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Illinois Anti-Predatory Lending Database Program

Certificate of Exemption

Report Mortgage Fraud
800-532-8785



Doc#: 1215833102 Fee: \$70.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 06/06/2012 11:22 AM Pg: 1 of 17

The property identified as: PIN: 20-02-305-017-0000

Address:

Street: 4418 South Drexel Blvd

Street line 2:

City: Chicago

State: IL

ZIP Code: 60653

Lender: Washinton Federal Bank for Savings

Borrower: Daniel Drag

Loan / Mortgage Amount: \$100,000.00

This property is located within the program area and the transaction is exempt from the requirements of 765 ILCS 77/70 et seq. because the application was taken by an exempt entity.

S Y
P 17
S N
SC Y
INT D

1st AMERICAN TITLE order # 2269784

Certificate number: D34B1C94-8347-4C44-B117-F15CB1DFB208

Execution date: 05/11/2012

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Prepared By:
Washington Federal Bank for Savings
2869 South Archer Avenue
Chicago, Illinois 60608

FOR RECORDER'S USE ONLY

Mail to:
Washington Federal Bank for Savings
2869 South Archer Avenue
Chicago, Illinois 60608

MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE AND SECURITY AGREEMENT (the "Mortgage" or the "Instrument"), dated **May 11, 2012** effective as of **May 11, 2012** by **DANIEL DRAG**, (hereinafter referred to as "Mortgagor"), having an address at **4338 W. Judd Ave., Schiller Park, IL 60176** to Washington Federal Bank for Savings, hereinafter referred to as "Mortgagee"), having an address at **2869 South Archer Avenue, Chicago, Illinois 60608**.

WITNESSETH, that to secure the payment of an indebtedness in the amount of **ONE HUNDRED THOUSAND AND 00/100THS DOLLARS (\$100,000.00)** lawful money of the United States, to be paid with interest thereon according to a certain note bearing even date herewith between Mortgagor to Mortgagee, as well as any extension, modification, renewal or substitution thereof (the "Note"), dated of even date herewith between Mortgagee and Mortgagor, plus any additional amounts and advances which shall be made by Mortgagee pursuant to Paragraph 29 herein, Mortgagor hereby mortgages, conveys and transfers to the Mortgagee all of Mortgagor's right, title and interest in the property (the "Premises") situated in Cook County, State of Illinois, and legally described in Exhibit "A" attached hereto and made a part hereof.

Together with all improvements now or hereafter located thereon; together with all easements, rights-of-way and rights used in connection therewith or with a means of access thereto and all tenements, hereditaments and appurtenances thereto; together with all fixtures and all furniture, equipment and other personalty (excluding inventory goods) owned by Mortgagor customarily located on, in or upon said real property, including but not limited to all machinery used in the operation of the business conducted on said real property, as well as any and all additions, substitutions, replacements and proceeds thereto or there from, (collectively referred to herein as "Personalty"); together with all right, title and interest of Mortgagor in and to any and all leases, now or hereafter on or affecting the property described in Exhibit "A"; together with the rents, issues and profits of such real property, with full and complete authority and right in Mortgagee in case of the occurrence of an Event of Default (as hereinafter defined) of this Mortgage to demand, collect, receive and receipt for such rents, issues and profits; together with the real property legally described in Exhibit "A", together with the improvements thereon, the rights therein, the appurtenances thereto, the Personalty on, in, upon, attached to or installed therein, the rents, issues and proceeds thereof, the present and future estates and interest of Mortgagor therein.

And Mortgagor covenants with the Mortgagee as follows:

1. **Payment of Indebtedness and Performance of all Obligations and Conditions.** Mortgagor will pay the indebtedness as in the Note provided and will otherwise duly comply with the terms thereof and further will timely perform all duties and obligations of Mortgagor under this Mortgage and all other documents securing the Note.
2. **Title to Land.** Mortgagor represents and covenants that (i) Mortgagor is seized of a fee simple estate in the Premises and the improvements, and that the Premises is free and clear of all liens and encumbrances, other than permitted encumbrances accepted

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by Mortgagee prior to the date of this Mortgage ("Permitted Encumbrances"), (ii) Mortgagor has full legal power, right and authority to mortgage, pledge and convey the Fee Simple Estate and (iii) this Mortgage creates a first lien on the Fee Simple Estate, subject only to the Permitted Encumbrances.

3. **Maintenance of Lands Changes and Alterations.** Mortgagor shall (a) promptly repair, restore, replace or rebuild any portion of the Premises which may become damaged or be destroyed whether or not proceeds of insurance are available or sufficient for that purpose; (b) keep the Premises in good condition and repair, free from waste; (c) pay all operating costs of the Premises; (d) complete, within a reasonable time, any building or buildings or other improvements now or at anytime in the process of erection upon the Premises; (e) comply with all requirements of statutes, ordinances, rules, regulations, orders, decrees and other requirements of law relating to the premises or any part thereof by any federal, state or local authority; (f) refrain from any action and correct any condition which would increase the risk of fire or other hazard to the Improvements or any portion thereof; (g) comply with any restrictions and covenants of record with respect to the Premises and the use thereof; and observe and comply with any conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including without limitation zoning variances, special exceptions and nonconforming uses), privileges, franchises and concessions that are applicable to the Premises or its use and occupancy; and (h) cause the Premises to be managed in a competent and professional manner. Without the prior written consent of Mortgagee, or its successors or assigns, Mortgagor shall not cause, suffer or permit any (i) material alterations of the Premises except as required by law or ordinance or except as permitted or required to be made by the terms of any Leases approved by Mortgagee; (ii) change in the intended use or occupancy of the Premises, including without limitation any change which would increase any fire or other hazard; (iii) change in the identity of the person or firm responsible for managing the Premises; (iv) zoning reclassification with respect to the Premises; (v) unlawful use of, or nuisance to exist upon, the Premises; or (vi) granting of any easements, licenses, covenants, conditions or declarations of use against the Premises, other than use restrictions contained or provided for in Leases approved by Mortgagee.
4. **Taxes and Liens.** Mortgagor shall pay or cause to be paid when due and before any penalty attaches, all general and special taxes, assessments, water charges, sewer charges, and other fees, taxes, charges and assessments of every kind and nature whatsoever levied or assessed against the Premises or any part thereof or any interest therein or any obligation or instrument secured hereby, and all installments thereof (all herein generally called "Taxes"), whether or not assessed against Mortgagor, and Mortgagor shall furnish to Mortgagee receipts therefor on or before the date the same are due; and shall discharge any claim or lien relating to taxes upon the Premises.

