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JUNIOR MORTGAGE

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Cook County Recorder 39.50

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00-02123

v.g.

S. G

THE UNDERSIGNED, Viacheslav Galin and Svetlana Galin (hereinafter called the "Mortgagor"), to secure the payment of the indebtedness hereinafter described, hereby CONVEY to David Brief and Rita Brief (hereinafter called the "Mortgagee"), certain real estate located in the County of Cook, State of Illinois, commonly known as 1425 Sandpebble, Unit 230, Wheeling, Illinois, and bearing the following legal description:

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Parcel 1: Unit No. 230 in Sandpebble Walk Building 2 Condominium as delineated on a survey of the following described real estate: a certain part of Lot 1 in Sandpebble Walk, being a subdivision in the Southeast 1/4 of Section 15, Township 42 North, Range 11, East of the Third Principal Meridian, in Cook County, Illinois, which survey is attached as Exhibit "B" to the Declaration of Condominium registered as Document Number LR 2646974, together with its undivided percentage interest in the common elements. Parcel 2: Easement for ingress and egress for the benefit of Parcel 1 as set forth in the Declaration of Easement registered May 12, 1972, as Document LR 2622769, as amended from time to time, and as set forth in the Plat of Subdivision registered October 10, 1970 as Document LR2525374, in Cook County, Illinois.

Permanent Index Number: 03-15-402-019-1030

(which is referred to as the "mortgaged property").

COOK COUNTY RECORDER

EUGENE "GENE" MOORE
ROLLING MEADOWS

Above Space for Recorder's Use Only

TOGETHER with all buildings, improvements, fixtures, appurtenances, easements and hereditaments thereto belonging and together with all equipment and machinery now or hereafter therein or thereon used to supply heat, gas, air conditioning, water, light, power, refrigeration, and ventilation; and together with any other fixtures, equipment, machinery or other property now or hereafter placed on the above described property which shall be employed in connection with the operation, use, occupancy or enjoyment of the above described property; and together with all rents, issues, and profits of the above described property. All the above described property is declared to form part and parcel of the real estate, whether physically attached thereto or not, shall for the purposes of this Junior Mortgage be deemed to be a part of the real estate and shall be subject to this Junior Mortgage. It is agreed that all buildings, improvements, fixtures and any other property of any type described above hereafter placed on the real estate described above shall be deemed to be a part of the mortgage property and shall be fully subject to the lien created by this Junior Mortgage.

TO HAVE AND TO HOLD the mortgaged property unto the Mortgagee, their successors and assigns forever, for the purpose, and upon the uses and trusts set forth in this Junior Mortgage (hereinafter "Mortgage").

This Mortgage has been given to secure:

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(a) The payment of a certain Note (hereinafter called the "Note"), signed by Viacheslav Galin and Svetlana Galin and made payable to the order of David Brief and Rita Brief, in the principal sum of Twenty-Two Thousand Eight Hundred and 00/100 Dollars (\$22,800.00), which principal sum together with interest at the rate of ten percent (10.0%) per annum, is payable as provided in the Note; the maturity date of the Note is August 1, 2005.

(b) The payment of all amounts in addition to the indebtedness represented by the Note for which Mortgagor is or shall be liable to the Mortgagee under the provisions of this Mortgage, including but not limited to the amounts of all expenses which may be incurred and

v.g. S.G.
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payments which may be made by the Mortgagee for which the Mortgagor is obligated to make reimbursement under the terms of this Mortgage or any Mortgage Instrument, as hereafter defined.

(c) This Mortgage also secures the payment of and includes all future or further advances as shall be made at all times, regardless of whether proceeds of the Note have been disbursed by the Mortgagee herein, to the same extent as such future advances were made on the date of the execution of this Mortgage. The total amount of indebtedness secured by this Mortgage may decrease or increase from time to time but the total unpaid principal balance of the indebtedness so secured at any one time shall not exceed the principal face amount of the Note, together with interest thereon, plus any and all disbursements made or incurred by Mortgagee (i) for the payment of taxes or insurance on the mortgage property; (ii) to protest and/or preserve and/or restore the mortgaged property and the lien hereof, and to keep the premises and improvements operational and usable for their intended purposes; and (iii) for attorneys' fees, loan commissions, service charges, liquidated damages, expenses and court costs incurred in the applications and/or collection of any or all of such sums of money and all other obligations secured by this Mortgage. The foregoing limitations shall not in any manner limit, affect or impair any grant of a security interest, lien or other right in favor of the Mortgagee under the provisions of any other documents securing the Note. Such further or future advances shall be considered obligatory advances and the same shall bear interest at the same rate as specified in the Note unless such interest rate shall be modified by subsequent agreement.

Definitions

(a) The Note, this Mortgage, and any other writing (whether heretofore made or hereafter executed) which, by its terms secures or contains agreements with respect to all or any part of the indebtedness evidenced by the Note including, but not limited to, any guarantees relating thereto, are each sometimes hereinafter referred to as a "Mortgage Instrument."

(b) The term "Default Interest Rate" means the interest rate of four percent (4%) per annum greater than the above stated rate of interest.

(c) All persons who have executed this Mortgage are hereinafter sometimes collectively referred to as "Mortgagor" and any one such person is sometimes referred to as "a Mortgagor."

