

# UNOFFICIAL COPY

## ADJUSTABLE RATE RIDER (ARM-G)

Loan No. 1-327403-2

THIS ADJUSTABLE RATE RIDER dated **MAY 23, 1991** changes and adds to the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") I signed this day. The Security Instrument secures my Note (the "Note") to

**GREAT WESTERN MORTGAGE CORPORATION, A DELAWARE CORPORATION**

(the "Lender"), also signed this day and covers my property as described in the Security Instrument and located at:

**1224 NORTH NORTHWEST HIGHWAY  
PARK RIDGE, ILLINOIS 60068**  
(Property Address)

**ATTENTION: THE NOTE CONTAINS PROVISIONS ALLOWING FOR ADJUSTMENTS TO MY INTEREST RATE AND MY MONTHLY INSTALLMENT. THE NOTE LIMITS THE MINIMUM AND MAXIMUM INTEREST I MUST PAY AND HAS THE POTENTIAL FOR NEGATIVE AMORTIZATION.**

The amount of my scheduled monthly installment could be less than the amount required to pay the interest due after a rate adjustment for that installment period. If so, the Note Holder will subtract the amount of my scheduled monthly installment from the amount of interest that I owe for that month and will add the difference to the outstanding principal balance of my loan. This occurrence is known as negative amortization. This unpaid interest is called "deferred interest". Under the Note, I must pay interest on the amount added to the principal balance at the same rate of interest I am required to pay on the outstanding loan balance each month.

### INTEREST RATE AND MONTHLY INSTALLMENT ADJUSTMENTS

The Note provides for adjustments in my interest rate and my monthly installments as follows:

Initial Interest Rate	<b>8.150%</b>	First Interest Rate Adjustment Date	<b>DECEMBER 1, 1991</b>
Initial Monthly Installment	<b>\$845.47</b>	Installment Due Date	<b>1ST</b>
First Installment Due Date	<b>JULY 1, 1991</b>	First Installment Adjustment Date	<b>JULY 1, 1992</b>
Maturity Date	<b>JUNE 1, 2021</b>	Maximum Rate*	<b>13.750%</b>
Minimum Rate*	<b>7.000%</b>	Rate Differential	<b>2.150</b>

\*The Minimum Rate and Maximum Rate are subject to adjustment as provided in Section 1(d).

**ALL TERMS AND CONDITIONS CONTINUED ON THE BACK OF THIS RIDER ARE PART OF THIS RIDER  
SIGNATURES OF BORROWERS:**

*(Please sign your name exactly as it appears below.)*

BY SIGNING BELOW, I accept and agree to the terms and covenants in this Adjustable Rate Rider.

Henry R. Espinoza (Seal) \_\_\_\_\_ (Seal)  
HENRY R. ESPINOZA

Maria L. Espinoza (Seal) \_\_\_\_\_ (Seal)  
MARIA L. ESPINOZA

(Space Below This Line for Acknowledgement)

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## 1. METHOD OF COMPUTING INTEREST RATE ADJUSTMENTS.

(a) Adjustment Dates. The interest rate I will pay will be adjusted on the First Interest Rate Adjustment Date (shown on the front of this Rider) and on every installment Due Date thereafter.

(b) The Index. Beginning with First Interest Rate Adjustment Date, my interest rate will be based on an Index. The Index is the monthly weighted average cost of savings, borrowings and advances by the Federal Home Loan Bank of San Francisco (called the "Bank") to Arizona, California and Nevada savings institutions of a type that were eligible to be members of the Bank under applicable federal law in effect on August 8, 1989 (called "Eligible Savings Institutions"), based on statistics tabulated and published by the Bank during the term of this Note. If the Index is no longer published or is deemed by the Note Holder, in its sole discretion, to be substantially recalculated in a manner that no longer represents the monthly weighted average cost of savings, borrowings and advances by the Bank to Eligible Savings Institutions, then the Note Holder may select an alternate Index to permit interest rate adjustments and that alternate Index shall be the "Index." If the alternate Index selected by the Note Holder is no longer published, the Note Holder may choose another alternate Index to permit interest rate adjustments. Each published update of the Index is called the "Current Index."

(c) Calculation of Adjustment. The Note Holder will determine each adjusted interest rate by adding the Rate Differential (shown on the front of this Rider) to the most recently published Current Index. The sum of the Current Index and the Rate Differential is the interest rate that will apply to my loan until the next month's interest rate adjustment.

The Note Holder may choose not to increase my interest rate even if an increase is permitted because of an increase in the Current Index. The Note Holder is not required to give me advance notice of interest rate adjustments.

(d) Limits on Interest Rate Adjustments. The interest rate I am required to pay during the term of this loan will not be greater than the Maximum Rate nor less than the Minimum Rate (shown on the front of this Rider), unless the property securing this loan is sold and the loan is assumed. Sale of the property and assumption of my loan require the Note Holder's consent.