If requested by the Mortgagee, and in the event that the taxes and assessments are not being paid directly by the tenants of the Premises, and subject to applicable law or to a written waiver by Mortgagee, Mortgagor shall pay to Mortgagee on the day monthly installments of interest are payable under the Note until the Note is paid in full, a sum (herein "Funds"), equal to one-twelfth of (a) the taxes and assessments which may be levied on the Property, plus a sum equal to 1/6th of the annual taxes and assessments as a reserve, (b) the yearly premium installments for fire and other hazard insurance, rent loss insurance and such other insurance covering the Property as Mortgagee may require pursuant to paragraph 6 hereof, and (c) if this Instrument is on a leasehold, the yearly fixed rents, if any, under the ground lease, all as reasonably estimated initially and from time to time by Mortgagee on the basis of assessments and bills and reasonable estimates thereof. Any waiver by Mortgagee of a requirement that Mortgagor pay such Funds may be revoked by Mortgagee, in Mortgagee's sole discretion, at any time upon notice in writing to Mortgagor. Mortgagee may require Mortgagor to pay to Mortgagee, in advance, such other Funds for the other taxes, charges, premiums, assessments and impositions in connection with Mortgagor or the Premises which Mortgagee shall reasonably deem necessary to protect Mortgagee's interests (herein "Other Impositions"). Unless otherwise provided by applicable law, Mortgagee may require Funds for Other Impositions to be paid by Mortgagor in a lump sum or in periodic installments, at Mortgagee's option.

Mortgagee shall apply the Funds to pay said rents, taxes, assessments, insurance premiums and Other Impositions so long as Mortgagor is not in breach of any covenant or agreement of Mortgagor in this Instrument. Mortgagee shall make no charge for so holding and applying the Funds, analyzing said account or for verifying and compiling said assessments and bills. Mortgagor and Mortgagee may agree in writing at the time of execution of this Instrument that interest on the Funds shall be paid to Mortgagor, and unless such agreement is made or applicable law requires interest, earnings or profits to be paid, Mortgagee shall not be required by Mortgagor to pay any interest, earnings or profits on the Funds. Mortgagee shall give to Mortgagor, without charge, an annual accounting of the Funds in Mortgagee's normal format showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The funds are pledged as additional security for the sums secured by this Instrument.

If the amount of the Funds held by Mortgagee, if applicable, exceeds the amount permitted by applicable law, Mortgagee shall account annually to Mortgagor for the excess funds in accordance with the requirements of applicable law. If at any time the

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amount of the Funds held by Mortgagee shall be less than the amount necessary to pay taxes, assessments, insurance premiums, rents and Other Impositions, as they fall due, Mortgagor shall pay to Mortgagee any amount necessary to make up the deficiency within thirty days after notice from Mortgagee to Mortgagor requesting payment thereof. In the event Mortgagor does not remit the sum to the Mortgagee necessary to pay taxes, assessments, insurance premiums, rents and other impositions within said thirty day period, Mortgagee may, in its discretion, but shall not be obligated to, advance funds necessary to pay the charges described in this paragraph, and any amounts advanced by the Mortgagee hereunder shall be added to the balance due under the Note, and interest shall accrue upon said amounts at the Interest Rate described in the Note. The failure of Mortgagor to remit any amounts requested by the Mortgagee hereunder within thirty days of its notice to Mortgagor shall be considered an Event of Default of this Mortgage, and thereafter interest shall accrue on any amounts advanced by the Mortgagee under this paragraph at the Default Rate described in the Note.

Upon Mortgagor's breach of any covenant or agreement of Mortgagor in this Instrument, and upon the failure of Mortgagor to cure such Event of Default within any applicable cure period, Mortgagee may apply, in any amount and in any order as Mortgagee shall determine in Mortgagee's sole discretion, any Funds held by Mortgagee at the time of application (i) to pay rents, taxes, assessments, insurance premiums and Other Impositions which are now or will hereafter become due, or (ii) as a credit against sums secured by this Instrument. Upon payment in full of all sums secured by this Instrument, Mortgagee shall promptly refund to Mortgagor any Funds held by Mortgagee.

If Mortgagor shall fail to pay any real estate taxes or other liens encumbering the Land, when due, in accordance with the requirements of this Paragraph, the Mortgagee shall have the rights, at its option and in addition to any other remedies available to it under this Mortgage, to pay such taxes or other liens, and any amounts paid thereon by the Mortgagee shall constitute additional indebtedness secured by this Mortgage, shall bear interest at the Default Rate, as set forth in the Note from the date of payment, and shall become immediately due and owing to the Mortgagee.