(d) Any person who is not a Mortgagor under the foregoing definition is sometimes hereafter referred to as a "third party."

The undersigned represent, covenant and agree as follows:

1. General Covenants. Mortgagor hereby agrees:

(a) to pay or cause to be paid all indebtedness secured by this Mortgage and all interest thereon as provided in the Note, in this Mortgage and in any other Mortgage Instrument;

(b) to not commit or suffer any waste of the mortgaged property, and to keep the mortgaged property in good condition and repair;

(c) to keep the mortgaged property free of any mortgage other than the first mortgage to First Indiana Bank, its successors and assigns, and free of any mechanic's lien, or other lien or encumbrance or claim of mortgage lien or encumbrance;

(d) not to suffer or permit any unlawful use nor any nuisance to exist upon the mortgaged property;

(e) not to weaken, diminish or impair the value of the mortgaged property or this Mortgage by any act or omission to act;

(f) to appear in any proceeding which, in the opinion of the Mortgagee, may affect this Mortgage and, at the sole expense of Mortgagor, to take all steps necessary to protect, maintain or defend the primacy, enforceability and validity of this Mortgage and, at the sole expense of Mortgagor, to do, make, execute and deliver any acts, things, assurances and writings which the Mortgagee may require to protect, defend, or make more secure this Mortgage;

(g) to pay when due any indebtedness or liability which may be secured by a mortgage, lien, other encumbrance or charge on all or any part of the mortgaged property and, upon request, to exhibit satisfactory evidence of the discharge of any such mortgage, lien or other encumbrance or charge to the Mortgagee;

(h) to complete within a reasonable time any buildings or other improvements now or at any time in the process of erection upon the mortgaged property;

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(i) immediately after destruction or damage to all or any part of the mortgaged property, to commence and promptly complete the rebuilding or restoration of buildings, improvements and all other property now or hereafter on the mortgaged property, unless such destruction or damage is covered by insurance and the Mortgagee elects to apply the proceeds of such insurance to the indebtedness secured by this Mortgage in accordance with the provisions of paragraph 3;

(j) to comply with all laws, regulations, rulings, ordinances, orders and all other requirements imposed by any governmental or other competent authority, and with all restrictions, covenants and conditions relating to the mortgaged property or to the use of the mortgaged property;

(k) not to make, suffer or permit, without in each case first obtaining the written permission of the Mortgagee: (1) any use of the mortgaged property for any purpose other than that for which it was used on the date of this Mortgage; (2) any substantial alterations or additions to, or any demolition, removal or sale of any building, improvement, fixtures, appurtenances, machinery or equipment now or hereafter upon the mortgaged property except as may be required by law; (3) any purchase, lease or agreement under which title or any security interest is reserved by any person other than the Mortgagee in any fixtures, machinery or equipment to be placed in or upon any buildings or improvements on the mortgaged property; or (4) any zoning reclassification.

2. **Real Estate Taxes.** Mortgagor shall pay all general real estate taxes, special assessments, water and sewer charges, and all other taxes and charges against the mortgaged property or against the Mortgagee's interest under this Mortgage, under the Note or under any other Mortgage Instrument, extraordinary as well as ordinary, unforeseen as well as foreseen, of any kind and nature whatsoever, including but not limited to assessments for local improvements and betterments. All taxes, assessments and charges which Mortgagor is obligated to pay under the terms of the preceding sentence are hereinafter referred to as "impositions." Mortgagor shall pay all impositions when due and before any charge for nonpayment attaches or accrues except that Mortgagor shall pay any and all impositions which shall have become payable at any time prior to the date of this Mortgage immediately upon learning of any such impositions. Mortgagor agrees to deliver to the Mortgagee, upon request, duplicate receipts evidencing the payment of all taxes and other impositions required to be paid by Mortgagor. To prevent default under the foregoing agreement, Mortgagor shall pay when due in full, under protest, in the manner provided by law, any tax, special assessment or other imposition which Mortgagor shall desire to contest.

3. **Insurance.** Mortgagor shall keep all buildings, improvements and betterments now or hereafter upon the mortgaged property insured against loss or damage by fire, lightning, windstorms, malicious mischief, vandalism, extended coverage hazards, and such other hazards (including hazards not now contemplated) as the Mortgagee may require to be insured against until the indebtedness secured by this Mortgage is fully paid, or in case of foreclosure, until expiration of the redemption period, in an amount sufficient to pay the full replacement cost of all such buildings, improvements and betterments, but in no event less than an amount sufficient to pay in full the indebtedness secured by this Mortgage. Upon request of the Mortgagee, Mortgagor shall also provide liability insurance covering such liabilities (including liabilities which may arise under any law relating to intoxicating liquor) and with such coverages and monetary limits as the Mortgagee may require. Mortgagor shall have the right to choose the companies, agents and brokers from which any insurance required under the terms of this Mortgage shall be obtained; provided, however, that the Mortgagee shall have the right to disapprove for reasonable cause any company, agent or broker selected by Mortgagor. Policies for the hazard and liability insurance required under this Mortgage shall be delivered to and shall remain with the Mortgagee, and in the case of insurance about to expire, renewal policies shall be delivered to the Mortgagee not later than ten (10) days prior to the respective dates of expiration. Each hazard insurance policy shall contain a Lender's Loss Payable clause in a form satisfactory to the Mortgagee making the given policy payable to the Mortgagee, shall not contain any contribution clause, and shall by its terms not be subject to cancellation or material alteration in the absence of at least ten (10) days' prior written notice to the Mortgagee. In case of loss under the required hazard insurance policies, the Mortgagee is authorized to adjust, compromise and collect all claims thereunder without the consent of Mortgagor, and to execute and deliver on behalf of Mortgagor all necessary proofs of loss, receipts, vouchers, releases and other such papers required to be signed by the insurance companies, and Mortgagor agrees to sign, upon demand, all receipts, vouchers, releases and other such papers required by Mortgagee or any insurance company to be signed. At the election of the Mortgagee, the proceeds of any insurance claim may be applied to the reduction of the indebtedness secured by this Mortgage whether or not then due, may be applied to the cost of rebuilding or restoring of buildings, improvements and betterments on the mortgaged property, or may be applied to both purposes in such proportion as the Mortgagee shall determine.

