



MORTGAGE, SECURITY AND RECAPTURE AGREEMENT

THIS MORTGAGE, SECURITY AND RECAPTURE AGREEMENT ("Mortgage") is made as of this 17th day of May, 2000 from LILLIE GOWENS ("Mortgagor"), to the SEAWAY COMMUNITY DEVELOPMENT CORPORATION, an Illinois not-for-profit corporation, having its principal office at 645 E. 87th Street, Chicago, Illinois 60619 ("SCDC" or "Mortgagee").

RECITALS

WHEREAS, SCDC is a participant in the U.S. Department of Housing and Urban Development Direct Sale Program which facilitates its purchase, rehabilitation and resale of residential real estate which shall be affordable to many families;

WHEREAS, pursuant to the objectives of the Direct Sale Program, SCDC and the U.S. Department of Housing and Urban Development, executed that certain "Land Use Restriction Addendum" dated as of January 26, 1999; and

WHEREAS, SCDC has given Mortgagor a Five Thousand Dollar (\$5,000.00) Federal Home Loan Bank of Chicago Affordable Housing Program Subsidy ("FHLB AHP Subsidy") at closing against the purchase price of that certain parcel legally described on Exhibit A attached hereto (the "Mortgaged Property"); and

WHEREAS, the FHLB AHP Subsidy may be recovered by SCDC only upon the terms and conditions set forth in the Covenant of Residency and Income;

WHEREAS, Mortgagor has covenanted to Mortgagee that it meets the income eligibility requirements in order to receive the FHLB AHP Subsidy; and

WHEREAS, in consideration for SCDC's granting the Mortgagor the FHLB AHP Subsidy at closing, Mortgagor has executed and delivered to the Mortgagee that certain covenant of residency and income ("Covenant of Residency and Income") reflecting the recapture provisions described in the Mortgage solely in the event that the land is sold by Mortgagor within the five (5) year period commencing with the date of conveyance of the Mortgaged Property from SCDC to Mortgagor; and

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NOW, THEREFORE, to secure the performance and observance by Mortgagor of all the terms, covenants and conditions described in the Covenant of Residency and Income and the Mortgage, and in order to charge the properties, interests and rights hereinafter described with such consideration, Mortgagor has executed and delivered the Mortgage and does hereby grant, convey, assign, mortgage, grant a security interest in, and confirm unto Mortgagee and its successors and assigns forever, all of the property legally described on Exhibit A attached hereto (which is hereinafter sometimes referred to as "Mortgaged Property").

TO HAVE AND TO HOLD the Mortgaged Property and all parts thereof unto Mortgagee, its successors and assigns, to its own proper use, benefit and advantage forever, subject, however, to the terms, covenants and conditions herein;

WITHOUT limitation of the foregoing, Mortgagor hereby further grants unto Mortgagee, pursuant to the provisions of the Uniform Commercial Code of the State of Illinois, a security interest in all of the above-described property, which are or are to become fixtures.

THIS MORTGAGE IS GIVEN TO SECURE: (a) payment of the recapture provision evidenced by the terms of the Covenant of Residency and Income and the Mortgage, and (b) performance of each and every of the covenants, conditions and agreements contained in the Covenant of Residency and Income and the Mortgage, and in any other agreement, document or instrument to which reference is expressly made in the Mortgage.

ARTICLE I

INCORPORATION OF RECITALS

The recitals set forth above constitute an integral part of the Mortgage and are hereby incorporated herein by this reference with the same force and effect as if set forth herein as agreements of the parties.

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

Mortgagor covenants and agrees with Mortgagee that:

2.01 Taxes and Assessments.

(a) Mortgagor will pay when due all general taxes and assessments, special assessments, water charges and all of the charges against the Mortgaged Property and shall, upon written request, furnish to Mortgagee receipts evidencing payment thereof, provided that Mortgagor, in good faith and with reasonable diligence, may contest the validity or amount of any such taxes, assessments or charges provided that during any such contest the enforcement of the lien of such taxes, assessments or charges is stayed.