5. Insurance.

A. Mortgagor shall maintain at its sole cost and expense, the following insurance coverage naming Mortgagee as Mortgagee and additional insured with respect to the Land: (i) insurance against loss of or damage to the Premises by fire and such other risks as are customarily insured against in the area in which the Premises are located, including but not limited to, risks insured against under extended coverage policies with all risk and difference in conditions endorsements, in each case in amounts at all times sufficient to prevent Mortgagor from becoming a co-insurer under the terms of the applicable policies and, in any event, in amounts not less than the full insurable value of the Premises or the outstanding principal balance of the Note, whichever is greater, in the aggregate and for each occurrence, (ii) comprehensive general liability insurance against any and all claims (including all costs and expenses of defending the same) for bodily injury or death and for property damage occurring upon, in or about the Premises and the adjoining streets or passageways in amounts not less than \$7,000,000.00; (iii) All-Risk and Extended Coverage Insurance (in the event of any construction or improvements to the Premises), Workman's Compensation Insurance, Rent Insurance, and Boiler Insurance policies in such amounts and from such insurance companies as the Mortgagee, in its reasonable discretion, shall deem appropriate and satisfactory, and naming the Mortgagee under its standard mortgagee clause as insured with respect to the Property; (iv) flood Hazard Insurance, if applicable, and such other insurance as is customarily purchased in the area for similar types of business, in such amounts and against such insurable risks, as from time to time may reasonably be required by the Mortgagee.

The term "full insurable value" as herein shall mean actual cash value, i.e., replacement cost less physical depreciation, exclusive of costs of excavation, foundations and footings below the lowest basement floor or mortgage indebtedness, whichever is greater.

Mortgagor may effect for its own account any insurance not required under the provisions of subparagraph A hereof, but any insurance effected by Mortgagor on the Land, whether or not required under this Mortgage, shall be for the benefit of the Mortgagee and Mortgagor, as their interests may appear, and shall be subject to the provisions of this Mortgage.

B. If Mortgagor shall fail to keep the Premises insured in accordance with the requirements of this Paragraph, the Mortgagee shall have the rights, at its option and in addition to any other remedies available to it under this mortgage, to provide for such insurance and pay the premiums thereof, and any amounts paid thereon by the Mortgagee shall constitute additional indebtedness secured by this Mortgage, shall bear interest at the Default Rate, as set forth in the Note from the date of payment, and shall become immediately due and owing to the Mortgagee.

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C. All policies of insurance to be furnished under this Mortgage shall be in forms and with companies reasonably satisfactory to the Mortgagee, with standard mortgage clauses attached to or incorporated in all policies in favor of the Mortgagee, including a provision requiring that the coverage evidenced thereby shall not be terminated or materially modified without Thirty (30) calendar days' prior written notice to the Mortgagee. Any or all of such insurance may be provided for under a blanket policy or policies carried by Mortgagor or any affiliated corporation.

D. Mortgagor shall deliver to the Mortgagee the originals of all insurance policies or certificates of coverage under blanket policies, including renewal or replacement policies, and in the case of insurance about to expire shall deliver renewal or replacement policies or binders as to the issuance thereof or certificates in the case of blanket policies not less than fourteen (14) days prior to their respective dates of expiration.

E. On all insurance policies of the character described in subparagraph A of this Paragraph 5, Mortgagee shall be named as Mortgagee in the standard mortgage clause and as an additional loss payee where appropriate and such insurance shall be for the benefit of Mortgagor and the Mortgagee, as their interest may appear. All such insurance proceeds shall be applied in accordance with Paragraph 6 below. In any event, Mortgagor shall continue to pay the principal and interest on the Note notwithstanding any damage, loss or capacity.

6. Damage or Destruction

A. In case of any damage to or destruction of the Premises or any part thereof from any cause whatsoever, other than a Taking (as defined in Paragraph 10 below), Mortgagor shall promptly give written notice thereof to the Mortgagee. In any event, but subject to the provisions of subparagraph C of this Paragraph 6, Mortgagor shall restore, repair, replace, or rebuild the same or cause the same to be restored, repaired, replaced, or rebuilt to substantially the same value, condition and character as existed immediately prior to such damage or destruction of with such changes, alterations and additions as may be made at Mortgagor's election pursuant to Paragraph 4. Such restoration, repair, replacement or rebuilding (herein collectively called "Restoration") shall be commenced promptly and completed with diligence by Mortgagor, subject only to delays beyond the control of Mortgagor.

B. Subject to subparagraph C of this Paragraph 6, all net insurance proceeds received by the Mortgagee pursuant to this Paragraph 6, at Mortgagee's reasonable option, may be made available to Mortgagor for the Restoration required hereby in the event of damage or destruction on account of which such insurance proceeds are paid. If at any time the net insurance proceeds which are payable to Mortgagor in accordance with the terms of this Mortgage shall be insufficient to pay the entire cost of the Restoration, Mortgagor shall pay the deficiency. In such an event, Mortgagor shall make all payments from its own funds to the contractor making such Restoration until the amount of said deficiency has been satisfied; thereafter, Mortgagee shall make subsequent payments from the insurance proceeds to Mortgagor or to the contractor, whichever is appropriate. All payments hereunder shall be made only upon a certificate or certificates of a supervising architect appointed by Mortgagor and reasonably satisfactory to the Mortgagee that payments, to the extent approved by such supervising architect, are due to such contractor for the Restoration, the Premises are free of all liens of record for work, labor or materials, and that the work conforms to the legal requirements therefor.

C. If an Event of Default (as hereinafter defined) shall occur, all insurance proceeds received by the Mortgagee may be retained by the Mortgagee and applied, at its option, in payment of the mortgage indebtedness and any excess repaid to or for the account of Mortgagor.