4. **Deposits.** At the option of the Mortgagee, Mortgagor agrees to pay to the Mortgagee each month a sum specified by the Mortgagee and estimated by the Mortgagee to be equal to one-twelfth (1/12th) of the total amount of the general property taxes to be assessed against the mortgaged property for the year in which the deposit is made. Mortgagor further agrees, at the option of the Mortgagee, to increase the monthly deposits required under the preceding sentence by an amount specified in the Mortgagee's request in order to provide funds for the payment of all special assessments, other impositions and premiums for insurance required by this Mortgage, which shall be designated by Mortgagee and which, in the Mortgagee's estimation, may fall due or accrue within the next succeeding year. It is expressly agreed that no trust or other fiduciary relationship shall be deemed to exist between the Mortgagee and any other person by reason of the making of the deposits provided for in this paragraph 4; that the Mortgagee shall not have any obligation of any kind to pay any interest or other return on any funds deposited pursuant to this paragraph 4 (regardless of whether the Mortgagee may pay any

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interest or return on similar deposits made by other persons); that such deposits may be commingled with the Mortgagee's own funds; and that, except as expressly provided herein, the Mortgagee shall not be obligated to comply with any request of any Mortgagor or other person with respect to the use, investment or disposition of any such deposits. The Mortgagee is hereby authorized to pay all taxes, special assessments, other impositions and insurance premiums as charged or billed without inquiry as to accuracy or validity and regardless of whether or not such payment is requested by any Mortgagor. The Mortgagee shall not, however, be obligated to apply any amounts deposited pursuant to this paragraph to the payment of any tax, special assessment, other impositions or insurance premium unless (i) Mortgagor, while not in default under the provisions of this Mortgage or any other Mortgage Instrument, shall have requested the Mortgagee in writing to apply funds on deposit to a given tax or other charge; (ii) each such written request shall be accompanied by the bill for the given tax or other charge of which payment is requested; (iii) the given tax or other charge shall be one intended by the Mortgagee to be covered by the deposits made pursuant to this paragraph; and (iv) there shall then be a sufficient amount on deposit to satisfy in full all payments then due on all taxes and other charges intended by the Mortgagee to be covered by deposits made pursuant to this paragraph. The Mortgagee shall not be liable for any loss which any Mortgagor may suffer by reason of any failure of the Mortgagee to pay any imposition or insurance premium which the Mortgagor shall be obligated to pay unless such failure shall have resulted from the Mortgagee's willful misconduct or gross negligence.

5. **Mortgagee's Right to Perform Mortgagor's Covenants.** The Mortgagee is hereby authorized (but shall not be required) to make any payment and to perform in any manner deemed expedient any act which Mortgagor is required to make or to perform under the terms of this Mortgage, the Note, or any other Mortgage Instrument, and which Mortgagor shall fail to make or to perform at the time and in the manner specified in this Mortgage, in the Note, or in any other Mortgage Instrument. The Mortgagee is further authorized to make any payment and to perform any act which Mortgagee may deem necessary to establish, protect or defend this Mortgage or the value thereof, or to protect or maintain the value of the mortgaged property, or to establish, protect or defend the validity of the Note, or to establish or enforce the liability of any person in any way obligated on the Note. The authority hereby granted to the Mortgagee includes, but is not limited to, the right to make full or partial payments of principal, interest or other charges at any time due or claimed to be due on any mortgage or other lien or encumbrance, if any, on the mortgaged property; the right to purchase, discharge, clear off, compromise or settle any tax lien or other lien or title or any claim to any such lien or title; the right to pay any tax, special assessment or other imposition against the mortgaged property or any insurance premium for which Mortgagor is responsible; the right to contest any tax or assessment; and the right to purchase the mortgaged property at any sale or to redeem the mortgaged property from any such sale or from any forfeiture. Mortgagor hereby agrees to reimburse the Mortgagee on demand in an amount equal to all amounts paid and expense incurred by the Mortgagee for any payment or action, the making or performance of which is authorized by any of the foregoing provisions of this paragraph 5, and to pay interest at the Default Interest Rate from the date each of such payments and expenses shall have been paid by the Mortgagee on the amount thereof remaining from time to time unreimbursed; and all such principal amounts and interest shall be secured by this Mortgage. The Mortgagee may make any payment authorized under this paragraph 5 without inquiring as to the validity or accuracy of the item or claim paid, and the invalidity or inaccuracy of any such item or claim shall in no way affect the Mortgagee's right to repayment of all such sums advanced. Nothing contained in this paragraph 5 shall be construed as requiring the Mortgagee to advance any money for any purpose or to take any affirmative action; and the Mortgagee shall not incur any liability because of anything it may do or omit to do pursuant to the foregoing authorization, except in case of its own gross negligence or willful misconduct.

