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Recording Return To:  
Kokoszka & Janiczur, P.C.  
7240 Argus Drive  
Rockford, IL 61107



Doc#: 0512904075  
Eugene "Gene" Moore Fee: \$44.00  
Cook County Recorder of Deeds  
Date: 05/09/2005 10:42 AM Pg: 1 of 11

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131-970762

STEWART TITLE OF ILLINOIS  
2 NORTH LaSALLE STREET, SUITE 1920  
CHICAGO, IL 60602

**Compliance Mortgage**

**THIS MORTGAGE (Security Instrument) is given on July 8, 2004. The Mortgagor is NHS Redevelopment Corporation [ACA Participant], a Illinois NonProfit Organization having an office at 11601 South Michigan Ave, Chicago, IL 60628 (Borrower). This Security Instrument is given to the United States Department of Housing and Urban Development, which is organized and existing under the laws of the United States, having its principal office at 451 Seventh Street, S.W., Washington, D.C., 20410 (Lender). Borrower owes Lender the principal sum of Sixty Thousand and 00/100 Dollars (U.S. \$60,000.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument (Note). Borrower promises to pay the principal balance of the Note, together with any interest thereon and all other sums which may or shall become due under this Security Instrument or the Note, no later than December 30, 2005 (Maturity Date), if (1) not otherwise satisfied in accordance with the provisions of this Security Instrument, or (2) there is an Event of Default (defined hereafter). [insert a date no later than a total of 540 calendar days plus, if the ACA participant has been approved to operate a lease-purchase program, the number of calendar days within which the lessee must purchase the property or the ACA participant must sell the property to another] The Maturity Date may be extended in the event of casualty or condemnation, pursuant to Section 12.1 of the ACA Agreement.**

This Security Instrument secures (a) the repayment of the debt evidenced by the Note; (b) the performance of Borrower's promises and agreements under the asset control area agreement, dated February 6, 2004, between Borrower and Lender (ACA Agreement), this Security Instrument, and the Note. For this purpose, Borrower hereby mortgages, warrants, grants, and conveys to Lender, with power of sale, the following described property located in Cook County, Illinois:

LOT 15 IN CLAUDIE E. ANDERSON'S RESUBDIVISION OF LOTS 2 TO 27 IN BLOCK 1 IN EDWARDS BOULEVARD ADDITION TO CHICAGO, BEING A SUBDIVISION OF PART OF LOTS 27, 30 AND 31 IN IGLEHART'S SUBDIVISION OF THE SOUTHWEST 1/4

20-07-318-009

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OF SECTION 7, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

which has the address of 2248 West 54<sup>th</sup> Place, Chicago, IL 60609, (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. Borrower and Lender covenant agree as follows:

## UNIFORM COVENANTS

1. **Payment of Principal and Interest.** Borrower shall pay, when due and payable, the principal sum, interest, and all other sums due on the Note and/or this Mortgage.
2. **Payment of Taxes, Insurance, and Other Charges.** Borrower shall pay all (a) taxes and special assessments levied or to be levied against the Property; (b) leasehold payments or ground rents on the Property; (c) Community Association Dues, Fees, and Assessments, (c) governmental or municipal charges, fines, and impositions; (d) other items which can attain priority over this Security Instrument as a or on the Property. The phrase "Community Association Dues, Fees, and Assessments" means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization. Borrower shall pay these obligations on time directly to the entity owed the payment. If failure to pay would adversely affect Lender's interest in the Property, upon Lender's request Borrower shall promptly furnish to Lender receipts evidencing these payments.

If Borrower fails to make these payments, fails to perform any other 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, for condemnation, or to enforce laws or regulations), then Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property, including payment of taxes and hazard insurance.

Any amounts disbursed by Lender under this Paragraph 2 shall become an additional debt of Borrower and be secured by this Security Instrument. These amounts

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shall bear Interest from the date of disbursement at the Note rate and, at the option of Lender, shall be immediately due and payable.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless the lien has priority as provided in Paragraph 9 or Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lenders opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien that may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice. Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above.

3. **Flood Insurance.** If any improvement is located within the special flood hazard area, Borrower shall obtain flood insurance covering all improvements on the property, whether now in existence or subsequently erected, in an amount equal to (a) the total of the outstanding principal balances of the Compliance Note and of any other Note executed by Borrower in favor of Lender and secured by the Property, or (b) the maximum limit of coverage made available under the National Flood Insurance Act of 1968, whichever is less. If any improvement on the Property is located within a special flood hazard area, Borrower shall insure all improvements on the Property, whether now in existence or subsequently erected, against loss by floods to the extent required by law. The insurance policies and any renewals, regardless of whether such policies and renewals are required by Lender, shall include loss payable clauses in favor of, and in a form acceptable to, Lender.