(b) Mortgagor will not suffer (unless bonded or insured over) any mechanic's, laborer's, materialmen's, or statutory lien to remain outstanding upon any of the Mortgaged Property. Mortgagor may contest such lien, provided that Mortgagor shall first post a bond in the amount of the contested lien, or provide title insurance over such contested lien, and further provided that Mortgagor shall diligently prosecute the contested lien and cause the removal of the same.

2.02 Insurance.

Mortgagor shall keep the Mortgaged Property continuously insured in such amounts and against such risks as required of Mortgagor by the Senior Lender (as hereinafter defined), paying the premiums for said insurance as they become due. Policies of insurance shall name Mortgagee as an additional insured. All policies of insurance shall provide that the same shall not be canceled, except upon thirty (30) days prior to written notice to Mortgagee.

2.03 Maintenance of the Property.

(a) Mortgagor shall preserve and maintain the Mortgaged Property in good condition and repair, will not commit or suffer any waste thereof, and will keep the same in a clean, orderly and attractive condition. Mortgagor shall not do or suffer to be done anything which will increase the risk of fire or other hazard to the Mortgaged Property or any part thereof.

(b) If the Mortgaged Property or any part thereof is damaged by fire or any other cause, Mortgagor will immediately give written notice of the same to Mortgagee.

(c) Mortgagee or its representatives shall have the right to inspect the Mortgaged Property to assure compliance with the terms of the Mortgage and the Covenant of Residency and Income.

(d) Mortgagor shall promptly comply, and cause the Mortgaged Property to comply, with all present and future laws, ordinances, orders, rules and regulations and other requirements of any governmental authority affecting the Mortgaged Property or any part thereof and with all instruments and documents of record or otherwise affecting the Mortgaged Property or any part thereof.

(e) If all or any part of the Mortgaged Property shall be damaged by fire or other casualty, Mortgagor, subject to the rights of co-insurer, will promptly restore the Mortgaged Property to the equivalent of its condition prior to the casualty, to the extent of any insurance proceeds made available to Mortgagor for that purpose.

2.04 Subordination.

The Mortgage shall be subject and subordinate in all respects to that certain mortgage dated as of May 17, 2000, between Mortgagor and ^{LENDANT MORTGAGE} ~~(CORPORATION)~~ ("Senior Lender"), recorded with the Office of the Recorder of Deeds of Cook County, Illinois on _____ as document # 00377708 to secure indebtedness in the original principal amount of \$ 70,000.00.

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DOC #

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and shall also be subordinate to any subsequent mortgage that replaces the Senior Mortgage.

2.05 Income Eligibility.

Mortgagor covenants to Mortgagee that it meets the income eligibility requirements established by the U.S. Department of Housing and Urban Development pursuant to the Direct Sale Program in order to purchase the Mortgaged Property.

ARTICLE III

RECAPTURE OF PROFIT PROVISIONS

3.01 Generally.

SCDC has given Mortgagor a Five Thousand Dollar (\$5,000.00) credit ("FHLB AHP Subsidy") at closing against the purchase price of the Mortgaged Property. Mortgagor, as an initial covenants to SCDC that it shall own and use the Mortgaged Property as its primary residence for a period of five (5) years commencing with the Conveyance Date of the Mortgaged Property from SCDC to Mortgagor, as evidenced by the execution of the Covenant of Residency and Income to the benefit of SCDC.

3.02 Recapture.

If Mortgagor ceases to use the Mortgaged Property as its primary residence, or conveys the Mortgaged Property, or executes a deed in lieu of foreclosure, prior to the expiration of said five (5) year period, SCDC shall be entitled to recapture, and Mortgagor shall be obligated to pay SCDC at closing, an amount equal to the amount of the FHLB AHP Subsidy described in paragraph 3.01 above, provided that this amount shall decline by twenty percent (20%) on the anniversary of each year subsequent to the Conveyance Date.