6. **Right to Employ Counsel, etc.** The Mortgagee, at his discretion, is hereby authorized to employ counsel for advice and other legal services, to employ other persons, and to take such other action and incur such other expenses as may appear necessary or prudent in connection with any action which the Mortgagee is authorized to take under any of the provisions of this Mortgage or in connection with any litigation, proceeding, negotiation, transaction or dealing in which the Mortgagee may become concerned or involved because of his interest under this Mortgage or under the Note, including but not limited to:

(a) participation in any proceeding (including bankruptcy and probate proceedings) to which the Mortgagee may be made or may have a right to become a participant by reason of its interest under this Mortgage or the Note;

(b) participation (whether as plaintiff, defendant, claimant, intervenor, witness or otherwise) in any proceeding, negotiation, or transaction which may affect title to or any interest in the mortgaged property or which may in any way affect or question the Mortgagee's right to receive and/or to retain payment of the amount which the Mortgagee shall determine to be due under the Note or under the provisions of this Mortgage, or which may in any way affect or question the validity, enforceability, or priority of this Mortgage;

(c) the initiation and/or maintenance of any judicial or administrative action reasonably deemed necessary by the Mortgagee to establish or protect the validity, enforceability or priority of the mortgage created by this Mortgage;

(d) any other action of any kind taken by the invitation or request of any Mortgagor or of any person who may claim title to or an interest in the mortgaged property under or through any Mortgagor, including, but not limited to, the making of any special arrangements, the waiver of any rights under any Mortgage Instrument, or the amendment of any Mortgage Instrument; or

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(e) preparation for any proceeding, negotiation, act or transaction or dealing specified in (a), (b), (c), or (d) immediately above, regardless of whether or not the Mortgagee shall become a participant in any such action, proceeding, negotiation, transaction or dealing. Mortgagor agrees to reimburse the Mortgagee on demand in an amount equal to all attorneys' fees and any other expenses incurred and payments made by the Mortgagee pursuant to the authority granted in the foregoing provisions of this paragraph, and to pay interest from the date each of such payments and expenses shall have been paid by the Mortgagee at the Default Interest Rate on the amount of such payments and expenses remaining from time to time unreimbursed; and all such principal amounts and interest shall be secured by this Mortgage.

7. **Default.** For purposes of this Mortgage, "Material Default" shall be deemed to have occurred if:

(a) Mortgagor shall fail to pay when due any payment required under or by reason of the terms of the Note, this Mortgage or any other Mortgage Instrument; or

(b) Mortgagor shall fail to perform or to observe at the time and in the manner required under this Mortgage or any other Mortgage Instrument any other obligation required to be performed or observed by Mortgagor under the terms of this mortgage or any Mortgage Instrument; or

(c) any warranty, representation, statement or report made or given at any time to the Mortgagee by or on behalf of any Mortgagor shall have been false in any material respect when given or furnished; or

(d) there shall be any execution of levy on, the institution of any suit to foreclose any mortgage, lien or other encumbrance against, or any seizure, attachment, forced sale or forfeiture of all or any part of the mortgaged property; or

(e) any proceeding shall be instituted by or against Mortgagor under any chapter of the Federal Bankruptcy Act, under any insolvency law or under any law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension; or

(f) Mortgagor shall make any assignment for the benefit of creditors or shall apply for or consent to the appointment of a receiver for any Mortgagor or for all or any part of the mortgaged property; or

(g) Mortgagor or all or any part of the mortgaged property shall be placed under the control or in the custody of any court of other governmental authority or of a receiver or trustee; or

(h) Mortgagor shall vacate or abandon the mortgaged property or any part thereof.

8. **Remedies.** In the event any Material Default (as defined in paragraph 7) shall occur, the Mortgagee is hereby authorized and empowered, at his election, upon thirty (30) days prior written notice to Mortgagor (except for a default under Paragraph 7(a) in which event no notice shall be required), without affecting the validity, enforceability or priority of this Mortgage, and regardless of whether any default shall be subsequently remedied by Mortgagor, to do any or all of the following:

(a) to declare all unpaid principal and accrued interest under the Note and all other amounts secured by this Mortgage immediately due and payable, whereupon all such principal, interest and other amounts shall, without notice or demand, become immediately due and payable; and

