

UNOFFICIAL COPY

LOAN # 02744571

BELL FEDERAL SAVINGS AND
 LOAN ASSOC.
 CORNER MONROE and CLARK
 CHICAGO, ILLINOIS 60603

BOX 112

HOME OFFICE LOAN No. 0274457

3967641

(Space Above This Line For Recording Data)

MORTGAGE

NOTE IDENTIFIED

THIS MORTGAGE ("Security Instrument") is given on APRIL 26 1991. The mortgagor is JAMES C. STEIN AND LOIS R. STEIN, HIS WIFE ("Borrower"). This Security Instrument is given to BELL FEDERAL SAVINGS AND LOAN ASSOCIATION, which is organized and existing under the laws of THE UNITED STATES OF AMERICA, and whose address is 79 West Monroe Street, Chicago, Illinois 60603 ("Lender"). Borrower owes Lender the principal sum of SIXTY THOUSAND AND 00/100 Dollars (U.S. \$ 60,000.00). 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 05-01-2001. 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 8 IN CARRIAGE WALK SUBDIVISION UNIT ONE, BEING A SUBDIVISION OF THAT PART OF THE EAST 1/2 OF THE NORTH EAST 1/4 OF SECTION 29, TOWNSHIP 42 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE EAST LINE OF SAID EAST 1/2 OF THE NORTH EAST 1/4 OF SECTION 29 WITH THE NORTH LINE OF EAST

EUCLID AVENUE AS DEDICATED PER DOCUMENT NUMBER 1928148; THENCE WESTERLY ON AN AZIMUTH OF 270 DEGREES, 08 MINUTES, 57 SECONDS ALONG SAID NORTH LINE OF EAST EUCLID AVENUE FOR 336.00 FEET; THENCE ON AN AZIMUTH OF 0 DEGREES, 00 MINUTES, 00 SECONDS PARALLEL WITH SAID EAST LINE FOR 965.06 FEET; THENCE ON AN AZIMUTH OF 270 DEGREES, 10 MINUTES, 05 SECONDS PARALLEL WITH THE SOUTH LINE OF EAST OAKTON STREET AS DEDICATED PER DOCUMENT NUMBER 1928148 FOR 363.00 FEET; THENCE ON AN AZIMUTH OF 0 DEGREES, 00 MINUTES, 00 SECONDS FOR 300 FEET; THENCE ON AN AZIMUTH OF 90 DEGREES, 10 MINUTES, 55 SECONDS FOR 44.00 FEET; THENCE ON AN AZIMUTH OF 0 DEGREES, 00 MINUTES, 00 SECONDS FOR 201.32 FEET; THENCE ON AN AZIMUTH OF 90 DEGREES, 10 MINUTES, 55 SECONDS FOR 116.00 FEET; THENCE ON AN AZIMUTH OF 180 DEGREES, 00 MINUTES, 00 SECONDS FOR 9.54 FEET; THENCE ALONG THE ARC OF A CURVE CONVEX TO THE SOUTH WEST AND HAVING A RADIUS OF 50 FEET FOR 163.38 FEET (CHORD AZIMUTH 135 DEGREES, 05 MINUTES, 27 SECONDS); THENCE ON AN AZIMUTH OF 90 DEGREES, 10 MINUTES, 55 SECONDS FOR 21.54 FEET; THENCE ON AN AZIMUTH DEGS 180, TOWNSHIP 00 NORTH, RANGE 00 FOR 121.32 FEET; THENCE ON AN AZIMUTH OF 90 DEGREES, 10 MINUTES, 55 SECONDS FOR 111.00 FEET; THENCE ON AN AZIMUTH OF 180 DEGREES, 00 MINUTES, 00 SECONDS FOR 230.06 FEET; THENCE ON AN AZIMUTH OF 90 DEGREES, 08 MINUTES, 57 SECONDS FOR 142.38 FEET TO SAID EAST LINE OF THE EAST 1/2; THENCE ON AN AZIMUTH OF 180 DEGREES, 00 MINUTES, 00 SECONDS ALONG SAID EAST LINE OF 1011.00 FEET TO THE POINT OF BEGINNING, ACCORDING TO PLAT THEREOF FILED ON DECEMBER 17, 1982 AS 3286983, IN COOK COUNTY, ILLINOIS.

3967641

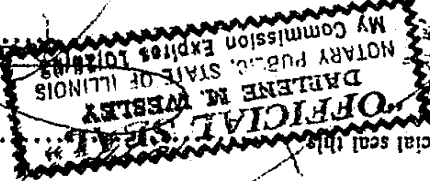
foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised 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.