If the property is sold and my loan is assumed, the Note Holder may adjust the Maximum Rate up to five percentage points (5.0%) above the interest rate in effect on the date of the assumption. The Note Holder may also reduce the Minimum Rate up to five percentage points (5.0%) below the interest rate in effect on the date of the assumption. The Note Holder may increase or decrease the Maximum Rate and the Minimum Rate each time the property is sold and the loan is assumed. The Note Holder's choice whether to adjust the Maximum or Minimum Rate will be made at the time the Note Holder consents to the sale and assumption.

## 2. METHOD OF COMPUTING ADJUSTMENTS TO THE MONTHLY INSTALLMENT.

(a) Adjustment Dates. My monthly installment will be adjusted on the First Installment Adjustment Date (shown on the front of this Rider) and annually thereafter. The date the installment will be adjusted is called the "Installment Adjustment Date."

(b) Calculation of Adjustments. The new installment will be calculated approximately 60 days prior to the installment Adjustment Date by using the interest rate which is then in effect and the loan balance which would be owing on the installment Adjustment Date. All regularly scheduled installments are made. The new installment will be an amount which would be sufficient to pay the loan balance used in the calculation over the remaining term of the loan at the interest rate used in the calculation, in substantially equal payments.

(c) Limitation On Adjustments To The Monthly Installment. The increases and decreases which occur to the monthly installment on the installment Adjustment Date will not exceed 7 1/2% of the previous monthly installment except on the tenth (10th) anniversary of the First Installment Due Date, and on each fifth (5th) anniversary during the remaining term of the loan. On the tenth (10th) anniversary, and each fifth (5th) anniversary following, the increases or decreases to the monthly installment may exceed 7 1/2% of the previous installment amount if the calculation of installment adjustment described in Section 2(f) would result in a greater adjustment.

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

(The Note Holder is called the "Lender," I am called the "Borrower.")

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

Paragraph 17 of the Security Instrument is changed to read as follows:

17. LENDER'S CONSENT REQUIRED. Lender may declare all sums secured hereby immediately due and payable within 30 days after such declaration except as expressly limited by law. If Borrower, without Lender's prior written consent: (a) sells, conveys, conveys, contracts to sell, alienates, or authorizes others all or any part of the property; or (b) leases all or any part of the property for a term, together with all exercisable options, of 5 years or more; or (c) leases all or any part of the property and, in connection with such lease, grants the lessee an option to purchase all or any part of the property; or (d) suffers the title or any interest in the property to be divested, whether voluntarily or involuntarily; or (e) changes or permits to be changed the character or use of the property; or (f) is a partnership and any of the general partners' interests in the partnership are transferred or assigned whether voluntarily or involuntarily; or (g) is a corporation with fewer than 100 stockholders at the time of execution of this Security Instrument and more than 10% of its capital stock is sold, transferred or assigned during a 12-month period.

## B. FUNDS FOR TAXES AND INSURANCE

The third sentence in the second paragraph of Uniform Covenant 2 of the Security Instrument is changed to read as follows:

Lender may not charge for holding and applying the Funds, analyzing the account or willing the escrow items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Lender may impose upon Borrower at closing a fee to compensate a third party who shall be responsible for the monitoring and payment of real estate taxes without thereby becoming obligated to pay Borrower interest on the Funds.

## C. LEGISLATION AFFECTING LENDERS RIGHTS

Uniform Covenant 13 of the Security Instrument is deleted.

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PREPARED BY AND  
AFTER RECORDING MAIL

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#91003215

GREAT WESTERN MORTGAGE CORPORATION  
P.O. BOX 1900  
NORTHRIDGE, CA 91328

03967088

03967080

1991 MAY 24 PM 12:54

CAROL MOSELEY BRAUN  
REGISTRAR OF TITLES

1130292  
03967080

EMERGENCY TITLE SER. CO.  
100 N. PLUM GROVE RD.  
MORNINGDALE, IL 60458  
TEL: 505-7733

SPACE ABOVE THIS LINE FOR RECORDER'S USE

OFFICE NUMBER: 184  
COUNTY CODE: 016  
Loan No. 1-327403-2

**MORTGAGE**  
ADJUSTABLE INTEREST RATE MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on **MAY 23, 1991**  
The mortgagor is  
**HENRY R. ESPINOZA AND MARIA L. ESPINOZA, HUSBAND AND WIFE**

("Borrower").

This Security Instrument is given to  
**GREAT WESTERN MORTGAGE CORPORATION, A DELAWARE CORPORATION**  
which is organized and existing under the laws of **DELAWARE**  
and whose address is **9451 CORBIN AVENUE, NORTHRIDGE, CA 91328**

("Lender").

