

PROPERTY OF COOK COUNTY CLERK'S OFFICE

3754246

2. Borrower covenants and agrees with Lender that at no time shall the sum of the indebtedness secured hereby, together with any available funds pursuant to the "revolving credit" created by the Note, be less than \$5,000. However, it is expressly agreed that no indebtedness need be outstanding under the Note at any

Recorder of Deeds of Cook County, Illinois, made after the filing of the Mortgage with the Mortgage shall secure unpaid balances of loan advances any other debt or obligation secured hereby, this made. Lender and Borrower intend that in addition to any indebtedness outstanding at any time an advance is executed and without regard to whether or not there is there is any advance made at the time this Mortgage is of this Mortgage without regard to whether or not mature advances were made on the date of the execution pursuant to the Note to the same extent as if such any existing indebtedness and any future advances made 665 The lien of this Mortgage secures payment of in Illinois Revised Statutes, Chapter 17, Paragraph 1. This Mortgage secures a "Revolving Credit" as defined

Rider to Mortgage dated as of MAY 09, 1969, between LaSalle Bank Northbrook ("Lender") and Michael Zimmerman and Sharon Zimmerman, His Wife as Joint Tenants ("Borrower").

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MICHAEL ZIMMERMAN

Michael Zimmerman

SIARON ZIMMERMAN

Siaron Zimmerman

herein.

and Borrower accepts and agrees to the terms and covenants contained

This Rider shall be deemed a part of the Mortgage referenced above

years from the date hereof.

the Note be extended or continue beyond twenty (20)

or term of the "revolving credit" created pursuant to

as provided herein and in no event shall the maturity

outstanding under the Note shall be due and payable

to be months and 01 days at which time all sums

3. Borrower and Lender agree that the term of this loan

ator said "revolving credit" exceed \$5,000.

time provided that funds available pursuant to the

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THIS CONDOMINIUM RIDER is made this 9TH day of MAY, 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 LASALLE BANK, NORTHBROOK (the "Lender") of the same date and covering the Property described in the Security Instrument and located at: 109 EAST KENILWORTH, UNIT 107, PALATKA, ILLINOIS 60067

The Property includes a unit in, together with an undivided interest in the common elements of a condominium project known as:

WILLOW CREEK

(Name of Condominium Project)

(the "Condominium Project"). If the owners association or other entity which acts for the Condominium Project (the "Owners Association") holds title to property for the benefit or use of its members or shareholders, the Property also includes Borrower's interest in the Owners Association and the uses, proceeds and benefits of Borrower's interest.

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

A. Condominium Obligations. Borrower shall perform all of Borrower's obligations under the Condominium Project's Constituent Documents. The "Constituent Documents" are the: (i) Declaration or any other document which creates the Condominium Project; (ii) by-laws; (iii) code of regulations; and (iv) other equivalent documents. Borrower shall promptly pay, when due, all dues and assessments imposed pursuant to the Constituent Documents.

B. Hazard Insurance. So long as the Owners Association maintains, with a generally accepted insurance carrier, a "master" or "blanket" policy on the Condominium Project which is satisfactory to Lender and which provides insurance coverage in the amounts, for the periods, and against the hazards Lender requires, including fire and hazards included within the term "extended coverage" then:

(i) Lender waives the provision in Uniform Covenant 2 for the monthly payment to Lender of one-twelfth of the yearly premium installments for hazard insurance on the Property; and

(ii) Borrower's obligation under Uniform Covenant 5 to maintain hazard insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Owners Association policy.

Borrower shall give Lender prompt notice of any lapse in required hazard insurance coverage.

In the event of a distribution of hazard insurance proceeds in lieu of restoration or repair following a loss to the Property, whether to the unit or to common elements, any proceeds payable to Borrower are hereby assigned and shall be paid to Lender for application to the sums secured by the Security Instrument, with any excess paid to Borrower.

C. Public Liability Insurance. Borrower shall take such actions as may be reasonable to insure that the Owners Association maintains a public liability insurance policy acceptable in form, amount, and extent of coverage to Lender.