7. **Indemnification.** Mortgagor will protect, indemnify and save harmless Mortgagee from and against all liabilities obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses), imposed upon or incurred by or asserted against Mortgagee, as a result of (a) ownership of the Premises or any interest therein or receipt of any rent or other sum therefrom, (b) any accident, injury to or death of persons or loss of or damage to property occurring in, on or about the Premises or any part thereof or on the adjoining sidewalks, curbs, vaults and thereof or on the adjoining sidewalks, curbs, vaults and vault space, if any, adjacent parking areas, streets or ways, (c) any use, nonuse or condition of the Premises or any part thereof or the adjoining sidewalks, curbs, vaults and vault space, if any, the adjacent parking areas, streets or ways, (d) any failure on the part of Mortgagor to perform or comply with any of the terms of this Mortgage, or (e) the performance of any labor or services or the furnishing of any materials or other property with respect to the Premises or any part thereof. Any amounts payable to the Mortgagee under this Paragraph which are not paid within ten (10) days after written demand therefor by the Mortgagee shall bear interest at the Default Rate, as set forth in the Note from the date of such demand

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and shall constitute additional indebtedness secured by this Mortgage. The obligations of Mortgagor under this paragraph shall survive any termination or satisfaction of this Mortgage.

8. **Sale, Conveyance, Mortgaging, Hypothecation, or Other Transfer.** If during the term of the Note, Mortgagor shall, without Mortgagee's consent, (whether voluntarily or by operation of law) (i) sell, convey, assign, mortgage, convert the Premises to a condominium under the Illinois Condominium Act, hypothecate or otherwise transfer or encumber the Premises or any part thereof or any right, title therein, or (ii) allow any change in control or transfer of any membership interest of a member having larger than a 10% interest in Mortgagor, Mortgagee shall have the right, at its option, to declare all sums due hereunder immediately due and payable and Mortgagor, shall immediately pay the principal balance plus all accrued interest, prepayment premium, if any, and other amounts remaining unpaid under the Note. Mortgagor shall not permit title to the Premises or any portion thereof or to be conveyed or mortgaged, or the beneficial interest or any portion thereof to be assigned, collaterally assigned or otherwise transferred or encumbered, voluntarily or involuntarily, directly or indirectly, without the prior written consent of the Mortgagee. If prepayment is elected by Mortgagor, it shall be delivered to Mortgagee simultaneously with the sale, conveyance, assignment, mortgage, hypothecation or other transfer or encumbrance together with accrued interest thereon.
9. **Priority of Lien: After-Acquired Property.** This Mortgage is and will be maintained as a valid first mortgage. Mortgagor will not, directly or indirectly, create or suffer or permit to be created, or to stand against the Land, or any portion thereof, or against the rents, issues and profits thereof, any lien, security interest, encumbrance or charge ("Imposition") prior to or on a parity with the lien of this Mortgage provided, however, that nothing herein contained shall require Mortgagor to pay any Impositions or insurance premiums prior to the last day on which the same shall become due and payable without penalty or prevent Mortgagor from contesting the validity of any Impositions in accordance with the provisions of this Mortgage. Mortgagor will keep and maintain the Premises free from all liens for moneys due and payable to persons supplying labor for and providing materials used in the construction, modification, repair or replacement of the Land. If any such liens shall be filed against the Land, Mortgagor agrees to cause the same to be discharged of record promptly after Mortgagor has notice thereof. In no event shall Mortgagor do, or permit to be done, or omit to do, or permit the omission of, any act or thing, the doing of which, or omission to do which, would impair the security of this mortgage. Mortgagor shall not initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance or other public or private restriction or agreement materially changing the uses which may be made of the Premises or any part thereof without the express written consent of Mortgagee. All property of every kind acquired by Mortgagor after the date hereof which, by the terms hereof, is required or intended to be subjected to the lien of this Mortgage shall, immediately upon the acquisition thereof by Mortgagor, and without any further mortgage, conveyance, assignment or transfer, become subject to the lien and security of this Mortgage. Nevertheless, Mortgagor will do such further acts and execute, acknowledge and deliver such further conveyances, mortgages, security agreements, financing statements and assurances as Mortgagee shall reasonably require for accomplishing the purpose of this Mortgage.

If any action or proceeding shall be instituted to recover possession of the Premises or any or any part thereof or to accomplish any other purpose which would materially affect this Mortgage, Mortgagor will immediately, upon service of notice thereof, deliver to Mortgagee a true copy of each precept, petition, summons, complaint, notice of motion, order to show cause, and all other process, pleadings and papers however designated, served in any such action or proceeding.

10. **Condemnation.**

A. The term "Taking" as used herein shall mean a Taking of all or part of the Premise under the power of condemnation or eminent domain. Promptly upon the receipt by Mortgagor of notice of the institution of any proceeding for the Taking of the Premises or any part thereof, Mortgagor shall give written notice thereof to Mortgagee and Mortgagee may, at its option, appear in any such proceeding. Mortgagor will promptly give to Mortgagee copies of all notices, pleadings, awards, determinations and other papers received by Mortgagor in any such proceeding. Mortgagor shall not adjust or compromise any claim for award or other proceeds of a Taking without having first given at least Thirty (30) days' prior written notice to Mortgagee of the proposed basis of adjustment or compromise and without first having received the written consent thereto of Mortgagee. Any award or other proceeds of a Taking, after allowance for expenses incurred in connection therewith, are herein referred to as "Condemnation Proceeds".

B. In the event of a Taking of all or substantially all of the Land, or a Taking of less than all or substantially all of the Land, and in the event that the Premises are not susceptible to restoration, the Condemnation Proceeds shall be paid to Mortgagee and applied, at its option, (i) to payment of the mortgage indebtedness or, (ii) shall be made available to Mortgagor for the purpose of restoration of any improvement located on the Premises.