Borrower owes Lender the principal sum of **ONE HUNDRED THIRTEEN THOUSAND SIX HUNDRED AND 00/100**  
Dollars (U.S. **\$113,600.00**). 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 **JUNE 1, 2021**. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (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 SIXTY FIVE (65) IN H. ROY BERRY CO. PARK RIDGE HEIGHTS, BEING A SUBDIVISION IN THE EAST HALF (1/2) OF THE SOUTHWEST QUARTER OF SECTION 22, TOWNSHIP 41 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, REFERENCE BEING HAD TO PLAT THEREOF REGISTERED AS DOCUMENT NUMBER 251903, IN COOK COUNTY, ILLINOIS.**

**PIN/TAX ID#:** 09-22-312-005  
which has the address of  
**1224 NORTH NORTHWEST HIGHWAY, PARK RIDGE, ILLINOIS 60068**  
("Property Address");

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and 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."

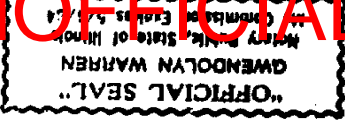
**BORROWER COVENANTS** that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all 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.

**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.

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Notary Public

1991

MAY

day of

23RD

Given under my hand and official seal, this My Commission expires: 5/4/94

This instrument was prepared by: JENNIFER McDONALD 101 SOUTH SCHEELER RD SUITE B-200 LINCOLNSHIRE, IL. 60069-9513

signed and delivered the said instrument as subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that personally known to me to be the same person(s) whose name(s) ARE free and voluntary act, for the uses and purposes therein set forth. THE UNDERSIGNED COOK State of Illinois. do hereby certify that HENRY R. ESPINOZA AND MARIA L. ESPINOZA, HUSBAND AND WIFE, a Notary Public in and for said county and state, County as:

Social Security Number

Social Security Number

Social Security Number 322-70-1620

Social Security Number 354-80-7201

MARIA L. ESPINOZA

HENRY R. ESPINOZA

Signature of Maria L. Espinoza

Signature of Henry R. Espinoza

BY SIGNING BELOW, Borrower accepts and agrees to the terms and conditions contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

- XX Adjustable Rate Rider
Graduated Payment Rider
Balloon Rider
Other(s) [specify]
1-4 Family Rider
Planned Unit Development Rider
Rate Improvement Rider
Second Home Rider
Biweekly Payment Rider

24. Rider 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 line(s)]

23. 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 recitation costs.

21. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 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 of notice 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, Lender at its option may require immediate payment of all sums secured by this Security Instrument without further demand and may foreclose. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorney's fees and costs of title evidence.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows: 20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property. Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substances or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

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Any amounts disbursed by Lender under this promissory note 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.

**8. Mortgage Insurance.** 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 mortgage insurance in effect; if, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

**9. 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.

**10. 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 in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, 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. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

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.

**11. 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.

**12. 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 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.

**13. 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.

**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 as if no acceleration had 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 paragraph 17.

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7. Protection of Lender's Rights in the Property. 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 forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorney's fees and entering on the Property to make repairs. Although Lender may take action under this paragraph, Lender shall not be liable for such action.

6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by this Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

5. Hazard or Property 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 hazard, including floods or flooding, 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. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

4. Changes, Liens. Borrower shall pay all taxes, assessments, charges, liens and impositions attributable to the Property which may attach prior to the date of this Security Instrument, and Lender shall pay them on the date of this Security Instrument. Borrower shall promptly provide in paragraph 2, or if not in that manner, Borrower shall pay them on the date of this Security Instrument. 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 enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender, or satisfying the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attach prior to the date of 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.

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 prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due; and last, to any 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 due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attach prior to the date of this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums; (e) any other mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. § 2601 et seq. ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentally, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the Funds to pay the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate reporting service used by Lender in connection with the loan, unless applicable law provides otherwise. 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. Borrower and Lender may agree in writing, however, 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 all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case, Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion. 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 2, Lender shall acquire or sell the Property, Lender, prior to the date of acquisition or sale as a credit against the sums secured by this Security Instrument.

1. Lender shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender, or satisfying the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attach prior to the date of 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 or Property 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 hazard, including floods or flooding, 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. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

4. Changes, Liens. Borrower shall pay all taxes, assessments, charges, liens and impositions attributable to the Property which may attach prior to the date of this Security Instrument, and Lender shall pay them on the date of this Security Instrument. Borrower shall promptly provide in paragraph 2, or if not in that manner, Borrower shall pay them on the date of this Security Instrument. 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 enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender, or satisfying the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attach prior to the date of 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.

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 prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due; and last, to any 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 due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attach prior to the date of this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums; (e) any other mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. § 2601 et seq. ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

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