In the event of loss, Borrower shall give Lender immediate notice by mail. Lender may make proof of loss if not made promptly by Borrower. Each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Lender, instead of to Borrower and to Lender jointly. After applying the insurance proceeds as required by any secured lender with a lien superior to Lender's Security Instrument, all or any part of the remaining insurance proceeds may be applied by Lender, at its option, either (a) to the reduction of the indebtedness under the Note and this Security Instrument, first to any delinquent amounts on any taxes, special assessments, leasehold payments, or ground rents, second to any interest due under the Note, and third to payment of principal, or (b) to the restoration or repair of the damaged Property. Any excess insurance proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

In the event of foreclosure of this Security Instrument or other transfer of title to the Property that extinguishes the indebtedness, all right, title and interest of Borrower in and to insurance policies in force shall pass to the purchaser.

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4. **Maintenance and Protection of Property.** Borrower shall not commit, or permit, any waste on, destruction to, or damage to the Property. Borrower shall not allow the Property to deteriorate, reasonable wear and tear excepted. Borrower shall, at all times, maintain the Property. Borrower shall comply with all applicable Federal, state, and local statutes, ordinances, codes, regulations, requirements, and restrictive covenants, if any, upon the use of the Property. Borrower shall, to the satisfaction of Lender, promptly repair or replace any of the Property damaged by fire or other casualty. Lender and its representatives shall have the right to inspect the Property from time to time at any reasonable hour.

5. **Rehabilitation and/or Construction Requirement.** Borrower shall cause the Permitted Alterations to be performed in accordance with the terms of the ACA Agreement, prosecute such performance with due diligence to completion no later than the Maturity Date, and comply with the covenants made by it in the ACA Agreement. If the rehabilitation or construction is not properly completed, not performed with due diligence, or is discontinued at any time except for strikes or lockouts, Lender is vested with full authority to take the necessary steps to protect the improvements and the land from harm, continue existing contracts, or enter into necessary contracts to complete the Permitted Alterations. All sums advanced for such protection shall be added to the principal balance of the Note, secured by the mortgage, and due and payable on demand with interest. The term "Permitted Alterations" means the construction of and/or rehabilitation to the improvements contemplated to be performed in accordance with the ACA Agreement.

6. **Sale and/or Lease of Property.** Borrower shall either a) convey the Property to a Resale Buyer no later than 540 calendar days from the date of this Security Instrument or, b) if the lease of the Property is approved in the ACA Agreement, execute a lease with a purchase option with a Resale Buyer (defined hereafter) no later than 540 calendar days from the date of this Security Instrument and convey the Property solely to a Resale Buyer no later than the Maturity Date. Borrower shall not resell the Property for a Resale Price of more than the lesser of the Fair Market Value of the property at the time of resale or 115% of the Eligible Expenses Costs as defined in the ACA Agreement. The Resale Price for this purpose is defined as the total compensation paid by the resale buyer to Purchaser (including the amount of any financing provided by Purchaser, whether repayable or not) but not including the amount of the Resale Homebuyer Enforcement Note, if any. The term "Resale Buyer" means one of the following persons who agrees to occupy the Property for a specified period of time: (1) a person who has an income at or below 115% of the local area median income, adjusted by family size, (2) a person meeting the definition of 24 CFR 291.530, or (3) a person employed full-time by a public school, private school, or Federal, state, county, or municipal educational agency as a state-certified classroom teacher or administrator in grades K-12.

7. **Prepayment; Release of Security Instrument.** Borrower shall not have the right to prepay this Note, in whole or part, except as provided herein or with Lender's prior written approval. The Note shall be considered satisfied and this Security Instrument shall be released only upon satisfaction of the conditions in Paragraph 6 for sale of the Property and this Paragraph 7 for release of the Security Instrument.