This instrument was prepared by E. M. H. R. B. A. 75 1 MONROE STREET SAO. Y. 50623

My Commission Expires: (Seal) My Commission Expires (Seal)



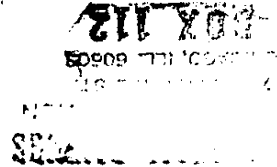
Witness my hand and official seal this 19th day of May 1988

THEY (he, she, they) executed said instrument for the purposes and uses therein set forth.

have executed same, and acknowledged said instrument to be free and voluntary act and deed and that before me and is (are) known or proved to me to be the person(s) who, being informed of the contents of the foregoing instrument, personally appeared JAMES C. STEIN, AND LOIS R. STEIN, HIS WIFE. a Notary Public in and for said county and state, do hereby certify that

STATE OF ILLINOIS COUNTY OF COOK

Submitted by: 03967641 CAROL M. Y. BRAUN REGISTRAR OF TITLES 85 MAY 13 1988



(Space Below This Line For Acknowledgment)

LOIS R. STEIN (Seal) - Borrower JAMES C. STEIN (Seal) - Borrower

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.

- 19. ACCELERATION; REMEDIES. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant in this Security Instrument (but not prior to acceleration under paragraphs 13 and 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence.
20. Lender in Possession. Upon acceleration under paragraph 19 or abandonment of the Property and at any time prior to the expiration of any period of redemption following judicial sale, Lender (in person, by agent or by judicially appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. Any rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Security Instrument. Lender shall release this Security Instrument without charge to Borrower. Borrower shall pay any recordation costs.
21. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument without charge to Borrower. Borrower waives all right of homestead exemption in the Property.
22. Waiver of Homestead. Borrower waives all right of homestead exemption in the Property.
23. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. (Check applicable box(es))
[] Adjustable Rate Rider
[] Graduated Payment Rider
[] Other(s) [specify]
[] Condominium Rider
[] 2-4 Family Rider
[] Planned Unit Development Rider
[] EQUITY LOAN MORTGAGE RIDER

3967641

EQUITY LOAN MORTGAGE RIDER (Adjustable Rate and Payment) (Revolving Line of Credit)

THIS EQUITY LOAN MORTGAGE RIDER is made this 26TH day of APRIL, 1991, and is incorporated into and shall be deemed to amend and supplement the Mortgage (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Equity Loan Note to BELL FEDERAL SAVINGS AND LOAN ASSOCIATION (the "Lender") of the same date (the "Note") and covering the property described in the Security Instrument and located at:

641 N. CARLYLE LANE, ARLINGTON HEIGHTS, IL 60004
(PROPERTY ADDRESS)

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE. IF THE INTEREST RATE INCREASES, THE BORROWER'S MONTHLY PAYMENTS WILL BE HIGHER. IF THE INTEREST RATE DECREASES, THE BORROWER'S MONTHLY PAYMENTS WILL BE LOWER.

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, MONTHLY PAYMENT CHANGES AND BILLING NOTICES

Section 2.a., 3., 4. and part of 5. of the Equity Note provides for changes in the interest rate, the monthly payments, billing notices, and a revolving line of credit, as follows:

2. INTEREST

a. Interest Rate

The interest rate may change monthly. Interest rate changes may occur on the first day of any billing cycle beginning on 06-01-1991 and on the first day of every billing cycle thereafter. Billing cycles shall begin on the first day of each month.

1) The Index

Interest rate changes will be based on an interest rate index which will be called the "Index." The "Index" is the Prime Rate, the base rate on corporate loans at large U.S. money center commercial banks as published in the Money Rates section of the Midwest Edition of the Wall Street Journal on the last day the Journal is published each month. If more than one Prime Rate is listed on that day, the Index in effect for your Equity Loan will be an average of the Prime Rates listed.

If the Index ceases to be made available the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give me notice of its choice.

2) Setting the Interest Rate

The Note Holder shall calculate the per annum interest rate for any given billing cycle by adding two percentage points (2%) to the Index as published on the last day the Journal is published the previous month. However, the interest rate on this loan will never exceed 16.000 percent per annum.

3. PAYMENTS

Monthly payments of principal and interest shall be due on the first day of each month beginning the first of the month following the first advance under this Note. The monthly payment shall be sufficient to repay in full the principal and accrued interest of my Note in substantially equal payments by the Maturity Date at the interest rate effective for the billing cycle immediately prior to the payment and rounded up to the next dollar. Except for the last payment, **IN NO EVENT SHALL ANY PAYMENT BE LESS THAN \$100.** Advances under this Note will increase the payment and prepayments will reduce the payment unless offset by changes in the interest rate. The Interest rate on this Note may change from time to time. An increase in the interest rate will result in an increased payment and a decrease in the interest rate will result in a decreased payment unless offset by prepayments or advances. Prepayment in whole or in part shall be permitted without penalty or fee, but prepayment shall not excuse my subsequent failure to pay principal or interest as it becomes due.

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BELL FEDERAL SAVINGS AND
LOAN ASSOC.
CORNER MONROE and CLARK
CHICAGO, ILLINOIS 60603
BOX 112
HOME OFFICE LOAN NO. 08-114571

LOIS R. STEIN
BORROWER
[Seal]
JAMES C. STEIN
BORROWER
[Seal]

4. BILLING NOTICES
Each month that there is an outstanding principal balance I will receive a billing which will show the outstanding principal balance carried forward from the last billing date, the date and amount of additional advance(s) of principal or payment(s) since the last billing date and the amount of interest added at the end of the billing cycle, the annual percentage rate, periodic rate, payment due, late charge date, new balance, available balance and any other items the Note Holder may choose to disclose.