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C. If an Event of Default shall occur, any Condemnation Proceeds in the hands of Mortgagee or to which Mortgagee is entitled may be retained by Mortgagee and, at its option, applied in payment of the mortgage indebtedness. Any amount remaining in the hands of Mortgagee following such application shall be paid to Mortgagor.

11. **Right to Inspect.** Mortgagee, its agents and representatives, may at all reasonable times and with reasonable advanced written notice make such inspections of the Premises as Mortgagee may deem necessary or desirable.
12. **Books and Records; Financial Statements.** Mortgagor will keep and maintain books of records and account relating to the Premises and operation thereof, including the leases relating to the Land, which books of record and account shall, at all reasonable times, be open to the inspection of Mortgagee and its accountants and other duly authorized representatives of Mortgagee. Mortgagor shall enter in such books of record and account full, true and correct entries in accordance with generally accepted accounting principles of all dealings and transactions relative to the Premises there in.

Mortgagor shall deliver to Mortgagee, at the place where interest is thereon payable, financial and operating statements of the Premises, within ninety (90) days after the end of each fiscal year. Such financial and operating statements shall consist of a balance sheet, operating statement, and copies of bank reconciliations and statements, all in reasonable detail as may be reasonably requested by Mortgagee. The financial statements and all other financial and operating statements shall be prepared by a certified public accountant and certified to Mortgagee by Mortgagor, as to their truth and accuracy. If Mortgagor fails to furnish the same when due to the satisfaction of Mortgagee, Mortgagee may audit or cause to be audited the books of Mortgagor, by an independent certified accountant, at Mortgagor's expense, and the costs of such audit shall be so much additional Indebtedness Hereby Secured bearing interest at the Default Rate defined in the Note until paid, and payable upon demand. In the event of such an audit, Mortgagor shall cause the books and records of Mortgagor to be made available to Mortgagee for such audit purposes.

13. **Leases affecting Land.**

A. Mortgagor covenants and agrees to keep, observe, and perform and to require the tenants to keep, observe, and perform all of the covenants, agreements, and provisions of any present or future leases of any portion of the Premises on their respective parts to be kept, observed, and performed, and, in case Mortgagor shall neglect or refuse to do so, then Mortgagee may, if it shall so elect, perform and comply with or require performance and compliance by the tenants with any such lease covenants, agreements and provision, and any sums expended by Mortgagee in performance or compliance therewith or in enforcing such performance or compliance by the tenant, including costs, expenses, and attorneys' fees, shall bear interest from the date of such expenditures at the rate set forth in the note, shall be paid by Mortgagor to Mortgagee upon demand and shall be deemed a part of the debt secured hereby and recoverable as such in all respects.

B. In addition to the covenants and terms herein contained and not in limitation thereof, Mortgagor covenants that Mortgagor will not materially cancel, abridge or otherwise modify tenancies, subtenancies, leases, or subleases of the mortgaged property or accept prepayments of installments of rent to become due thereunder without the prior written consent of Mortgagee. The whole of the principal sum and the interest shall become due at the option of Mortgagee if Mortgagor fails or refuses to comply with the provisions of this paragraph.

C. Mortgagor covenants and warrants that, in the event of the enforcement of the Mortgagee of the remedies provided for by law or by this mortgage, any person succeeding to the interest of Mortgagor as a result of such enforcement shall not be bound by any payment of rent or additional rent for more than one (1) month in advance.

D. Mortgagor covenants and warrants that should Mortgagee succeed to the interest of Mortgagor, as Landlord, under the terms of the leases, pursuant to an Event of Default as defined herein, Mortgagee shall not be liable for security deposits for any leases on the property.

E. In addition to the above Mortgagor covenants and agrees as follows:

- (i) Mortgagor will not (a) execute an assignment of the rents or any part thereof from the premises unless such assignment shall provide that it is subordinate to the assignment contained in this mortgage and any assignment executed pursuant hereto; or, (b) in any manner impair the value of the mortgaged property or the security of the Mortgagee for the payment of the principal of, and interest on, the Note without Mortgagee's prior written consent.

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(ii) Mortgagor will not execute any lease of all or a substantial portion of the premises except for actual occupancy by the lessee thereunder, and will at all times promptly and faithfully perform, or cause to be performed, all of the covenants, conditions and agreements contained in all leases of the premises now or hereafter existing, on the part of the lessor thereunder to be kept and performed. If any of such leases provide for the giving by the lessee of certificates with respect to the status of such leases, Mortgagor shall exercise its right to request such certificates with five (5) days of any demand therefor by the Mortgagee.

(iii) Mortgagor shall furnish to the Mortgagee within thirty (30) days after a request by the Mortgagee to do so, a written statement containing the names of all lessees of the premises, the terms of their respective leases, the spaces occupied and the rental paid.

(iv) Mortgagor covenants and agrees that all agreements to pay leasing commissions (a) shall provide that the obligation to pay such commissions will not be enforceable against any party other than the party who entered into such agreement, (b) shall be subordinate to the lien of this Mortgage, and (c) shall not be enforceable against the Mortgagee. Mortgagor shall furnish Mortgagee with evidence of the foregoing which is in all respects satisfactory to Mortgagee.

(v) Mortgagor further covenants and agrees that all agreements to manage the Premises, if applicable, (a) shall provide that the management fee thereunder shall not exceed the sum of five percent (5%) of the gross revenues generated from the Premises and will not be enforceable against any party other than the party who entered into such agreement (b) shall provide that such agreement, together with any and all liens and claims for lien that any manager or other person or entity performing the duties of a manager thereunder has or may thereafter have thereunder or for managing the Premises or any part thereof, shall be in all respects subordinate to the lien of the Mortgage and (c) shall not be enforceable against the Mortgagee. Mortgagor shall furnish Mortgagee with evidence of the foregoing which is in all respects satisfactory to Mortgagee.