(b) to apply and set off against any indebtedness secured by this Mortgage whether or not then due, (i) any other indebtedness owing from the Mortgagor in any capacity to Mortgagee whether or not then due, and (ii) any money (including but not limited to all deposits made pursuant to paragraph 4, securities, or other property of Mortgagor then in the possession of the Mortgagee in any capacity. At any time after the unpaid principal balance of the Note shall have become due (whether by acceleration of otherwise), and regardless of whether or not a Material Default shall have occurred, the Mortgagee shall have the right to do any or all of the following:

(1) to foreclose this Mortgage in any manner permitted by law;

(2) to institute appropriate legal action for a personal deficiency judgment, for the appointment of a receiver, and for any other relief permitted by law; and

(3) to exercise all other rights which may accrue to the Mortgagee under or by reason of the provisions of any Mortgage Instrument or under law. Notwithstanding the foregoing, all unpaid principal and accrued interest under the Note and all

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amounts secured by this Mortgage shall become immediately due and payable without notice or demand in the event of the occurrence of any of events described in items (e), (f), or (g) of paragraph 7 hereof.

9. **Foreclosure Expenses.** Mortgagor shall reimburse the Mortgagee in an amount equal to the amount of all costs and expenses (hereinafter called "Foreclosure Expenses") incurred by the Mortgagee in connection with foreclosure proceedings or in connection with the exercise of any other action authorized in paragraph 8 of this Mortgage, and shall pay interest at the Default Interest Rate from the date each of such costs and expenses shall be paid by the Mortgagee on the amount of such costs and expenses remaining from time to time unreimbursed. The Foreclosure Expenses shall include, but shall not be limited to, attorneys' fees, appraisers' fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, sheriff's costs and fees, costs (which may be estimated as to items to be expended after entry of a foreclosure decree) of procuring all minutes of foreclosure, abstracts of title, title examinations, title insurance, and such similar data and assurances with respect to title as the Mortgagee may deem reasonably necessary either to prosecute foreclosure suit or to evidence to bidders at any sale which may be had pursuant to such a suit the true condition of the title or the value of the mortgaged property. The Foreclosure Expenses together with all other amounts for which Mortgagor is or shall be liable to the Mortgagee under the provisions of this Mortgage, and together with all interest on such Foreclosure Expenses and other amounts shall be immediately due and payable without notice or demand, shall be secured by this Mortgage, and, if not paid by Mortgagor, shall be included in any decree or judgment as part of the indebtedness secured hereby, shall be payable from the rents and proceeds of sale of the mortgaged property, and, if not satisfied pursuant to one of the foregoing provisions, shall be included in any deficiency judgment.

10. **Application of Proceeds** Except as otherwise provided by law, the proceeds of any foreclosure sale of the mortgaged property shall be distributed and applied in the following order of priority: first, to accrued interest on the foreclosure decree; second, to all Foreclosure Expenses and all other amounts secured by this Mortgage additional to amounts evidenced by the Note and all accrued interest thereon; third, to all principle and accrued interest remaining unpaid on the Note; and for any overplus to the party entitled thereto by law.

11. **Receiver.** Upon, or at any time after the filing of a foreclosure suit under this Mortgage, the court in which such suit is filed may appoint a receiver of the mortgaged property or may, at the consent of the party appointed, appoint the Mortgagee as receiver or as mortgagee in possession. The appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of any Mortgagor at the time of application for such receiver or mortgagee in possession and without regard to the then value of the mortgaged property or whether or not the mortgaged property shall be then occupied as a homestead. The receiver or mortgagee in possession shall have all powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the mortgaged property, including but not limited to, the power to do any or all of the following:

- (a) to enter upon and take possession of the mortgaged property;
- (b) to put and maintain the mortgaged property in first class condition;
- (c) to employ all personnel necessary for the successful operation of the mortgaged property;
- (d) to provide insurance against such risks and in such amounts as the receiver or mortgagee in possession may deem desirable;
- (e) to lease the mortgaged property to such persons, for such terms (whether or not extending beyond the probable period of possession by the receiver or mortgagee in possession) at such rentals and on such conditions as shall appear desirable to the receiver or mortgagee in possession; and
- (f) to collect the rents, issues and profits of the mortgaged property (including those which shall be overdue) during the pendency of the foreclosure suit and, in case of a sale and deficiency during the full statutory period of redemption, whether there be redemption or not, as well as during any further times during which Mortgagor, except for the intervention of such receiver or mortgagee in possession would be entitled to collect such rents, issues and profits. No lease of all or any part of the mortgaged property shall be terminated by the entry into possession by the receiver or mortgagee in possession, but the receiver or mortgagee in possession may elect to terminate any lease which may be junior to this Mortgage. Mortgagor agree to pay a reasonable rent to any receiver or mortgagee in possession appointed in connection with any foreclosure proceedings for the whole of any time during which any Mortgagor shall occupy any portion of the mortgaged property subsequent to the appointment of such a receiver or mortgagee in possession. Net income (i.e., income remaining after payment of expenses incurred by the receiver or mortgagee in possession of the exercise of powers authorized by this paragraph 11 and for payment of the fees of the receiver and mortgagee in possession) shall be applied in such amounts as the Mortgagee shall determine to payment of any amount owing on the Note or secured by this Mortgage, to payment of any amount owing on any judgment on the Note or on any foreclosure decree hereon, or to payment of any tax, special assessment or other amount which may be secured by any lien or encumbrance equal or senior in

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priority to this Mortgage or by a judgment on this Mortgage, provided any such application is made prior to the foreclosure sale; subsequent to a foreclosure sale, net income may be applied only against any deficiency remaining after such sale.