D. Condemnation. The proceeds of any award or claim for damages, direct or consequential, payable to Borrower in connection with any condemnation or other taking of all or any part of the Property, whether of the unit or of the common elements, or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. Such proceeds shall be applied by Lender to the sums secured by the Security Instrument as provided in Uniform Covenant 9.

E. Lender's Prior Consent. Borrower shall not, except after notice to Lender and with Lender's prior written consent, either partition or subdivide the Property or consent to:

(i) the abandonment or termination of the Condominium Project, except for abandonment or termination required 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;

(ii) any amendment to any provision of the Constituent Documents if the provision is for the express benefit of Lender;


(iii) termination of professional management and assumption of self-management of the Owners Association; or

(iv) any action which would have the effect of rendering the public liability insurance coverage maintained by the Owners Association unacceptable to Lender.

F. Remedies. If Borrower does not pay condominium dues and assessments when due, then Lender may pay them. Any amounts disbursed by Lender under this paragraph F shall become additional debt of Borrower secured by the 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.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this Condominium Rider.

 (Seal)
MICHAEL ZIMMERMAN

 (Seal)
SHARON ZIMMERMAN

3791236

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3794246

THIS INSTRUMENT PREPARED BY:
MARVA SIMPSON
L. SALLE BANK NORTHBROOK
1100 SHERMER ROAD
NORTHBROOK, ILLINOIS 60062



THIS INSTRUMENT REPRESENTS AN EQUITY LINE OF CREDIT - SECOND MORTGAGE
MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on MAY 09 1992. The mortgagor is MICHAEL ZIMMERMAN AND SHARON ZIMMERMAN, HIS WIFE AS JOINT TENANTS. ("Borrower"). This Security Instrument is given to LASALLE BANK NORTHBROOK, which is organized and existing under the laws of ILLINOIS and whose address is 1200 SHERMER ROAD NORTHBROOK, ILLINOIS 60062 ("Lender"). Borrower owes Lender the principal sum of FIFTEEN THOUSAND AND NO/100 Dollars (U.S. \$15,000.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on APRIL 10, 1996. The Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all other conditions and modifications; (b) the payment of all other sums, with interest, advanced under paragraph 7 to the Borrower under 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 real property located in UNIT 107

NOTE IDENTIFIED
REG TITLE SERVICES
R-35,0

UNIT 107 as described in survey delineated on and attached to and a part of Document 111111 of Cook County, Illinois, Ownership registered on the 29th day of August, 1972 as Document 111111 of Cook County, Illinois.

An Undivided 1.1878% interest (except the Units defined and described in said survey) in the following Described Premises:

LOT FIVE (5) (excepting therefrom that part thereof described as follows: Beginning at the Northwest corner of said Lot 5; thence Southeasterly along the North line of Lot 5 for a distance of 136.62 feet to a corner in the North line of Lot 5; thence East along the North line of Lot 5 for a distance of 83.93 feet; thence South, westerly along a line that forms an angle of 100 degrees 39 minutes 28 seconds to the right with a prolongation of the last described course for a distance of 136.23 feet to a point in the Southerly line of Lot 5 that is 20.04 feet Southeasterly of a corner in the Southerly line of Lot 5 (as measured along the Southerly line of Lot 5); thence Northwesterly along the Southerly line of Lot 5 for a distance of 20.04 feet to a corner in the Southerly line of Lot 5; thence East along the South line of Lot 5 for a distance of 122 feet to a point in the West line of Lot 5; thence North along the West line of Lot 5 for a distance of 163.23 feet to the place of beginning and excepting therefrom that part thereof described as follows: Beginning at the most Southerly corner of said Lot 5; thence North 33 degrees 34 minutes 24 seconds West along the Westerly line of Lot 5 for a distance of 172.45 feet; thence Northwesterly for a distance of 286.77 feet to a point in the Easterly line of Lot 5 that is 30 feet Northwesterly of the most Easterly corner of Lot 5, as measured along the Easterly line of said Lot 5; thence Southeasterly along the Easterly line of Lot 5 for a distance of 30 feet to the most Easterly corner of Lot 5; thence Southwesterly along the Easterly line of Lot 5 for a distance of 277.54 feet to the place of beginning and excepting also that part thereof lying within the ingress and egress easement shown on a Plat of Willow Creek Apartment Addition (hereinafter described), all in Willow Creek Apartment Addition, being a subdivision of part of Willow Creek, a Subdivision of part of Section 24, Township 42 North, Range 10 East of the Third Principal Meridian, according to Plat of said Willow Creek Apartment Addition registered in the Office of the Registrar of Titles of Cook County, Illinois on December 28, 1970, as Document Number 251665).

