

THIS DOCUMENT PREPARED
BY AND MAIL TO:
WILLIAM S. BAZIANOS, ESQ.
Kovitz Shifrin Nesbit
750 Lake Cook Road
Suite 350
Buffalo Grove, IL 60089-2073

This is an accomadation
Recording

(The above space for Recorder's use only)

SECOND MORTGAGE

THIS SECOND MORTGAGE (as modified from time to time, the "Mortgage"), made this 11 day of October, 2003, by Heather Hatfield and Scott Hatfield (hereinafter referred to as "Mortgagor"), whose address is 203 Chaparral Circle, Elgin, IL 60126, to Charles J. Koziol, (herein together with his successors and assigns, including each and every from time to time holder of the Note hereinafter referred to, called the "Mortgagee"), whose address is 4528 Evergreen Street, Bellaire, Texas, 77401.

WHEREAS, Mortgagor has granted or will be granting a mortgage to First Franklin Bank ("Prior Mortgage").

WHEREAS, Mortgagor executed a Balloon Note for the benefit of Mortgagee dated as of October 21, 2003, (the "Note") whereby Mortgagor agreed to pay a Mortgagee the amount of \$22,327.00, and by which Note Mortgagor agreed to grant a mortgage of their real estate legally described in Exhibit A to secure the full and prompt payment when due of all payments under the Note and the performance of all obligations and covenants as set forth in the Note (all of which are hereinafter referred to as the "Indebtedness Hereby Secured"); and

NOW THEREFORE, subject to the Prior Mortgage while it shall remain in effect, the Mortgagor, to secure the payment of the Indebtedness Hereby Secured, and also in consideration of the sum of Ten Dollars (\$10.00) in hand paid, the receipt and legal sufficiency whereof is hereby acknowledged, does by these presents MORTGAGE, WARRANT and CONVEY unto the Mortgagee, its successors and assigns, the following real estate as legally described in Exhibit A attached hereto and incorporated by reference herein and all of his estate, right, title and interest therein, which, with the property hereinafter described, is collectively referred to herein as the "Premises." Together with Mortgagor's interest as lessor in and to all leases of the said Premises, or any part thereof, heretofore or hereafter made and entered into by Mortgagor during the life of this Mortgage or any extension or renewal hereof:

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TOGETHER with all buildings and improvements now or hereafter constructed upon or erected upon or located on the real estate legally described in Exhibit A attached hereto, all tenements, easements, rights-of-way and rights used as a means of access thereto, all fixtures and appurtenances thereto now or hereafter belonging or pertaining to the real estate legally described in Exhibit A attached hereto, and all rents, issues, royalties, income, proceeds, profits and other benefits thereof, and any after-acquired title, franchise, or license and the reversions or remainders thereof, for so long and during all such times as Mortgagor may be entitled thereto, and all shades, awnings, venetian blinds, screens, screen doors, storm doors and windows; stoves and ranges, refrigerators, curtain and drapery fixtures, partitions, attached floor covering now or hereafter therein or thereon, and all fixtures, apparatus, equipment or articles now or hereafter therein or thereon used to supply heat, gas, air conditioning, water, light, power, sprinkler protection, waste removal, refrigeration (whether single units or centrally controlled), and ventilation, including (without restricting the foregoing): all fixtures, apparatus, equipment and articles, it being understood that the enumeration of any specific articles of property shall in no way exclude or be held to exclude any items of property not specifically mentioned. All of the land, estate and property hereinabove described, real, personal and mixed, whether affixed or annexed or not (except where otherwise hereinabove specified) and all rights hereby conveyed and mortgaged are intended so to be as a unit and are hereby understood, agreed and declared, to the maximum extent permitted by law, to form a part and parcel of the real estate and to be appropriated to the use of the real estate, and shall be for the purposes of this Mortgage deemed to be real estate and conveyed and mortgaged hereby.

Provided, however, if and when: (a) Mortgagor has duly and punctually paid the Indebtedness Secured Hereby; and (b) Mortgagor has performed all of the terms, provisions, conditions and agreements herein contained on the part of the Mortgagor to be performed or observed, then this Mortgage shall be released at the cost of Mortgagor, but otherwise shall remain in full force and effect.

Mortgagor further covenants, warrants and agrees with the Mortgagee as follows:

1. Duty of Payment. Mortgagor will promptly pay the above described Indebtedness Secured Hereby according to the tenor and effect thereof. This Mortgage shall be and remain security for the payment of the Indebtedness Secured Hereby.

