

UNOFFICIAL COPY

ADJUSTABLE RATE RIDER 2 8845841779
8901012

THIS ADJUSTABLE RATE RIDER is made this 14TH day of JULY, 19 89, 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 FIRST SUBURBAN MORTGAGE CORPORATION, AN ILLINOIS CORPORATION (the "Lender") of the same date and covering the property described in the Security Instrument and located at:

1423 NORTH PARK AVENUE, RIVER FOREST, ILLINOIS 60305

(Property Address)

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE ALSO CONTAINS A PROVISION TO CONVERT THE NOTE (AT THE OPTION OF THE BORROWER) TO A FIXED INTEREST RATE AT ANY TIME DURING THE LIFE OF THE LOAN.

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

A. INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial interest rate of EIGHT AND ONE EIGHTH percent (8.125%). The Note provides for changes in the interest rate and the monthly payments, as follows:

B. INTEREST RATE AND MONTHLY PAYMENT CHANGES; BORROWER'S OPTION TO CONVERT

(A) Change Dates

The interest rate I will pay may change on the first day of AUGUST, 19 90, and on that day every 12th month thereafter. Each date on which my interest rate could change is called a "Change Date."

(B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the WEEKLY average yield on United States Treasury securities adjusted to a constant maturity of 1 year, as made available by the Federal Reserve Board. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index." THE MOST RECENT INDEX FIGURE AVAILABLE AS OF THE DATE OF THIS RIDER IS 8.400

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 FOURTHS 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%). This rounded amount will be my new interest rate until the next Change Date. The interest rate will not be changed by more than 2.000 percentage points on any Change Date. The Note Holder may not adjust upward or downward the interest rate by more than 6.000 percentage points over the life of the loan. The Note Holder will adjust the new interest rate so that the change will not be more than the limit.

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.

(D) 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.

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(E) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my 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.

(F) Borrower's Option to Convert

I may, at my option, modify the repayment terms of this Adjustable Rate Loan by converting this Note to a fixed interest rate loan to be fully repaid in equal monthly payments of principal and interest over the remaining term of the loan. I agree to notify the Note Holder, by first class mail, of my wish to exercise my right to convert to a fixed interest rate loan. Note Holder is under no obligation to inform me of my right to convert, other than the terms as described in the Note. Notice must be addressed as follows:

I shall pay a fee equal to one percent (1.0%) of the then outstanding loan balance, not to exceed Nine Hundred Dollars (\$900.00), but in no event less than Four Hundred Dollars (\$400.00) to the Note Holder and that the rate for said fixed rate loan shall be the sum determined by adding one half percentage point (.50%) to the Federal Home Loan Mortgage Corporation's Required Net Yield or 60-day delivery of 30 year, fixed rate mortgages ("Conversion Rate"), as of the date Note Holder acknowledges receipt of my notice to convert. If no such "Conversion Rate" is available, Note Holder, at its sole option, will determine the fixed interest rate by using a comparable figure.

My monthly payment at the new fixed interest rate will begin on the first day of the month, approximately sixty (60) days after Note Holder acknowledges receipt of my notice to exercise my option to convert ("Conversion Change Date"). The monthly payment will be the amount that is necessary to repay in full the principal I am expected to owe on the "Conversion Change Date" in substantially equal payments by the maturity date at the fixed interest rate.

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

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.

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

4820188


MICHAEL SKELLY (Seal) - Borrower


SUE ANN SKELLY/HIS WIFE (Seal) - Borrower

RECORD & RETURN TO: (Seal) - Borrower

UNITED SAVINGS OF AMERICA
P.O. BOX 5348, 2000 YORK RD.
OAK BROOK, IL. 60522-5348

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(Space Above This Line For Recording Date)

MORTGAGE

8901012
845841779

THIS MORTGAGE ("Security Instrument") is given on JULY 14 19 89. The mortgagor is MICHAEL SKELLY AND SUE ANN SKELLY, HUSBAND AND WIFE

("Borrower"). This Security Instrument is given to FIRST SUBURBAN MORTGAGE CORPORATION

which is organized and existing under the laws of THE STATE OF ILLINOIS, and whose address is 890 EAST HIGGINS ROAD-SUITE 151 SCHAUMBURG, ILLINOIS 60193 ("Lender").

Borrower owes Lender the principal sum of ONE HUNDRED SEVENTY TWO THOUSAND EIGHT HUNDRED AND NO/100

Dollars (U.S.) 172,800 00. This debt is evidenced by Borrower's note

dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on AUGUST 1, 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 ONE HUNDRED TWENTY SEVEN (127) IN EDWIN B. WOOD'S SUBDIVISION OF THAT PART OF THE EAST HALF (1/2) OF THE NORTHWEST QUARTER (1/4) OF SECTION 1, TOWNSHIP 39 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING NORTH OF THE SOUTH 42 ACRES THEREOF EXCEPT THE WEST 220.62 FEET OF THAT PART LYING NORTH OF A LINE 200 FEET NORTH OF THE NORTH LINE OF THE SOUTH 66 ACRES OF THE EAST HALF (1/2) OF THE NORTHWEST QUARTER (1/4) OF SAID SECTION, IN COOK COUNTY, ILLINOIS.