14. **Hazardous Substances.** Mortgagor covenants and represents that it shall maintain and keep the Premises free at all times of any environmental violation, waste, hazard or damage, including toxic chemicals, asbestos, or gasoline, and that Mortgagor shall provide reasonable proof required by the Mortgagee that the Premises are free from any environmental waste, hazard, or damage. Further, Mortgagor represents that the Premises shall not violate any state or federal environmental statute, regulation or law. Mortgagor covenants and agrees that Mortgagor shall not, nor shall Mortgagor voluntarily permit any other person or entity to, place, hold, locate or dispose of any hazardous Substances on, under or at the Premises or any part thereof, except in accordance with applicable law. Without limiting the foregoing, Mortgagor shall not cause or knowingly permit the Premises to be used to generate, manufacture, refine or process Hazardous Substances, nor shall Mortgagor cause or permit, as a result of any intentional or unintentional act or omission on the part of Mortgagor or any tenant or subtenant, a release of hazardous Substances onto the Premises or onto any other property. Mortgagor shall comply with and use its reasonable efforts to ensure compliance by all tenants and subtenants with all applicable federal, state and local laws, ordinances, rules and regulations, and use reasonable efforts to ensure that any and all tenants and subtenants obtain and comply with any and all approvals, registrations or permits required thereunder. If at any time any soil test or any other environmental test of the Premises evidences environmental violations or dangers, Mortgagor shall have a period of sixty (60) days to remedy said violation and deliver an updated test to Mortgagee evidencing that the environmental violations or dangers have been removed. If Mortgagor fails to remediate the environmental dangers evidenced by the requisite soil or environmental test within sixty (60) days, or if any other environmental violation, waste, hazard, or damage occurs on the Premises and is not remedied within said 60 day period, said environmental violation, waste, hazard or damage shall be considered an Event of Default under the terms of this Mortgage, and the Mortgagee shall have the right, at its option, but shall have no obligation, to cure any environmental violation, waste, hazard or damage on behalf of Mortgagor, and any and all amounts advanced by the Mortgagee hereunder shall become an additional indebtedness of Mortgagor under the Note and this Mortgage, and interest shall accrue on said amounts advanced by the Mortgagee at the Default Rate as set forth in the Note. Any amounts advanced by the Mortgagee under this paragraph, plus interest thereon, shall be immediately due and payable by Mortgagor. If, within the sixty day period set forth herein, Mortgagor has taken reasonable measures, to the satisfaction of the Mortgagee, to remediate the environmental danger, violation, waste hazard, or damage, then the sixty day period for remediation set forth in this Paragraph shall be extended for a reasonable period by the Mortgagee; provided, however, that in no event may the period for remediation exceed one hundred twenty (120) days.

The Mortgagee, with reasonable cause, shall have the right to direct Mortgagor to conduct environmental tests upon the Premises at Mortgagor's expense and to provide the Mortgagee with updated test reports detailing the results of the environmental tests. Upon receipt of a request for an environmental test from the Mortgagee, Mortgagor shall have a period of sixty (60) days to provide the Mortgagee with the results of the requisite environmental test, unless a shorter period is demanded by a local, state

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or federal governmental agency, in which case Mortgagor shall provide said results within the time period requested by such local, state or federal governmental agency. Any failure of Mortgagor to conduct any environmental test requested by the Mortgagee, or to provide the Mortgagee with test results, shall be considered an Event of Default under the terms of this Mortgage.

Mortgagor agrees that, in addition to its representations provided in paragraph 14 above, they shall, at their own expense, comply with any operation or management plan required by any state or federal agency for the removal of asbestos from the Premises. The failure of Mortgagor to comply with this paragraph shall be considered an Event of Default under this Mortgage.

Mortgagor hereby agrees to indemnify the Mortgagee, its employees, agents, officers and directors, and hold the Mortgagee harmless from and against any and all losses, liabilities (including strict liability), damages, injuries, penalties, fines, settlements, expenses and costs of whatever kind or nature, known or unknown, contingent or otherwise, including, without limitation, reasonable attorneys' fees, of any settlement or judgment and claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against, the Mortgagee by any person or entity or governmental agency, for, with respect to, or as a direct or indirect result of (i) the presence of or under, or the escape, leakage, disposal, spillage, emission, discharge or release from the Premises of any Hazardous Substance in violation of applicable law or (ii) at any time, the incorrectness or breach of this covenant, warranty or representation set forth in this Mortgage, including, without limitation, any violation or claim arising under the Comprehensive Environmental Response, Compensation and Liability Act, the Superfund Amendment and Reauthorization Act, the Resource Conservation and Recovery Act, the Federal Water Pollution Control Act, the Federal Environmental Pesticides Act, the Clean Water Act, the Clean Air Act and so called federal, state or local "Superfund" or "Superlien" statute, or any other statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability (including strict liability), or standards of conduct concerning any Hazardous Substance, regardless of whether or not caused by, on behalf of, or within the control of Mortgagor; provided however, that Mortgagor shall not indemnify the Mortgagee for any such losses, liabilities, damages, injuries, expenses or costs related to or involving Hazardous Substances placed or disposed of on the Premises after Mortgagee acquired title to the Premises through foreclosure or deed in lieu of foreclosure.

For purposes of this Mortgage, the term "Hazardous Substances" shall mean and include those elements or compounds which are contained in the list of hazardous substances adopted by the United States Environmental Protection Agency ("EPA") and the list of toxic pollutants designated by Congress or the EPA or defined by any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability (including strict liability) or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereinafter in effect.