12. Assignment of Leases and Rents. Mortgagor hereby pledges and assigns to the Mortgagee all leases of all or any portion of the mortgaged property and all rents payable under any lease of all or any part of the mortgaged property whether presently existing or hereafter made, and further pledge and assign any other proceeds arising from any occupancy, use or exploitation of the mortgaged property or any interest therein. While it is the intention of the parties that the foregoing assignment shall be a present assignment, the Mortgagee shall not exercise any rights granted under this paragraph unless and until a Material Default (as defined in paragraph 7) shall occur under the terms of this Mortgage. Upon the occurrence of a Material Default, and regardless of whether the Mortgagee shall have instituted foreclosure proceedings or shall have availed himself of any other right available under paragraph 8: (a) all rent and other proceeds hereby assigned which shall be paid subsequent to the date of the Material Default shall inure to the benefit of the Mortgagee; (b) the Mortgagee shall have the right to terminate, alter and amend any lease of the mortgaged property and to cause new leases to be executed; (c) the Mortgagee shall have the right to notify any lessee or other person in possession of the mortgaged property of this assignment, and to require that all subsequent payments hereby assigned be made directly to the Mortgagee; and (d) the Mortgagee shall have the right to collect and receive all rents and proceeds hereby assigned. The collection of rents pursuant to this assignment shall not be deemed to render the Mortgagee a mortgagee in possession. It is the intention of Mortgagor that the leases, rents and proceeds hereby pledged and assigned shall be deemed to be pledged and assigned on a parity with and independently of the mortgaged real estate, and that this assignment shall not be deemed merged in any foreclosure decree. Mortgagor agree to execute such attornment notices and other writings as the Mortgagee may require to secure his interest in the rents and proceeds thereby assigned or to facilitate the collection of such rents and proceeds. The collections made pursuant to this assignment shall first be applied to reimburse the Mortgagee for all costs incurred to effect such collection and to pay the Mortgagee's fees, and any remaining amounts shall be applied prior to any foreclosure sale in such amounts as the Mortgagee shall determine to payment of any amount owing on the Note or secured by this Mortgage, to payment of any amount owing on any judgment on the Note or on any foreclosure decree hereon, or to payment of any tax, special assessment, or other amount which may be secured by a lien or encumbrance equal or senior in priority to the interest created by this assignment, and shall be applied after any foreclosure sale to any deficiency remaining after such sale.

13. Restriction on Transfer. Mortgagor may not, without Mortgagee's prior written consent, further mortgage, encumber, hypothecate, sell, convey or assign all or any part of the mortgaged property or Mortgagor's interest in the mortgaged property, or lease or sublease the mortgaged property or any part thereof, or suffer any of the foregoing to occur. Mortgagor shall not create, suffer, or permit to be created or filed against the mortgaged property any mortgage lien or other lien superior or inferior to the lien created by this Mortgage, except the mortgage to First Indian Bank. In the event Mortgagor otherwise suffers or permits any lien to be attached to the mortgaged property, Mortgagee shall have the unqualified right, at his option, to accelerate the maturity of the Note, causing the entire principal balance and all interest accrued as well as all other amounts secured by this Mortgage to be immediately due and payable upon no less than thirty (30) days' notice.

14. Right to Deal with Third Persons. In the event any part of any Mortgagor's title to or interest in any of the mortgaged property shall pass to or vest in any third person or in the event any third person shall become liable for or shall assume any obligations secured by this Mortgage or by any other Mortgage Instrument, then and in either such event, the Mortgagee, if he elects (but not otherwise), may, without notice to any Mortgagor, deal with any such third person in any way in which the Mortgagee may deem necessary or desirable in connection with any indebtedness or obligations secured by this Mortgage. Without limiting the generality of the foregoing provision, the Mortgagee is hereby authorized:

- (a) to extend the time for payment of any indebtedness secured by this Mortgage;
- (b) to forebear to sue and to forebear to exercise any other right, power or remedy which may be available under any of the Mortgage Instruments;
- (c) to settle or to compromise any claim against any such third person (which settlement or compromise may have the effect of releasing any or all third persons from any liability to the Mortgagee); and
- (d) to release any interest in the mortgaged property and to release any other collateral securing any obligation of any third person.

No dealings or activities undertaken by the Mortgagee pursuant to the provisions and authorizations contained in this paragraph 14 shall operate or terminate, limit, subordinate, or impair in any way the liability of any Mortgagor under this Mortgage, under the Note, or under any other Mortgage Instrument.

15. Condemnation. If all or any part of the mortgaged property shall be taken or condemned by any governmental or other competent authority, the Mortgagee is hereby empowered and authorized to collect and receive all compensation which may be paid for

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any property taken or for damage to any property not taken, and all compensation so received shall be applied at the election of the Mortgagee to the immediate reduction of the indebtedness secured hereby whether or not then due, or to the repair and restoration of any damaged property or, in part, to both of such purposes, in such proportion as the Mortgagee shall determine.