2. Covenants. Mortgagor shall keep and perform all covenants, conditions and terms of this Mortgage and pay or cause to be paid to the Mortgagee of the above described Indebtedness Secured Hereby with interest thereon according to the terms and conditions of the Agreement, and shall keep and perform all covenants, conditions and terms in said Agreement contained, all of which covenants, conditions and terms are incorporated by reference herein.

3. Maintenance, Repair and Restoration of Improvements, Payment of Liens, Etc. Mortgagor shall: (a) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the Premises which may become damaged or be destroyed; (b) keep the Premises in good condition and repair, without waste, and free from mechanics' liens or other liens or claims for liens not expressly subordinated to the lien hereof; (c) pay when due any indebtedness which may be secured by a lien or charge on the Premises superior to the lien hereof, and upon request exhibit satisfactory evidence of the discharge of such

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prior lien to Mortgagee; and (d) comply with all requirements of law, municipal ordinances, rules, regulations or restrictions of record with respect to the Premises and the use thereof.

4. Payment of Taxes. Mortgagor shall pay when first due and before any penalty attaches all general taxes, and shall pay special taxes, special assessments, water charges, sewer service charges, and other charges against the Premises (all herein generally called "Taxes") when first due, and shall, upon written request, furnish to Mortgagee duplicate receipts thereof. To prevent default hereunder Mortgagor shall pay in full under protest, in the manner provided by statute, any tax or assessment which Mortgagee may desire to contest.

5. Insurance. Mortgagor shall keep all buildings and improvements now or hereafter situated on the Premises insured against loss or damage by fire and other hazards as may be reasonably required by Mortgagee and naming Mortgagee as additional insured, in forms, companies and amounts satisfactory to Mortgagee, and with mortgagee clauses attached to all policies in favor of and on forms satisfactory to Mortgagee, and shall deliver all policies to Mortgagee. Mortgagor shall also carry liability insurance protecting Mortgagee against liability for injuries to persons and property occurring in, on or adjacent to the Premises, in forms, companies, and amounts satisfactory to Mortgagee with the policy or policies evidencing such insurance to contain a thirty (30) day notice of cancellation clause in favor of Mortgagee. Such liability policy or policies or certificates thereof shall be delivered to Mortgagee. Mortgagor shall, until the Indebtedness Secured Hereby is paid in full, furnish Mortgagee at least thirty (30) days prior to the date each coverage required herein would otherwise expire with evidence of the renewal or continuation of such coverage in the form of premium receipt or renewal policies or certificates.

6. Mortgagee's Performance of Defaulted Acts. In case of any Event of Default (hereinafter defined), after applicable notice and grace periods, Mortgagee may, but need not, make any payment or perform any act herein required of Mortgagor, in any form and manner deemed expedient and may, but need not, make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the Premises, or contest any tax or assessment. All monies paid for any of the purposes herein authorized and all expenses paid or incurred in connection therewith, including all reasonable attorneys' fees and any other money advanced by Mortgagee to protect the Premises and the lien hereof, shall be so much additional Indebtedness Secured Hereby and shall become immediately due and payable without notice and with interest thereon at the rate of four percent (4%) per annum above the rate set forth in the Note (the "Default Rate") from the date of expenditure or advance until paid. No inaction on the part of Mortgagee shall be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor. Mortgagee in making any payment hereby authorized: (a) relating to taxes and assessments, may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; or (b) for the purchase, discharge, compromise or settlement of any other prior lien, may do so without inquiry as to the validity or amount of any claim for lien which may be asserted, provided that if no Event of Default then exists hereunder Mortgagee shall give to Mortgagor ten (10) days' prior written notice thereof.

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7. Acceleration of Indebtedness in Case of Default. Each of the following shall constitute an "Event of Default" for purposes of this Mortgage:

- (a) Mortgagor fails to pay within ten (10) days after the date when due any payment due pursuant to the Agreement;
- (b) Mortgagor fails to promptly perform or cause to be performed any other obligation or observe any other condition, covenant, term, agreement or provision required to be performed or observed by Mortgagor under the Note within thirty (30) days after written notice;
- (c) At any time, Mortgagor files a voluntary petition in bankruptcy or is adjudicated a bankrupt or insolvent or files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal, state, or other statute or law, or seeks or consents to or acquiesces in the appointment of any trustee, receiver or similar officer of Mortgagor, of all or any substantial part of the property of Mortgagor;
- (d) The commencement of any involuntary petition in bankruptcy against Mortgagor which shall remain undismissed or undischarged for a period of sixty (60) days;
- (e) Any sale, transfer, lease, assignment, conveyance, financing, lien or encumbrance made in violation of Paragraph 14 of this Mortgage; or
- (f) If notice is given that the Premises is subject to levy, attachment, seizure, or confiscation or uninsured loss, provided, however, that the deductible amount on any insurance policy currently in effect on the Premises shall not be considered an uninsured loss pursuant to this subsection.