NOTE IDENTIFIED

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15-01-107-007

which has the address of 1423 NORTH BANK AVENUE RIVER FOREST Illinois 60305 (City) ("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.

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4/15/04

UNITED SAVINGS OF AMERICA
LEASING AND RETURN TO:
1000 N. LA SALLE ST.
CHICAGO, ILLINOIS 60610

ATTESTED BY:
C. ROSELYN E. HARRIS
V. P. SECRETARY

My Commission expires: 11/11/03

Given under my hand and official seal, this 11th day of July, 1989

1989 07 11

and delivered the said instrument as described to the foregoing instrument, appeared before me this day in person, and acknowledged that they are

personally known to me to be the same persons (whose names) ARE

of, hereby certify that MICHAEL SKELLY AND ANN SKELLY, HUSBAND AND WIFE

a Notary Public in and for said county and State.

STATE OF ILLINOIS

[Space Below This Line for Acknowledgment]

(Seal) - Borrower

(Seal) - Borrower

(Seal) - Borrower

(Seal) - Borrower

ANN SKELLY/HIS WIFE

MICHAEL SKELLY

IN SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument, and in any riders executed by Borrower and recorded with it.

(Others) [Specify]

Graduated Payment Rider
 Planned Unit Development Rider

Adjustable Rate Rider
 Condominium Rider
 1-4 Family Rider

Instrument. (Check applicable boxes)

This Security Instrument, the covenants and agreements of which rider shall be incorporated into and shall amend and

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

3. Release: Upon payment of all sums secured by this Security Instrument, Lender shall release this Security

Instrument without charge to Borrower or Borrower shall pay any extraordinary costs.

4. Lender in Possession: Upon acceleration under paragraph 19 or abandonment of the Property and at any time

but not limited to, Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 19, including:

5. Acceleration: Lender shall give notice to acceleration in this Security Instrument but not prior to acceleration under paragraphs 13 and 14

of any covenant or agreement in this Security Instrument. The notice shall specify: (a) the default; (b) the action required to cure the

default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured;

and (d) the failure to cure the default on or before the date specified in the notice may result in acceleration of the sum

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

6. Acceleration: Lender shall give notice to acceleration in this Security Instrument but not prior to acceleration under paragraphs 13 and 14

Boo00458 Box 395

COMMERCIAL STANDARD
30 N. LA SALLE ST.
CHICAGO, ILL. 60602

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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 limits, and (b) any sum 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: (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 GOVERNMENT BORROWER AND LENDER AGREEMENT AND AGREES AS FOLLOWS:

1. Payment of Principal and Interest; Requirement and Late Charges. Borrower shall promptly pay when due the principal and interest on the debt evidenced by the Note at all prepayment and late charges due under the Note.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due in full, a sum ("Funds") equal to the amount of the day's monthly payments, plus taxes and assessments (which may include in priority over this Security Instrument) and (ii) 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.

3. Funds to 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, excepting 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. A charge assessed by Lender in connection with Borrower's escrow items 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. 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.

4. Funds Held by Lender. 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 requested by Lender.

5. Funds Held 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 of the Property, or the acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Security Instrument.

6. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied first to the charges due under the Note, second to prepayment charges due under the Note, third to amounts payable under paragraph 14, fourth to interest due, and last to principal due.

7. Charges. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property, which may include, but not be limited to, property taxes, taxes on the Property, 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. Borrower shall pay them on time. Borrower shall pay them on time. Borrower shall pay them on time.

8. Discharge of Debt. Borrower shall promptly discharge any debt which has priority over this Security Instrument unless Borrower agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender. (i) contests in good faith the lien by (a) defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the Property; or (b) 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 in part or in whole to the Property, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or a portion of the lien or actions set forth above within 10 days of the giving of notice.

9. Hazard Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against 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 chosen by Borrower shall be approved by Lender's approval which shall not be unreasonably withheld.

10. Lender's Right to Hold Policies and Renewals. All initial policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make a proof of loss if not made promptly by Borrower.

11. Restoration or Repair. 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 a 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, it does not insure within 30 days a notice from Lender that the insurance carrier has been ordered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

12. Lender and Borrower's Agreement. Lender and Borrower agree in writing, any application of proceeds to principal shall not extend or postpone the 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 coverage of 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.

13. Preservation and Maintenance of Property; Leaseholds. Borrower shall not destroy, damage or substantially change the Property, allow the Property to deteriorate or come into 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 merge unless Lender agrees to the merger in writing.

14. 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), 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 in the Property to make repairs. Although Lender may take action under this paragraph, Lender does not have to do so.

15. Additional Disbursements. Any amounts disbursed by Lender under this paragraph shall become a lien in favor of Lender on the Property. Any amounts disbursed by Lender under this paragraph 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.

16. Security Interest. Lender's security interest in the Property shall be a first lien in favor of Lender on the Property. Lender's security interest shall be a first lien in favor of Lender on the Property. Lender's security interest shall be a first lien in favor of Lender on the Property.

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