16. **Certain Waivers.** No action for the enforcement of the Mortgage created hereby or of any provision hereof shall be subject to any defense which would not be good and available to the party interposing the defense in an action at law upon the Note by the then holder of the Note. Mortgagor hereby releases and waives all rights of dower, and all rights under and by virtue of the homestead exemption laws of the state in which the mortgaged property is located.

17. **Non-liability of Mortgagee.** The Mortgagee has no duty to examine the title, location, existence or condition of the mortgaged property, or to inquire into the validity of the signatures or the identity, capacity, or authority of the signatories of the Note, of this Mortgage or of any other Mortgage Instrument. The Mortgagee shall not be obligated to record this Mortgage or to exercise any power unless expressly obligated by the terms of this Mortgage to do so. The Mortgagee shall not be liable for any act or omissions hereunder, except in case of his own gross negligence, or that of his agents or employees. The Mortgagee may require indemnities satisfactory to him before exercising any power granted under the terms of this Mortgage.

18. **Release.** The Mortgagee shall release this Mortgage upon presentation of satisfactory evidence that all indebtedness secured by this Mortgage has been fully paid and to the extent permitted by law, upon the payment to the Mortgagee of a reasonable fee for the execution of any necessary release instruments.

19. **Environmental Provisions.** Mortgagor represents and warrants that the mortgaged property, and, to the best of Mortgagor's knowledge, any adjacent parcel, does not contain in, on, under or about, including the soil and groundwater, any Hazardous Materials in a manner which violates any local, state or federal environmental law or regulation (collectively, "Environmental Laws"). Mortgagor covenants and agrees to:

- (a) comply and cause compliance by all tenants, if any, with all Environmental Laws;
- (b) obtain and maintain all licenses, permits or registrations required by Environmental Laws; and
- (c) take prompt and appropriate action to respond to and rectify any noncompliance with Environmental Laws.

Mortgagor shall give Mortgagee immediate notice of any violation or suspected violation of Environmental Laws. Mortgagor shall provide Mortgagee, or Mortgagee's agents, at any time and from time to time, with access to the mortgaged property for purposes of conducting a review of the environmental condition of the mortgaged property, including such tests and inspection Mortgagee deems appropriate, or to take appropriate action in response to a release or the threat of release of Hazardous Materials, if the Mortgagee chooses to do so in its sole discretion. In addition to, and not in limitation of, the indemnification provisions hereafter set forth in this Section 19, Mortgagor agrees that if any review, tests or inspection indicate the presence of Hazardous Materials on, above, or under the mortgaged property and/or a violation of Environmental Laws, Mortgagor shall, upon demand, pay the cost of such review, test, or inspection. Mortgagor agrees to defend, indemnify and hold harmless Mortgagee and their agents, employees, successors and assigns, including any purchaser at a foreclosure sale (the "Indemnified Parties") from and against, and shall reimburse the Indemnified Parties for, any and all actions, claims, liabilities, costs, damages, fines, interest and punitive damages (including attorneys', accountants' and consultants' fees as they become due) in any way arising or resulting directly or indirectly, from (1) the existence of or the release or threat of release of any Hazardous Material in, on, under or about the mortgaged property; (2) any injury to human health or the environment by reason of the existence of or the release or threat of release of Hazardous Materials or (3) the non-compliance with Environmental Laws. This indemnification is without regard to fault, and will survive the termination and satisfaction of this Mortgage. As used in this paragraph, "Hazardous Materials" means any hazardous substance as defined in the Comprehensive Environmental Response Compensation and Liability Act as amended, 42 U.S.C. § 9601 *et seq.*, hazardous waste as defined in the Resource Conservation and Recovery Act as amended, 42 U.S.C. § 6901 *et seq.*, and all chemicals, materials or substances of any kind regulated under any local, state, agency or federal law, regulation or ordinance, including without limitation, asbestos, urea formaldehyde, petroleum and petroleum-derived products, pesticides and polychlorinated biphenyls (PCBs).

20. **Miscellaneous.**

- (a) The Mortgagee shall have the right to inspect the mortgaged property at such times and on as many occasions as the Mortgagee may desire, and access to the mortgaged property shall be permitted for the purposes of such inspection.
- (b) The word "Note", when used in this instrument, shall be construed to mean "Notes" when more than one note is used.
- (c) Time is of the essence of this Mortgage, and all provisions relating thereto shall be strictly construed.

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(d) Whenever possible, each provision of this Mortgage, the Note and every other Mortgage Instrument shall be interpreted in such manner as to be effective and valid under applicable law, but, if any provision of this Mortgage, the Note or any other Mortgage Instrument shall be held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition of invalidity, without invalidating the remainder of such provision or the remaining provisions of the instrument in which such provision appears or any other Mortgage Instrument. If any given rate or charge provided for under the terms of this Mortgage, the Note or any other Mortgage Instrument shall be greater than the highest rate or charge permitted by law, the highest rate or charge permitted by law shall be due in place of the given rate or charge which would otherwise be due.