If an Event of Default occurs, Mortgagee may, at its option, declare the whole of the Indebtedness Hereby Secured to be immediately due and payable with out notice to Mortgagor, with interest thereon from the date of such Event of Default at the Default Rate.

8. Foreclosure; Expense of Litigation. When the Indebtedness Hereby Secured or any part thereof secured hereby becomes due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for such indebtedness or any part thereof. In any civil action to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the order of judgment for foreclosure and sale all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for reasonable attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of said order or judgment) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurances with respect to the title as Mortgagee may deem reasonably necessary either to prosecute such civil action or to evidence to bidders at any sale which may be had pursuant to such order or judgment the true condition of the title to, or the value of, the Premises. All expenditures and expenses of the nature in this paragraph mentioned and such expenses

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and fees as may be incurred in the protection of the Premises and the maintenance of the lien of this Mortgage, including the reasonable fees of any attorneys employed by Mortgagee in any litigation or proceeding affecting this Mortgage, the Note or the Premises, including probate, appellate and bankruptcy proceedings, or in preparations for the commencement or defense of any action or proceeding or threatened action or proceeding, shall be immediately due and payable by Mortgagor, with interest thereon at the Default Rate, and shall be secured by this Mortgage.

At all times, the Mortgagor shall appear in and defend any suit, action or proceeding that might in any way in the sole judgment of Mortgagee affect the value of the Premises, the priority of this Mortgage or the rights and powers of Mortgagee hereunder or under any document given at any time to secure the indebtedness. Mortgagor shall, at all times, indemnify, hold harmless and reimburse Mortgagee on demand for any and all loss, damage, expense or cost, including cost of evidence of title and reasonable attorneys' fees, arising out of or incurred in connection with any such suit, action or proceeding, and the sum of such expenditures shall be secured by this Mortgage, and shall bear interest after demand at the Default Rate, and such interest shall be secured hereby and shall be due and payable on demand.

9. Application of Proceeds of Foreclosure Sale. The proceeds of any foreclosure sale of the Premises shall be distributed and applied in the following order of priority: first, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding paragraph hereof; second, all other items which may under the terms hereof constitute secured indebtedness additional to that evidenced by the Agreement, with interest thereon as herein provided; third, all principal and interest remaining unpaid on the Agreement; and fourth, any overplus to any party entitled thereto as their rights may appear on the records of the Mortgagee.

10. Legal Rate of Interest. Notwithstanding anything herein or in the Agreement contained to the contrary, no provision contained herein and no provision contained in the Agreement shall be valid to the extent that it would require Mortgagor to pay any amount of interest or any fees, costs or expenses in excess of the legal maximum.

11. Additional Documents. Mortgagor will, at Mortgagor's expense, at any time upon request by Mortgagee, execute and deliver all further assurances of title and all pertinent additional papers, information, records and instruments as may be reasonably required by Mortgagee for effectually carrying out the intentions of the parties hereto.

12. Rights Cumulative. Each right, power and remedy herein conferred upon the Mortgagee is cumulative and in addition to every other right, power or remedy, express or implied, given now or hereafter existing, at law or in equity, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient by the Mortgagee, and the exercise or the beginning of the exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy; and no delay or omission of the Mortgagee in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence therein.

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13. Amendments in Writing. This Mortgage cannot be changed except by an agreement in writing, signed by the party against whom enforcement of the change is sought.

14. Restrictions on Transfer. Subject to the provisions of Section 15 hereof, it shall be an immediate Event of Default hereunder if, without the prior written consent of the Mortgagee, Mortgagor shall create, effect, contract for, commit to or consent to or shall suffer or permit any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation of the Premises or any part thereof, or interest therein, in each case whether any such conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest, encumbrance or alienation is effected directly, indirectly, voluntarily or involuntarily, by operation of law or otherwise; provided that provisions of this Section 15 shall be operative with respect to, and shall be binding upon, any persons who, in accordance with the terms hereof or otherwise, shall acquire any part of or interest in or encumbrance upon the Premises; and provided further that no consent by Mortgagee to, or any waiver of, any event or condition which would otherwise constitute an Event of Default under this Section 14, shall constitute a consent to or waiver of any other or subsequent such event or condition or a waiver of any right, remedy or power of Mortgagee consequent thereon.

15. Permitted Transfers. The provisions of Section 14 hereof shall not apply to any of the following:

- (a) Liens securing the Indebtedness Hereby Secured;
- (b) The lien of current real estate taxes and assessments not in default.