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Simultaneously with the conveyance of the Property to a Resale Buyer, Borrower shall be entitled to a release of the Property from the lien of this Security Instrument if no uncured Event of Default shall have occurred, and upon

(a) Borrower's certification to Lender that the requirements of paragraph 6 have been met;

(b) If the difference between the Resale Price (as defined in the ACA Agreement) and the Fair Market Value of the property at the time of resale is equal to or greater than \$5,000, Resale Buyer's delivery of an enforcement note executed by Resale Buyer, in a form acceptable to Lender in an amount equal to the difference between the Resale Price and the Fair Market Value of the property at the time of resale, to Lender or an escrow holder acceptable to Lender with instructions to deliver the executed note to Lender upon closing;

(c) If an enforcement note is required under paragraph (b), Resale Buyer's delivery of an enforcement mortgage securing such note and executed by Resale Buyer to an escrow holder acceptable to Lender with instructions to record upon closing and return a copy of the recorded mortgage to Lender; and

Borrower shall do whatever shall be necessary to obtain a release of the Property from any other secured financing, including, without limitation, paying a release fee thereunder. Borrower shall pay the recording and other fees for recording the release of the Property;

8. **Compliance with ACA Agreement.** The terms of the ACA Agreement with respect to the Property are incorporated herein by reference as though set forth herein.

9. **Priorities.** Notwithstanding any other provision to the contrary, this Security Instrument is superior to all liens on the property, other than encumbrances of record as of the date hereof and a mortgage dated July 8, 2004, and given by Borrower to U.S. Department of Housing and Urban Development to secure a note in the principal amount of Sixty Thousand and 00/100 Dollars (U.S. \$ 60,000.00). [Add description of superior liens, which should be those liens for acquisition of the property or rehabilitation/construction of improvements]

10. **Fees.** Lender may collect fees and charges authorized by this Security Instrument or the Note.

11. **Default.** The term "Event of Default" shall mean the occurrence of any one or more of the following:

(a) Failure by Borrower to complete the Permitted Alterations on or before the Maturity Date;

(b) Failure by Borrower to lease or resell the Property to a Resale Buyer in accordance with Paragraph 6;

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(c) A transfer, or agreement to transfer, by Borrower of all or part of the Property, or a beneficial interest in a trust owning all or part of the Property, except as provided in Paragraphs 6 or 7;

(d) A false certification by Borrower to Lender;

(e) A failure by Borrower to provide any certification required by Lender;

(f) Any materially false or inaccurate information on any form or report submitted to Lender;

(g) A failure to provide any material information on any form or report submitted to Lender;

(h) A default under any security instrument (other than this Security Instrument) that encumbers the Property;

(i) Accepting or using any Federal Low Income Tax Credits related to the improvements on the Property without the prior written consent of Lender;

(j) A failure to perform any other obligations in this Security Instrument;

(k) A failure to perform any obligations under the Note; or

(l) A failure to perform any obligations under the ACA Agreement with respect to the Property.

12. **Grounds for Acceleration of Debt.** Upon the occurrence of any Event of Default, Lender may declare, without notice, immediately due and payable the principal balance of the Note, together with any interest thereon and all other sums which may or shall become due under this Security Instrument or the Note.

13. **Full Recourse.** The obligations arising under this Mortgage and the Note represent full recourse obligations of Borrower.

14. **Time of the Essence.** Time is of the essence as to all dates set forth herein.

15. **Waivers.** Borrower and all endorsers, sureties and guarantors jointly and severally waive presentation for payment, demand for payment, notice of nonpayment, notice of protest, notice of dishonor, protest, notice of protest, and any and all lack of diligence or delays in collection or enforcement of this Security Instrument

16. **Successors and Assigns Bound.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and

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Borrower. The covenants and agreements of Borrower under this Note are not assignable without the prior written consent of Lender.

17. **Modifications.** This Security Instrument shall not be modified, amended, changed, discharged, or terminated orally. This Security Instrument may only be modified, amended, changed, discharged, or terminated by an agreement in writing signed by the party against whom enforcement of such modification, amendment, change, discharge, or termination is sought.

18. **Notices.** All notices which are required or permitted to be given under this Security Instrument shall be in writing and shall be sent (except as otherwise expressly provided herein or as required by applicable law) by hand delivery, overnight courier, registered or certified mail, return receipt requested, postage prepaid or telecopier (with the original sent within twenty-four (24) hours of such facsimile by hand-delivery, overnight courier or by registered or certified mail, return receipt requested, postage prepaid):

If to Lender, to:           General Deputy Assistan Secretary  
Office of Housing  
451 Seventh Street, SW  
Room 9105  
Washington, DC 20410  
Fax # 202-703-5666

with copies to:           Charles E. Gardner, Homeownership Director  
Atlanta Homeownership Center  
40 Marietta St  
Atlanta, GA, 30303-3388  
Fax # 404-331-4127

If to Purchaser, to:      Floyd A. Gardner III  
Deputy Director, Single Family Programs  
11001 South Michigan Ave  
Chicago, IL 60628  
Fax # 773-928-0241

with copies to:

[insert name, address, & fax number]

19. **Governing Law; Severability.** This Security Instrument shall be governed by Federal law. 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.