(e) Each notice, demand or direction required or permitted under the terms of this Mortgage shall be deemed to have been given or delivered at the time when mailed by United States mail, postage prepaid, addressed (1) if to Mortgagor, to such address as may be shown on the Mortgagee's records as the address of the Mortgagor, or to 395 Marion Avenue, Mill Valley, California 94941, and (2) if to the Mortgagee, to the address of 383 Ridge Road, Highland Park, Illinois 60035, Attention: David Brief and Rita, with a copy to Jennifer Ann Esposito, Kantor & Apter, Ltd., 650 Dundee Road, Suite 160, Northbrook, Illinois 60062, or to such other address as the Mortgagee may designate from time to time by written notice. Except as otherwise expressly provided in this Mortgage, no notice or demand to any assignee, grantee or other successor in interest of any Mortgagor shall be required.

(f) Neither this Mortgage nor any other Mortgage Instrument may be amended, modified or discharged in whole or in part orally. No written amendment to this Mortgage or any other Mortgage Instrument may be enforced against any person unless such amendment shall have been executed by such person or his predecessor in interest. No course of dealing between the Mortgagee on the one hand and the Mortgagor or any other person on the other hand shall be deemed effective to modify, amend or discharge any part of this Mortgage or any other Mortgage Instrument or any rights or obligations of any party under this Mortgage or any other Mortgage Instrument. No person shall be deemed to have waived any right under the Mortgage or under any other Mortgage Instrument unless such waiver is in writing and signed by the person waiving such right. No delay or omission in exercising any right under any Mortgage Instrument shall operate as a waiver of such right or of any other right. A waiver upon any one occasion shall not be construed as a bar or waiver of any right or remedy on any future occasion. All of the rights and remedies of the Mortgagee whether evidenced hereby or by any other Mortgage Instrument or whether granted by law, shall be cumulative and may be exercised singly or concurrently.

(g) All rights and obligations under this Mortgage shall extend to and be binding upon the legal representatives, heirs, successors and assigns of each Mortgagor and the Mortgagee.

(h) Any insurance proceeds, condemnation proceeds, rents, or other amounts which, pursuant to the provisions of this Mortgage shall be applied to any indebtedness secured hereby, shall be deemed to have been applied to such indebtedness in the inverse order of its maturity. Until the Note shall have been paid in full, no periodic payment which shall become due under the terms of the Note shall be deemed to have been prepaid.

(i) The law of the State of California shall govern all questions relating to this Mortgage, the Note, and any other Mortgage Instrument, including but not limited to all questions concerning construction, validity and performance.

(j) The captions of this Mortgage are for convenience only and are not to be construed as part of this Mortgage, and shall not be construed as defining or limiting in any way the scope or intent of the provisions hereto. Singular and plural, and masculine, feminine and neuter, shall be interchangeable as required or permitted in the context of this instrument.

21. **Maximum Amount Secured.** The maximum amount of principal, interest, future advances and other amounts (now or hereafter owed) secured by this Mortgage is double the principal amount of the Note.


22. **Mortgage Foreclosure Law.** In the event that any provision in this Mortgage shall be inconsistent with any provision of the applicable Mortgage Foreclosure Law (the "Act"), the provisions of the Act shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with the Act. If any provision of this Mortgage shall grant the Mortgagee any rights or remedies upon default of the Mortgagor which are more limited than the rights that would otherwise be vested in the Mortgagee under the Act in the absence of said provision, Mortgagee shall be vested with the rights granted in the Act to the full extent permitted by law. Without limiting the generality of the foregoing, all expenses incurred by Mortgagee to the extent reimbursable under the Act, whether incurred before or after any decree or judgment of foreclosure, and whether enumerated in this Mortgage, shall be added to the indebtedness hereby secured or by the judgment of foreclosure.

23. **Jurisdiction.** The undersigned irrevocably consents that any legal action or proceeding against him, arising out of or in any manner relating to this Mortgage may be brought in any court of the State of Illinois or in the United State District Court, and expressly and irrevocably assents and submits to the personal jurisdiction of any of such courts in any such action or proceeding, and expressly and

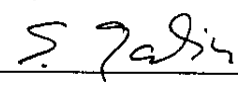
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irrevocably waives any claim or defense in any such action or proceeding based on improper venue or *forum non conveniens* or any similar basis. Nothing herein shall affect or impair in any manner or to any extent the right of Mortgagee to commence legal proceedings or otherwise proceed against the undersigned in any other jurisdiction permitted by law.

IN WITNESS WHEREOF, the undersigned Mortgagor shall be deemed to have executed and delivered this Mortgage at Cook County, Illinois. Said Mortgage shall be deemed effective as of July 31, 2000 (herein called the "date of this Mortgage").

V. G. 

 Viacheslav Galin

S. G. 

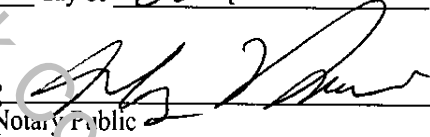
 Svetlana Galin

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County in the State aforesaid, do hereby certify that Viacheslav Galin and Svetlana Galin, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 31st day of JULY, 2000.





 Notary Public
 My commission expires _____

MAIL TO:

This instrument prepared by:

Jennifer Ann Esposito
Kantor & Apter, Ltd.
650 Dundee Road
Suite 160
Northbrook, Illinois 60062
(847) 272-8850