P. I. N. 02-24-105-015-1007
which has the address of 909 EAST KENILWORTH UNIT 107 WILLOW CREEK
Illinois 60067 ("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 contains uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

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14471

MARYA SIMPSON

This instrument was prepared by

Notary Public

SEAL

My Commission Expires

Witness my hand and official seal this 9TH day of MAY 19 89

(He, She, They)

THEY, executed said instrument for the purposes and uses therein set forth.

(He, her, their)

have executed same, and acknowledged said instrument to be THEIR, free and voluntary act and deed and that

before me and (are) known or proved to me to be the person(s) who, being informed of the contents of the foregoing instrument,

MICHAEL ZIMMERMAN AND SHARON ZIMMERMAN, HIS WIFE, personally appeared

to me, a Notary Public in and of said county and state, do hereby certify that

COUNTY OF COOK

STATE OF ILLINOIS

SS:

NO DUPLICATE

3794246

CAROL M. SIMPSON
REGISTRAR OF DEEDS

1989 MAY 12 PM 12:01

Submitted by

Address

Permitted

Deliver certificate

Address 3794246

Deliver duplicate Trust

Deed to

Address

Notified

REEL

REAL ESTATE INDEX GROUP

1820 Ridge Avenue

Evanston, IL 60201

Order # RTS-14

(Please Print Full Name For Registration)

SHARON ZIMMERMAN

(Borrower)

(Seal)

MICHAEL ZIMMERMAN

(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.

Other(s) (Specify) EQUITY LINE OF CREDIT RIDER

Graduated Payment Rider

Adjustable Rate Rider

Condominium Rider

2-4 Family Rider

Instrument (Check applicable boxes)

20. Rider to this Security Instrument, the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument supplement the covenants and agreements of this Security Instrument and shall amend and

21. Waiver of Homestead. Borrower waives all right of homestead exemption in the Property.

22. 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.

23. Lender in possession. Upon recordation under paragraph 19 or abandonment of the Property at any time but not limited to, reasonable attorneys' fees and costs of title evidence.

24. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 19, including:

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 the Property by judicial proceeding.

existence of a default or any other default of Borrower or to acceleration and foreclosure. If the default is not cured on or

inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-

secured by this Security Instrument, foreclosure by judicial proceeding and, sale of the Property. The notice shall further

and (b) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums

unless applicable law provides otherwise. The notice shall specify: (a) the default; (b) the sum 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;

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 under paragraphs 13 and 17

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

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If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the insurance in effect until such time as the requirement for the insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.

8. **Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

9. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

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

10. **Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

11. **Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

12. **Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

13. **Legislation Affecting Lender's Rights.** If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Security Instrument unenforceable according to its terms, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument and may invoke any remedies permitted by paragraph 19. If Lender exercises this option, Lender shall take the steps specified in the second paragraph of paragraph 17.

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

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

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

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

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

18. **Borrower's Right to Reinstatement.** 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 foreclosure 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 government and agree as follows:

1. Payment of Principal and Interest, Prepayment and Late Charge. 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. 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: (a) yearly taxes and assessments which may be levied on the Property; (b) yearly hazard insurance premiums; and (c) 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 amount paid for each debt 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 date 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 added to Borrower on monthly payments of Funds. If the amount of the Funds held by Lender is not sufficient to pay the escrow items when due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as required by Lender.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 19 the Property is sold or acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Security Instrument.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to any 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. Lender shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attach primarily over this Security Instrument and leasehold payments if ground rent, 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 the legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or for all or any part of the Property; or (c) secures, from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attach primarily over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien by taking 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, equities, Borrower shall promptly give to Lender all receipts of and 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 or 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 elect 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 in writing.

7. Protection of Lender's Right 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 liens 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 the 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.

§ 216(c)