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20. **Copy of Mortgage.** Borrower acknowledges that it has received a true copy of this Security Instrument, read this Security Instrument, and executed this Security Instrument as of the date at the top of the first page.

21. **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 Substance 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 Substances affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this Paragraph 21, "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 21, "Environmental Law" means Federal law and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

22. **Authority to Execute.** The representative of Borrower executing this Note represents that he/she has full power, authority and legal right to execute and deliver this Note and that the debt hereunder constitutes a valid and binding obligation of Borrower

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

23. **Assignment of Rents.** [Use this language unless prohibited by state law. If changes are necessary to create an assignment of rents enforceable under state law, the revised paragraph should grant HUD the maximum interest in rents permitted by law] This Paragraph 23 applies to the extent the rents and revenues of the Property are not assigned to a lender with a lien superior to this Security Instrument. Borrower unconditionally assigns and transfers to Lender all the rents and revenues of the Property. Borrower authorizes Lender or Lender's agents to collect the rents and revenues and hereby directs each tenant of the Property to pay the rents to Lender or Lender's agents. However, prior to Lender notice to Borrower of Borrower's breach of any covenant or agreement in the Security Instrument, Borrower shall collect and receive all rents and revenues of the Property as trustee for the benefit of Lender and Borrower.



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This assignment of rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of breach to Borrower: (a) all rents received by Borrower shall be held by Borrower as trustee for benefit of Lender only, to be applied to the sums secured by the Security Instrument; (b) Lender shall be entitled to collect and receive all of the rents of the Property; and (c) each tenant of the Property shall pay all rents due and unpaid to Lender or Lender's agent on Lender's written demand to the tenant.

Borrower has not executed any prior assignment of the rents and has not and will not perform any act that would prevent Lender from exercising its rights under this Paragraph 23.

Lender shall not be required to enter upon, take control of or maintain the Property before or after giving notice of breach to Borrower. However, Lender or a judicially appointed receiver may do so at any time there is a breach. Any application of rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of rents of the Property shall terminate when the debt secured by the Security Instrument is paid in full.

**24. Foreclosure Procedure [For illustration only. Needs state adaptation as provided in attached instructions.]** If Lender requires immediate payment in full under Paragraph 12, Lender may invoke the power of sale and any other remedies permitted by applicable law.

If Lender invokes the power of sale, Lender shall give notice of sale to Borrower in the manner provided in Paragraph **Error! Reference source not found.** Lender shall publish and post the notice of sale, and the Property shall be sold in the manner prescribed by applicable law. Lender or its designee may purchase the Property at any sale. The proceeds of the sale shall be applied in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable attorney's fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

[The following language is mandatory in all cases.] If the Lender's interest in this Security Instrument is held by the Secretary of Housing and Urban Development (the Secretary) and the Secretary requires immediate payment in full under Paragraph 12, the Secretary may invoke the nonjudicial power of sale provided in the Single Family Mortgage Foreclosure Act of 1994 ("Act") (12 U.S.C. 3751 et seq.) by requesting a foreclosure commissioner designated under the Act to commence foreclosure and to sell the Property as provided in the Act. Nothing in the preceding sentence shall deprive the Secretary of any rights otherwise available to a Lender under this Paragraph or applicable law.

[Add any state-specific paragraphs in accordance with HUD Handbook 4165.1, Chapter 4]


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25. **Riders to this Security Instrument.** The following Riders are to be executed by Borrower [check box as applicable] and the covenants of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument:

Other [specify]:

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

Witnesses:

 \_\_\_\_\_ (SEAL)  
 Antoinette Rain  
 NIS Redevelopment Corp  
 4-21-05  
 Borrower  
 \_\_\_\_\_ (SEAL)  
 Borrower

\_\_\_\_\_  
[Space Below This Line for Acknowledgement] \_\_\_\_\_

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State of Illinois

County of Cook

I, the undersigned, a Notary Public in and for said county and state, do hereby certify that

Antonette Mason

Personally appeared before me and is (are) known or proved to me to be the person (s) who, being informed of the contents of the foregoing instrument, have executed same and acknowledged said instrument to be of her free and voluntary act and deed and that she executed said instrument for the purposes and uses therein set forth.

Witness my hand and official seal this 8 day of July, 2004.

My commission expires:



Julieann Ferrarini  
 Notary Public

Notary Public, Cook County Clerk's Office