If Mortgagor receives any notice or knowledge of (i) the occurrence of any event involving the use, spill, release, leak, seepage, discharge or clean up of any Hazardous Substance, or (ii) any complaint, order, citation or other notice with regard to air emissions, water discharges, or any other environmental, health or safety matter affecting Mortgagor or the Premises (an "Environmental Complaint") from any person or entity (including, without limitation, the EPA) then Mortgagor shall immediately notify the Mortgagee orally and in writing of any such notice and, if the Environmental Complaint is in writing, shall immediately deliver a copy of the Environmental Complaint to Mortgagee. Further, Mortgagor shall immediately commence all actions necessary to clean up, remove, resolve and comply with any complaint, order, citation, notice or Environmental Complaint as may be required to comply with applicable law.

In addition to all other rights granted to the Mortgagee, upon the occurrence of an Environmental Complaint and Mortgagor's failure to commence the clean up, removal or resolution of any Hazardous Substance or Environmental Complaint as required by applicable law within thirty (30) days notice of breach of a covenant or warranty or receipt of notice or knowledge specified herein and to thereafter continuously and diligently proceed with such cleanup, removal or resolution, except as may be delayed by an act of God, strike, act of the public enemy, war, blockade, public riot, fire, storm, flood and explosion ("Force Majeure"), the Mortgagee shall have the right, but not the obligation, to enter onto the Premises or to take such other actions as it deems necessary or advisable to clean up, remove, resolve or minimize the impact of, or otherwise deal with, any such Hazardous Substance or Environmental Complaint following receipt of any notice from any person or entity (including without limitation, the EPA) asserting the existence of any Hazardous Substance or an Environmental complaint pertaining to the Premises or any part thereof, which, if true, could result in an order, suit or other action against the Mortgagee and/or which, in the reasonable opinion of the Mortgagee, could have a materially adverse impact on the value of the Premises or otherwise jeopardize the Mortgagee's lien against the Premises granted or created under the Mortgage. Any funds of the Mortgagee used for any purpose referred to in this Section shall constitute advances secured by the Loan Documents and shall bear interest at the Default Rate specified in the Note to be applicable after the occurrence of an Event of Default, which is not cured within any applicable cure or grace period.

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The provision of this Section 14 shall be in addition to any and all other obligations and liabilities Mortgagor may have to Mortgagee and shall survive the transactions contemplated herein.

15. Events of Default. In the case one or more of the following events ("Events of Default") shall occur, to-wit:

A. If Mortgagor fails to make any payment of any installment of interest, or of principal and interest, on the Note, or in the payment of any other amount required to be paid thereunder or hereunder when the same or any part thereof shall become due and payable, and if such Event of Default shall not have been cured within the time period, if any, given under the Note or this Mortgage; or,

B. If an Event of Default shall be made in the payment of any lien or other imposition when the same shall become due and payable, and if such Event of Default shall remain uncured for a period of fifteen (15) days of such default; or,

C. If Mortgagor fails to perform any of the other covenants or provisions of the Note or this Mortgage and if such Event of Default shall remain uncured for a period of thirty (30) days after Mortgagee has provided Mortgagor with notification of such Event of Default, provided that, if the Event of Default is curable but not reasonably capable of being cured within such thirty (30) day period, such Event of Default shall be deemed cured for the purposes hereof if, and so long as, Mortgagor shall commence such cure within such thirty (30) day period and diligently pursue said cure to completion; or,

D. If Mortgagor shall make a general assignment for the benefit of creditors, or shall state in writing or by public announcement its inability to pay its debts as they become due, or shall file a petition in bankruptcy, or shall be adjudicated a bankrupt, or insolvent, or shall file a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file an answer admitting or not contesting the material allegations of a petition against it in any such proceeding, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Mortgagor or any material portion of their assets; or,

E. If, within Sixty (60) days after the commencement of any proceeding against Mortgagor seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been dismissed, or if, within Sixty (60) days after the appointment, without the consent or acquiescence of Mortgagor, of any trustee, receiver or liquidator of Mortgagor or any material portion of their assets, such appointment shall not have been vacated; or,

F. If any representation or warranty made by Mortgagor in this Mortgage, or made heretofore or contemporaneously herewith in any other instrument, agreement or written statement in any way related hereto or to the loan transaction with which this Mortgage is associated, shall prove to have been false or incorrect in any material respect or as of the date when made and such falsity or incorrectness shall materially affect the security of this Mortgage.

Then, in any such event, at the option of Mortgagee, the entire unpaid principal balance of the Note secured hereby, the applicable premium, if any, and all accrued and unpaid interest under the Note, and any other sums secured hereby shall be due and payable immediately and, thereafter, each of said amounts shall bear interest at the Default Rate as defined in the Note. All costs and expenses incurred by, or on behalf of, Mortgagee (including, without limitation, reasonable attorney's fees and expenses) occasioned by an Event of Default by Mortgagor hereunder shall be immediately due and payable by Mortgagor and, thereafter, each of said amounts shall bear interest at the Default Rate as defined under the Note. After any such Event of Default, Mortgagee may institute, or cause to be instituted, proceedings of the realization of its rights under this Mortgage or the Note.