3.03 Release of Mortgage.

If, during the five (5) year period commencing with the Conveyance Date, Mortgagor: (a) retains ownership of the Mortgaged Property and uses it as its primary residence, or (b) conveys the Mortgaged Property and pays SCDC the amount SCDC is entitled to receive pursuant to the provisions described in section 3.02 above, then Mortgagor shall be deemed to have fully complied with the provisions contained in the Mortgage, and Mortgagor shall be under no further obligation to Mortgagee. In such event, within five (5) days of receipt of a written request from Mortgagor, Mortgagee shall execute a release of the Mortgage. Said release shall be in recordable form.

ARTICLE IV

DEFAULT

4.01 Events of Default.

The terms "Event of Default" or "Events of Default", wherever used in the Mortgage, shall mean any one or more of the following events:

(a) Failure by Mortgagor to duly observe or perform any material term, covenant, condition, or agreement of the Covenant of Residency and Income or the Mortgage after the expiration of all cure periods as provided herein; or

(b) A default continuing beyond all applicable cure periods under the Senior Financing and permitting foreclosure thereunder.

4.02 Acceleration of Maturity.

(a) If an Event of Default due to a failure to make any payment when the same is due and owing ("Monetary Event of Default") shall have occurred under the Senior Lender's security documents, the Covenant of Residency and Income or the Mortgage, and shall have continued for thirty (30) days following notice thereof from Mortgagee to Mortgagor, the entire amount of the FHLB AHP Subsidy described herein and secured hereby, at Mortgagee's sole option, shall become immediately due and payable without further notice or demand.

(b) If an Event of Default (other than a Monetary Event of Default), shall have occurred under the Senior Lender's security documents, and shall have continued for sixty (60) days following the receipt of notice thereof from Mortgagee to Mortgagor, the FHLB AHP Subsidy secured hereby, at Mortgagee's sole option, shall immediately become due and payable without further notice or demand; provided, however, that in the event such default cannot reasonably be cured within such sixty (60) day period and if Mortgagor has commenced efforts to cure, then the time to cure shall be extended so long as said party diligently continues to cure such default.

(c) Except as otherwise permitted by the terms of the Mortgage and as evidenced by Mortgagee's written consent, any sale, partial sale, refinancing, syndication or other disposition of the Mortgaged Property shall entitle the Mortgagee to declare the FHLB AHP Subsidy secured hereby immediately due and payable without further notice or demand; provided, however, the replacement or substitution of any machinery, equipment or fixtures, now owned or hereafter acquired by Mortgagor, with machinery or equipment of like kind and value, whether or not such machinery or equipment is deemed a fixture under applicable provisions of the Illinois Uniform Commercial Code, will not be an Event of Default under the Mortgage, provided Mortgagor executes such documents as may be necessary to assure Mortgagee of a continuing perfected secured interest in such replacement or substituted machinery, equipment or fixtures.

4.03 Remedies.

(a) Subject to the rights of the Senior Lender, when the FHLB AHP Subsidy hereby secured, or any part thereof, shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for such indebtedness or part thereof. The Mortgage and the right of foreclosure hereunder shall not be impaired or exhausted by any foreclosure of the Senior Mortgage, and may be foreclosed successively and in parts, until all of the Mortgaged Property has been foreclosed against. In any such foreclosure, or upon the enforcement of any other remedy of Mortgagee under the Mortgage or the Covenant of Residency and Income, there shall be allowed and included as additional indebtedness, all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for reasonable attorneys' fees, appraisers' fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs involved in title insurance and title examinations. All expenditures and expenses of the nature in this section 4.03 mentioned, and such expenses and fees as may be incurred in the protection of the Mortgaged Property and the maintenance of the lien of the Mortgage, including reasonable fees of any attorney employed by Mortgagee in any litigation or proceeding affecting the Mortgage, the Covenant of Residency and Income or the Mortgaged Property, including probate and bankruptcy proceedings, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Mortgagor, with interest thereon at the lesser of the highest rate permitted by law or fifteen percent (15%) per annum, and shall be secured by the Mortgage. The proceeds of any foreclosure sale of the Mortgaged Property shall be distributed and applied in the following order of priority: (i) on account of all costs and expenses incidental to the foreclosure proceedings, including all other items as are mentioned in this section; (ii) all other items which under the terms hereof constitute secured indebtedness additional to that evidenced by the Covenant of Residency and Income and the Mortgage; (iii) all principal and interest remaining to be paid pursuant to the recapture provisions described in the Covenant of Residency and Income; and (iv) any remaining amounts due to Mortgagor, its successors or assigns, as their rights may appear.

