seek, agree to or make a change in the use of the Property or its zoning classification, unless Lender has agreed in writing to the change. Borrower shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property.

**B. SUBORDINATE LIENS.**

Except as permitted by federal law, Borrower shall not allow any lien inferior to the Security Instrument to be perfected against the Property without Lender's prior written permission.

**C. RENT LOSS INSURANCE.**

Borrower shall maintain insurance against rent loss in addition to the other hazards for which insurance is required by Uniform Covenant 18.

**D. "BORROWER'S RIGHT TO REINSTATE" DELETED.**

Uniform Covenant 18 is deleted.

**E. ASSIGNMENT OF LEASES.**

Upon Lender's request, Borrower shall assign to Lender all leases of the Property and all security deposits made in connection with leases of the Property. Upon the assignment, Lender shall have the right to modify, extend or terminate the existing leases and to execute new leases, in Lender's sole discretion. As used in this paragraph E, the word "leases" shall mean "sublease" if the Security Instrument is in a leasehold.

**F. ASSIGNMENT OF RENTS.**

Borrower unconditionally assigns and transfers to Lender all the rents and revenues of the Property. Borrower authorizes Lender or Lender's agents to collect the rents and revenue and hereby directs each tenant of the Property to pay the rents to Lender or Lender's agents. However, prior to Lender's notice to Borrower of Borrower's breach of any covenant or agreement in the Security Instrument, Borrower shall collect and receive all rents and revenues of the property as trustee for the benefit of Lender and Borrower. This assignment of rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of breach to Borrower: (i) all rents received by Borrower shall be held by Borrower as trustee for benefit of Lender only, to be applied to the sums secured by the Security Instrument; (ii) Lender shall be entitled to collect and receive all of the rents of the Property; and (iii) each tenant of the Property shall pay all rents due and unpaid to Lender or Lender's agent on Lender's written demand to the tenant.

Borrower has not executed any prior assignment of the rents and has not and will not perform any act that would prevent Lender from exercising its rights under this Paragraph F.

Lender shall not be required to enter upon, take control of or maintain the Property before or after giving notice of breach to Borrower. However, Lender or a judicially appointed receiver may do so at any time there is a breach. Any application of rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of rents of the Property shall terminate when the debt secured by the Security Instrument is paid in full.

**G. CROSS-DEFAULT PROVISION.**

Borrower's default or breach under any note or agreement in which Lender has an interest shall be a breach under the Security Instrument and Lender may invoke any of the remedies permitted by the Security Instrument.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this 1-4 Family Rider.

Jay A. Farrell (Seal)  
JAY A. FARRELL Borrower

Ruth C. Hagerty (Seal)  
RUTH C. HAGERTY Borrower

\_\_\_\_ (Seal)  
\_\_\_\_ Borrower

\_\_\_\_ (Seal)  
\_\_\_\_ Borrower

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CHICAGO, ILLINOIS

JANUARY 1917

A DEED OF PROPERTY OWNED BY THE ABOVE

PROPERTY OWNERS

RENT LOSS INSURANCE

PROPERTY OWNER'S RIGHT TO RENEWAL DELETED

ASSIGNMENT OF LEASE

ASSIGNMENT OF RENT

CROSS-BENEFIT PROVISION

JAY A. FARRELL

ALICE C. FARRELL

STATUTE

Notary Public  
State of Illinois

1917

ILLINOIS STATE BAR ASSOCIATION



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(Scale Above This Line For Recording Date)

0877415 MORTGAGE ISSUED IN DUPLICATE MORTGAGE

THE MORTGAGE ("Security Instrument") is given on APRIL 13 19 89 The mortgagors JAY A. FARRELL AND RUTH C. HAGERTY, HIS WIFE

(Borrower"). The Security Instrument is given to BOUTWOLD BANK fdb., A FEDERAL SAVINGS BANK which is organized and exists under the laws of THE UNITED STATES OF AMERICA and whose address is 235 EAST LAKE STREET, BLOOMINGDALE, ILLINOIS 60108

Borrower owes Lender the principal sum of ONE HUNDRED TWENTY TWO THOUSAND FOUR HUNDRED AND

