

144 Merchants St. Ste 110
Cincinnati OH 45246

907298

**MODIFICATION AGREEMENT
PURSUANT TO EXERCISE OF CONVERTIBLE OPTION**

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THIS AGREEMENT, made and entered into this 17th day of October, 19 86,
by and between Citicorp Homeowners, Inc.
("Lender"), and Jerome A. Pawlowski and Laurie A. Pawlowski, Husband and Wife
("Borrower").

Borrower has signed and delivered for valuable consideration, an Adjustable Rate Note in the sum of
Fifty-Five Thousand Six Hundred Forty Five and 68/100 Dollars
(\$ 55,645.68), dated October 4, 19 85, secured by a Mortgage or Deed of Trust ("Security
Instrument"), dated October 4, 19 85, recorded in Book 144 # 803396, Page 14, official
Records of Lake County, Indiana; and

Borrower is exercising an option to convert the present adjustable rate mortgage loan, evidenced by the Adjustable Rate
Note and Security Instrument described above to a 15 Year Fixed Rate Mortgage/Remaining Term
One Hundred Eighty Months (180) amortized over

Lender and Borrower desire to modify the terms of said Adjustable Rate Note and Security Instrument.

In consideration of the above, Borrower agrees to pay the Adjustable Rate Note and to perform the covenants and obliga-
tions of it and the Security Instrument as modified by this Agreement.

Borrower remains liable under the above described Adjustable Rate Note and Security Instrument and agrees
to the modifications described below.

LENDER AND BORROWER AGREE AS FOLLOWS:

A. The terms of the Adjustable Rate Note are modified by the addition of the following paragraphs:

OPTION I

FIXED RATE FULLY AMORTIZING LOAN

Notwithstanding any provision to the contrary contained herein, from and after the 1st day of
November, 19 86, the unpaid principal balance shall bear interest at the rate of
Nine and 625/100 percent (9.625%) per annum. From and after said date, the principal
and interest shall be payable in fixed consecutive monthly installments of
Five Hundred Eighty Five and 26/100 Dollars
(\$ 585.26) on the first day of each month, beginning December 1, 19 86, until entire
indebtedness evidenced hereby is fully paid, except that any remaining indebtedness, if not sooner paid, shall be due
and payable on the first day of November, 2001.

OPTION II

YEAR ADJUSTABLE RATE LOAN

2. INTEREST

Interest will be charged on that part of principal which has not been paid, beginning on the conversion date and
continuing until the full amount of principal has been paid.

Beginning on the conversion date, I will pay interest at a yearly rate of _____%. The interest I will pay
will change in accordance with Section 4 of this Note.

The interest rate required by this Section and Section 4 of this Note is the rate I will pay both before and after
any default described in Section 7 (B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay unpaid principal and interest by making payments every month.

I will make my monthly payments on the first day of each month beginning on _____
19 _____

STATE OF INDIANA
CLERK OF SUPERIOR COURT
CROWN POINT, INDIANA
RECORDED
J. BLASHECK
MAR 18 11 25 AM '87
CROWN POINT, INDIANA

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I will make these payments every month until I have paid all of the unpaid principal and interest and any other charges described below that I may owe under this Note. My monthly payments will be applied to interest before principal. If, on _____, 20_____, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "maturity date".

I will make my monthly payments at _____

or at a different place if required by the Note Holder.

(B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. \$_____. This amount will change if the interest rate that I must pay changes. The Note Holder will determine my new interest rate and the changed amount of my monthly payment in accordance with Section 4 of this Note.

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The interest rate I will pay may change on the first day of _____, 19_____, and on that day every _____th 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 _____ years, 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."

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 _____ percentage points (_____%) 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 Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal balance of my loan I am expected to owe on the Change Date in full on the maturity date at my new interest rate in substantially equal payments. The result of this calculation is called the "Full Payment Amount", and it will be the new amount of my monthly payment, subject to subsection (D) below.

(D) Limits on Interest Rate Changes

If checked below the Note provides for certain limits on interest rate changes:

(i) The rate of interest I am required to pay shall never be increased or decreased on any single Interest Change Date by more than _____% from the rate of interest I have been paying for the preceding _____ months.

(ii) My interest rate will never increase more than _____% from the rate established in Section 2.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will mail or deliver to me a notice of any changes in the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

B. Borrower accepts the modification and agrees to pay the indebtedness evidenced by said Adjustable Rate Note, as modified, and to perform each obligation it contains and each obligation in the Security Instrument.

C: Lender and Borrower agree that the unpaid principal balance of the Adjustable Rate Note as of this date is Fifty Six Thousand and 00/100 Dollars (\$ 56,000.00).

D. Lender and Borrower agree that nothing in this Agreement shall be construed to amount to a satisfaction or a partial or total release of the Adjustable Rate Note and Security Instrument in any way, or to impair the rights of Lender.

E. Lender and Borrower agree that all terms of the Adjustable Rate Note and Security Instrument including modifications or amendments, if any, shall remain in effect, without change, except as otherwise provided in this Agreement or any later written agreement.

F. The term "Borrower," as used in this Agreement shall include any or all persons, singly or severally, who may be obligated to Lender as set out above. Any reference to Borrower in this Agreement shall refer to those persons and shall automatically include the proper number of persons and their gender.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day first above written.

By: _____

Jerome A. Pawlowski 10/17/86
Jerome A. Pawlowski BORROWER

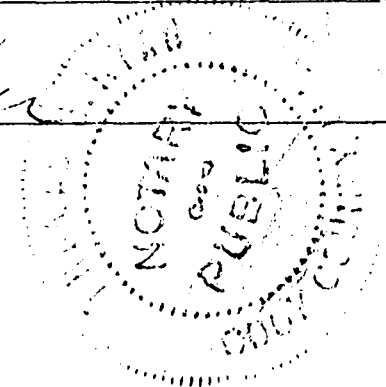
Laurie A. Pawlowski 10/17/86
Laurie A. Pawlowski BORROWER

BORROWER

STATE OF ILL }
COUNTY OF COOK } SS.

The foregoing instrument was acknowledged before me this 17th day of OCTOBER, 19 86, by JEROME PAWLOWSKI & LAURIE PAWLOWSKI

[Signature]
NOTARY PUBLIC EXPIRES 9/25/88



INSTRUMENT PREPARED BY CITICORP HOMEOWNERS, INC.
Pamela Karan