(b) Upon any other entering upon or taking of possession of the Mortgaged Property after the occurrence of an Event of Default and the expiration of the applicable cure period and other than by means of a foreclosure, Mortgagee, subject to the rights of the Senior Lender, may hold, use, manage and control the Mortgaged Property and, from time to time (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property required in connection therewith; (ii) insure or keep the Mortgaged Property insured; (iii) manage the Mortgaged Property and exercise all the rights and powers of Mortgagor to the same extent as Mortgagor could in its own name or otherwise with respect to the same; and (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted to Mortgagee, all as Mortgagee from time to time may reasonably determine to be to its best advantage. Mortgagee may collect and receive all the rents, issues, profits and revenues of the same, including those past due as well as those accruing thereafter, and, after deducting to the extent reasonable: (aa) expenses of taking, holding and managing the Mortgaged Property (including compensation for the services of all persons employed for such purposes); (bb) the cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements and purchases and acquisitions; (cc)

the cost of such insurance; (dd) such taxes, assessments and other similar charges as Mortgagee may determine to pay; (ee) other proper charges upon the Mortgaged Property or any part thereof; and (ff) the reasonable compensation, expenses and disbursements of the attorneys and agents of Mortgagee, shall apply the remainder of the monies and proceeds so received by Mortgagee first to payment of accrued interest; and second to the payment of principal. The balance of such funds, if any, after payment in full, of all of the aforesaid amounts (including, without limitation, the entire outstanding principal balance under the Note) shall be paid to Mortgagor.

4.04 Receiver.

Subject to the rights of the Senior Lender, if an Event of Default shall have occurred and be continuing after an applicable cure period has expired, Mortgagee, upon application to a court of competent jurisdiction, shall be entitled to the appointment of a receiver to take possession of and to operate the Mortgaged Property and to collect and apply the rents, issues, profits and revenues thereof. The receiver shall otherwise have all of the rights and powers to the fullest extent permitted by law.

4.05 Purchase by Mortgagee.

Upon any foreclosure sale, Mortgagee may bid for and purchase the Mortgaged Property and shall be entitled to apply all or any part of the indebtedness secured hereby as a credit to the purchase price; provided, however, that the Senior Lender has been paid in full.

4.06 Remedies Cumulative.

No right, power or remedy conferred upon or reserved to Mortgagee by the Mortgage is intended to be exclusive of any other right, power or remedy, but each and every right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law, in equity or by statute.

4.07 Waiver.

No delay or omission of Mortgagee to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power and remedy given by the Mortgage to Mortgagee may be exercised from time to time as often as may be deemed expedient by Mortgagee. No consent or waiver, expressed or implied, by Mortgagee to or of any breach or Event of Default by Mortgagor in the performance of its obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach or Event of Default in the performance of the same or any other obligations of Mortgagor hereunder. Failure on the part of Mortgagee to complain of any act of failure to act or to declare an Event of Default, irrespective of how long such failure continues, as limited by applicable law, shall not constitute a waiver by Mortgagee of its rights hereunder or impair any rights, powers or remedies on account of any breach or default by Mortgagor.