16. Costs and Attorneys' Fees. Mortgagor agrees that all costs, charges and expenses, including all reasonable attorneys' fees incurred by the Mortgagee arising out of or in connection with any action, proceeding or hearing, legal or quasi legal, or the preparation therefor, in any way affecting or pertaining to the Mortgage, the Agreement and the Indebtedness Hereby Secured or the Premises, shall be promptly paid by the Mortgagor. If funds for same are advanced by the Mortgagee, all such sums so advanced shall be added to the Indebtedness Secured Hereby and shall bear interest at the Default Rate from the date of said advance, and shall be due and payable on demand.

17. Successors and Assigns. This Mortgage and each and every covenant, agreement and other provision hereof shall be binding upon the Mortgagor and his heirs, personal representatives, successors and assigns (including, without limitation, each and every from time to time record owner of the Premises or any other person having an interest therein) and shall inure to the benefit of the Mortgagee and its successors and assigns.

18. Provisions Severable. The unenforceability or invalidity of any provision or provisions hereof shall not render any other provision or provisions herein contained unenforceable or invalid.

19. Time. Time is of the essence hereof and of the Agreement and all other instruments or loan documents delivered in connection with the Indebtedness Hereby Secured, and no waiver of any obligation or option hereunder or thereunder hereby shall at

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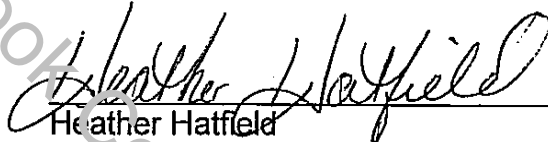
any time thereafter be held to be a waiver of such other terms hereof or of the instruments delivered in connection with the Indebtedness Hereby Secured.

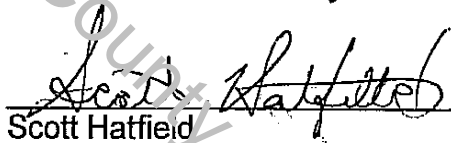
20. Governing Laws. This Mortgage shall be governed by, and construed in accordance with the laws of the State of Illinois.

21. Interest at the Default Rate. Without limiting the generality of any provision herein or in the Note contained, from and after the occurrence of any Event of Default hereunder, all of the Indebtedness Hereby Secured shall bear interest at the Default Rate.

22. No Merger. It being the desire and intention of the parties hereto that the Mortgage and the lien thereof do not merge in fee simple title to the Premises, it is hereby understood and agreed that should Mortgagee acquire any additional or other interest in or to the Premises or the ownership thereof, then, unless a contrary intent is manifested by Mortgagee as evidenced by an express statement to that effect in an appropriate document duly recorded, this Mortgage and the lien thereof 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.

IN WITNESS WHEREOF, Mortgagor has executed these presents as of the day and year first above written.


Heather Hatfield


Scott Hatfield

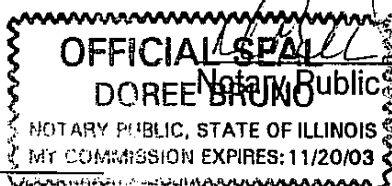
STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that HEATHER HATFIELD and SCOTT HATFIELD, who are 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 25 day of October, 2003.

(SEAL)

My commission expires: _____



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Commitment Number: 0412-04727

EXHIBIT A PROPERTY DESCRIPTION

The land referred to in this Document is described as follows:

UNIT 33-I, BEING A PART OF LOT 33 IN WOODLAND CREEK SUBDIVISION, BEING A SUBDIVISION OF PART OF THE SOUTHWEST 1/4 OF SECTION 17, TOWNSHIP 41 NORTH, RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 15, 1990 AS DOCUMENT 90117492, IN COOK COUNTY, ILLINOIS.

MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 33: THENCE SOUTH 78 DEGREES 57 MINUTES 48 SECONDS WEST A DISTANCE OF 109.02 FEET; THENCE SOUTH 09 DEGREES 59 MINUTES 57 SECONDS EAST A DISTANCE OF 44.30 FEET; THENCE NORTHEASTERLY A DISTANCE OF 109.04 FEET, MORE OR LESS, TO A POINT ON THE LINE BEING 47019 FEET SOUTHEASTERLY ON THE NORTHEAST CORNER OF SAID LOT 33; THENCE NORTH 09 DEGREES 59 MINUTES 57 SECONDS WEST A DISTANCE OF 47.67 FEET TO THE PLACE OF BEGINNING.

PIN#: 06-17-311-024-0000

CKA: 203 CHAPARRAL CIRCLE, ELGIN, ILLINOIS 60120