00/100THS----- Dollars (U.S. \$122,400. 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 MAY 01, 2019. 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 7 IN OWNER'S RESUBDIVISION OF LOTS 1 TO 4 INCLUSIVE, LOTS 13 TO 16 INCLUSIVE, AND LOTS 28 TO 42 INCLUSIVE, IN BLOCK 5 IN RILEY AND PENBERTHY'S ADDITION TO PENROCK, IN THE SOUTHEAST 1/4 OF SECTION 27, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PI0613-27-416-019

which has the address of 2438 N. LOWELL AVE. CHICAGO

Illinois 60639 ("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

NOTE IDENTIFIED

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NOTARY PUBLIC STATE OF ILLINOIS  
CATHY RAUMAN  
OFFICIAL SEAL  
MY COMMISSION EXPIRES 10/26/92

MAIL TO: EQUEROLD BANK  
255 EAST LAKE STREET  
BLOOMINGDALE, ILLINOIS 60108  
PREPARED BY: MARA SCHEZL

*Carly Rauman*  
Notary Public

Given under my hand and official seal, this 13TH day of APRIL 19 92  
My Commission expires:  
signed and delivered the said instrument as THEIR free and voluntary act, for the uses and purposes therein set forth.

subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that they are the persons whose names are personally known to me to be the same person(s) whose names are:  
JAY A. FARRELL AND RUTH C. FARRELL, HIS WIFE  
a Notary Public in and for the County of Cook  
[Space Below This Line For Acknowledgment]  
APR 14 PM 2:54  
CAROL MOSLEY BRAUN  
REGISTRAR OF TITLES  
707180  
3787180  
STATE OF ILLINOIS  
THE UNDER SIGNED  
3787180  
STANDARD

JAY A. FARRELL  
RUTH C. FARRELL, HIS WIFE  
Donor  
Donor  
(Seal)  
(Seal)  
Trust  
Donor  
(Seal)

19. Accelerator; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in its Security Instrument (but not prior to acceleration under paragraphs 13 and 17 unless applicable law provides otherwise). The notice shall specify: (a) the date the notice is given to cure the default; (b) the date the notice is given to cure the default; (c) a date, not less than 30 days from the date the notice is given to cure the default; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the loan; provided that the notice shall further inform Borrower of the right to reinstate after acceleration and the right to accretion and foreclosure proceedings. The notice shall further state that the Borrower may request immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose the Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence.  
20. Lender in Possession. Upon acceleration under paragraph 19 or abandonment of the Property and at any time prior to the expiration of any period of redemption following judicial sale, Lender (in person, by agent or by judicially appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. Any rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premium on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Security Instrument.  
21. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument without charge to Borrower. Borrower shall pay any recording costs.  
22. Waiver of How Released. Borrower waives all right of homestead exemption in the Property.  
23. Release to the Security Instrument. If one or more than are named as Borrower and recorded together with this Security Instrument, the covenants and agreements of each such party shall be interpreted as if they were made and supplemented the covenants and agreements of this Security Instrument as if the party were a part of this Security Instrument. (Check applicable boxes)  
 2-4 Family Rider  
 Condominium Rider  
 Graduated Payment Rider  
 Other(s) (specify)



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

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

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

17. **Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if 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: (i) pays Lender all sums which then would be due under this Security Instrument and the Note had no acceleration occurred; (ii) cures any default of any other covenants or agreements; (iii) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (iv) 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; Repayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any repayment and late charges due under the Note.

**2. Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") equal to one-twelfth of: (a) yearly taxes and assessments which may be levied on the Property; (b) yearly mortgage insurance premiums, if any; (c) yearly hazard insurance premiums; and (d) yearly leasehold payments or ground rents on the Property, 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 in used 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 a charge assessed by Lender in connection with Borrower's entering into this Security Instrument to pay the cost of an independent tax reporting service shall not be a charge for purposes of the preceding sentence. 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 amount of the Funds held by Lender is not subject 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 Lender 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 of a credit for 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 Less.** Borrower shall pay all taxes, assessments, charges, dues and impositions attributable to the Property which may attach prior to the 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) consents in good faith the lien by, or defends against, enforcement of the lien in legal proceedings which in the Lender's opinion are in good agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender desires that any part of the Property is subject to a lien which may retain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take up 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 amount 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 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 impaired, if the restoration or repair is not economically feasible or Lender's security would be impaired, the 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 impaired, if the restoration or repair is not economically feasible or Lender's security would be impaired, the 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 impaired, if the restoration or repair is not economically feasible or Lender's security would be impaired, the insurance proceeds shall be applied to restoration or repair of the Property damaged.

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

**7. Protection of Lender's Rights in the Property; Mergers; Insurance.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations, then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument; appearing in court, paying reasonable attorney's fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

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