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ARTICLE V

MISCELLANEOUS PROVISIONS

5.01 Successors and Assigns.

The Mortgage shall inure to the benefit of and be binding upon Mortgagor and Mortgagee and their respective legal representatives, successors and assigns. Whenever a reference is made in the Mortgage to Mortgagor or to Mortgagee, such reference shall be deemed to include a reference to legal representatives, successors and assigns of Mortgagor or Mortgagee, as applicable.

5.02 Terminology.

All personal pronouns used in the Mortgage, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Titles and sections are for convenience only and neither limit nor amplify the provisions of the Mortgage, and all references herein to articles, sections or paragraphs shall refer to the corresponding articles, sections or paragraphs of the Mortgage unless specific reference is made to such articles, sections or paragraphs of another document or instrument.

5.03 Severability.

If any provision of the Mortgage or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of the Mortgage and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the extent permitted by law.

5.04 Security Agreement.

The Mortgage shall be construed as a "Security Agreement" within the meaning of and shall create a security interest under the Uniform Commercial Code as adopted by the State of Illinois with respect to any part of the Mortgaged Property which constitutes fixtures. Mortgagee shall have all the rights with respect to such fixtures afforded to it by said Uniform Commercial Code in addition to, but not in limitation of, the other rights afforded Mortgagee by the Mortgage or any other agreement.

5.05 Modification.

No change, amendment, modification, cancellation or discharge hereof, or of any part hereof, shall be valid unless in writing and signed by the parties hereto or their respective successors and assigns. Mortgagor shall have no right to convey the Land into a land trust without obtaining the prior written consent of SCDC.

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5.06 No Merger.

It being the desire and intention of the parties that the Mortgage and the lien hereof do not merge in fee simple title to the Mortgaged Property, it is hereby understood and agreed that should Mortgagee acquire any additional or other interests in or to said property or the ownership thereof, then, unless a contrary interest is manifested by Mortgagee as evidenced by an appropriate document duly recorded, the Mortgage and the lien hereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

5.07 Applicable Law.

The Mortgage shall be interpreted, construed and enforced under the laws of the State of Illinois.

IN WITNESS WHEREOF, the undersigned has caused this Mortgage to be executed as of the day and year first above written.


Lillie Gowens

Prepared by and to be returned to:

William Bates, Jr.
General Counsel and Secretary
Seaway Community Development Corporation
645 E. 87th Street
Chicago, Illinois 60619
773/602-4150

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EXHIBIT 'A'

Legal Description

LOT 8 IN BLOCK 21 IN RESUBDIVISION OF LOTS 15 TO 27, BOTH INCLUSIVE, AND PART OF LOT 28 IN BLOCK 21 IN HENRY WELP'S HALSTED STREET ADDITION TO WASHINGTON HEIGHTS, BEING A SUBDIVISION OF LOT 4 OF THE SUBDIVISION OF THAT PART OF THE SOUTHEAST 1/4 OF SECTION 5 TOWNSHIP 37 NORTH, RANGE 14, LYING EAST OF THE C. R. I. AND P. RAILROAD, TOGETHER WITH LOT 1 OF THE SUBDIVISION OF THE NORTHEAST 1/4 OF SECTION 8 TOWNSHIP 37 NORTH, RANGE 14, LYING EAST OF THE C. R. I. AND P. RAILROAD, IN COOK COUNTY, ILLINOIS.

PTN: 25-08-206-036-0020

PPTY: 9525 & 6222
CHICAGO IC 60028

Property of Cook County Clerk's Office

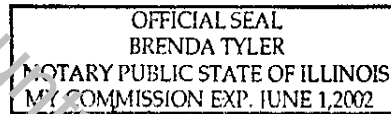
STATE OF ILLINOIS)
)
COUNTY OF COOK)

I, THE UNDERSIGNED, a Notary Public in and for said county, in the State aforesaid, do hereby certify that Lillie Gowens, personally known to me as the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and being first duly sworn by me acknowledged that she signed and delivered the said instrument as her free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 17th day of MAY, 1999. ²⁰⁰¹

Brenda Tyler
Notary Public

My commission expires 6-1-02



Property of Cook County Clerk's Office