5. WHEN PRINCIPAL RECEIVED
The principal of this loan represents a revolving line of credit available to me. . . . In no event shall voluntary advances be made after the twentieth anniversary of the original Note.

B. ADDITIONAL NON-UNIFORM COVENANTS

24. ADDITIONAL INSURANCE. In the event that any, either or all of the undersigned Borrowers shall elect to secure life or disability insurance of similar nature, in an amount, form and company acceptable to the Lender as additional security for the indebtedness hereby secured, the Borrowers agree to pay or provide for the payment of all premiums on such insurance policies; and further agree that the Lender may advance any premiums due and payable on such insurance policies, and add the amount so advanced in payment of premiums as additional debt secured hereby, with interest at the Note rate.

25. RELEASE FEE. Notwithstanding Covenant 21 of the Security Instrument to the contrary, this Security Instrument shall be released upon cancellation of the line of credit and payment to the Lender of the indebtedness secured hereby pursuant to the terms hereof and the payment of its reasonable release fee.

26. PRIOR MORTGAGE. The Borrower's affirm that they are the obligors under a note secured by a mortgage, in the original sum of \$300,000.00 DOLLARS, dated AUGUST 22, 1990, County, Illinois, as Document No. 3909479 and recorded in the Recorder's Office of COOK County, Illinois, when and if they permit said note or mortgage to become in default under any of their terms, Lender at its option, may require immediate payment in full of all sums secured by this Security Instrument and in the second paragraph of paragraph 17. If Lender exercises this option, Lender shall take the steps specified in the second paragraph of paragraph 17.

27. DEFERRAL OF TAX AND INSURANCE ESCROWS. This mortgage provides for payments to be made for tax and insurance escrows. As long as the mortgage referred to in paragraph 26 is outstanding and all taxes and insurance premiums are paid the escrow provisions in this mortgage will not be enforced. However, should said previous mortgage be repaid, the Borrower will begin making escrow payments in accordance with this mortgage.

28. STAFF ATTORNEYS' FEE. The term "attorneys' fees" shall include reasonable fees charged by the Lender for the services of attorneys on its staff.

29. DEFAULT. In the event of any default under the terms of the Mortgage, the Equity Loan Mortgage Rider or the Equity Loan Note, Lender will notify Borrower in writing pursuant to Paragraphs 13, 17 and 19 of the Mortgage, of acceleration of this loan. Upon the giving of notice of acceleration, no future advances under the Line of Credit will be permitted. If Borrower cures the default to Lender's satisfaction, future advances under the Line of Credit may be made.

30. ASSUMPTION. Notwithstanding anything in Paragraph 17 of the Mortgage to the contrary, 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) the Line of Credit will be terminated. Termination of the Line of Credit pursuant to this paragraph will not affect or negate any of Lender's other rights and remedies under Paragraph 17 of the Mortgage.

31. LIEN OF MORTGAGE. The lien of this Mortgage secures payment of any existing indebtedness and future advances made pursuant to the Equity Loan Note to the same extent as if such future advances were made on the date of the execution of this Mortgage without regard to whether or not there is any indebtedness outstanding at the time any advance is made and without regard to whether or not there is any indebtedness outstanding at the time any advance is made.

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

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

encumbrances of record.
Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any

mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record.
BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to

foregoing is referred to in this Security Instrument as the "Property."
hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the

appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all fixtures now or
TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights,

which has the address of 641 N. CARLYLE LANE
60004
[Street] [City] [Zip Code] ("Property Address");

ARLINGTON HEIGHTS
PERMANENT TAX I.D. NUMBER 03-29-213-008-0000

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Property of Cook County Clerk's Office

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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 Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note had no acceleration occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraphs 13 or 17.

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

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

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") equal to one-twelfth of: (a) yearly taxes and assessments which may attach to the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (d) yearly mortgage insurance premiums, if any. These items are called "escrow items." Lender may estimate the Funds due on the basis of current data and reasonable estimates of future escrow items.

The Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay the escrow items. Lender may not charge for holding and applying the Funds, analyzing the account or verifying the escrow items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing that interest shall be paid on the Funds. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.

If the amount of the Funds held by Lender, together with the future monthly payments of Funds payable prior to the due dates of the escrow items, shall exceed the amount required to pay the escrow items when due, the excess shall be at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly payments of Funds. If the amount of the Funds held by Lender is not sufficient to pay the escrow items when due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as required by Lender.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 19 the Property is sold or acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application 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 late charges due under the Note; second, to prepayment charges due under the Note; third, to amounts payable under paragraph 2; fourth, to interest due; and last, to principal due.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attach to the Property over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation, secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attach to the Property over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take 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 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 prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. Preservation and Maintenance of Property; Leaseholds. Borrower shall not destroy, damage or substantially change the Property, allow the Property to deteriorate or commit waste. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

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

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement to the date of payment.

requesting payment.

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