16. Rights, Powers and Remedies of Mortgagee. If an Event of Default shall occur, Mortgagee may, at any time, at its election and to the extent permitted by law and after expiration of any applicable grace period:

A. Advertise the Premises or any part thereof for sale in accordance with the Illinois Mortgage Foreclosure Law, and thereafter sell, assign, transfer and deliver the whole, or from time to time any part, of the Land, or any interest in any part thereof, at any private sale or at public auction, with or without demand upon Mortgagor, for cash, on credit or in exchange for other property, for immediate or future delivery, and for such price and on such other terms as Mortgagee may, in its discretion, deem appropriate or as may be required by law. The exercise of this power of sale by Mortgagee shall be in accordance with the provisions of any statute of the State of Illinois now or hereafter in effect which authorizes the enforcement of a mortgage by power of sale, or any statute expressly amending the foregoing:

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B. Enter upon and take possession of the Premises or any part thereof by force, summary proceedings, ejectment or otherwise, and may remove Mortgagor and all other persons and any and all property there from, and may hold, operate, manage, and lease the same and receive all earnings, income, rents, issues and proceeds accruing with respect thereto. Mortgagee shall be under no liability for or by reason of such entry, taking of possession, removal, holding, operation or management, except that any amounts so received shall be applied as hereinafter provided in this Paragraph; and

C. Make application for the appointment of either an order for mortgagee in possession or a receiver for the Lands whether such Mortgagee in possession or receivership be incident to a proposed sale of said Premises or otherwise, and Mortgagor hereby consents to the appointment of such receiver and agrees not to oppose any such appointment. Further, Mortgagor agrees that Mortgagee shall be appointed mortgagee in possession or receiver of the Land, at Mortgagee's option.

In the event the right to accelerate the indebtedness secured hereby or to foreclose the Mortgage has accrued to Mortgagee, whether the entire debt has then been accelerated or whether foreclosure proceedings have been commenced, Mortgagee may, without order of Court, notice to or demand upon Mortgagor, take possession of the Land. Should Court proceedings be instituted, Mortgagor hereby consents to the entry of an order by agreement to effect and carry out the provisions of this Subparagraph C. While in possession of the Land, Mortgagee shall have the following powers:

- (i) To collect the rents and manage, lease alter and repair the Premises, cancel or modify existing leases, obtain insurance and in general have all powers and rights customarily incident to absolute ownership; and
- (ii) To pay out of the rents so collected the management and repair charges, taxes, insurance, commissions, fees and all other expenses and, after creating reasonable reserves, apply the balance (if any), on account of the indebtedness secured hereby.

Mortgagee may remain in possession of the Land, in the event of a foreclosure, until the foreclosure sale and thereafter during the entire period of redemption (if any), if a deficiency exists. Mortgagee shall incur no liability for, nor shall Mortgagor assert any claim, set-off or recoupment as a result of, any action taken while Mortgagee is in possession of the Leasehold Interest, except only for Mortgagee's own gross negligence or willful misconduct. In the event no foreclosure proceedings are commenced, Mortgagee may remain in possession as long as there exists an Event of Default.

Mortgagor agrees that Mortgagee may be a purchaser of the Premises or any part thereof or any interest therein at any sale, whether pursuant to power of sale or otherwise, and may apply upon the purchase price the indebtedness secured hereby. Any purchaser at any sale shall acquire good title to the property so purchased, free of the lien of this Mortgage and free of all rights of redemption in Mortgagor. The receipt of the officer making the sale under judicial proceedings or of Mortgagee shall be sufficient discharge to the purchaser for the purchase money and such purchaser shall not be responsible for the proper application thereof.

Mortgagor hereby waives the benefit of all appraisement, valuation, stay, extension, redemption and equity of redemption laws now or hereafter in force and all rights of marshalling in the event of any sale hereunder of the Premises or any part thereof or any interest therein.

The Proceeds of any sale of the Premises or part thereof or any interest therein, whether pursuant to power of sale or otherwise hereunder, and all amounts received by Mortgagee by reason of any holding, operation or management of the Premises or any part thereof, together with any other moneys at the time held by Mortgagee, shall be applied as directed by the terms of the Note, or as Mortgagee, in its sole discretion determines is reasonable and appropriate with respect to the repayment of all amounts of principal, premium, if any, and interest at the time then due and payable on the Note (whether at maturity or on a date fixed for any installment payment or any prepayment or by declaration or acceleration or otherwise), including interest at the Default Rate, as set forth in the Note, plus any advances or costs incurred by Mortgagee in preserving the Premises or enforcing its rights under the terms and conditions of the Note and Mortgage (whether or not suit is filed) including attorneys fees and costs.

17. **Remedies are Cumulative.** Each right, power and remedy of Mortgagee now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every right, power and remedy provided for in this Mortgage, and the exercise of any right, power or remedy shall not preclude the simultaneous or later exercise of any other right, power or remedy.

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18. **Compromise of Actions.** Any action, suit or proceeding brought by Mortgagee pursuant to this Mortgage against a third party, or otherwise, and any claim made by Mortgagee under this Mortgage against a third party, or otherwise, may be compromised, withdrawn or otherwise dealt with by Mortgagee without any notice to or approval of Mortgagor, except as otherwise provided in this Mortgage.
19. **No Waiver.** No delay or failure by Mortgagee to insist upon the strict performance of any term hereof or of the Note or to exercise any right, power or remedy provided for herein or therein as a consequence of an Event of Default hereunder or thereunder, and no acceptance of any payment of the principal, interest or premium, if any, on the Note during the continuance of any such Event of Default, shall constitute a waiver of any such term, such Event of Default or such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No waiver of any Event of Default hereunder shall affect or alter this Mortgage, which shall continue in full force and effect with respect to any other then existing or subsequent Events of Default.
20. **Further Assurances.** Mortgagor, at their expense, will execute, acknowledge and deliver such instruments and take such actions as Mortgagee from time to time may reasonably request for the further assurance to Mortgagee of the properties and rights now or hereafter subjected to the lien hereof or assigned hereunder or intended so to be.
21. **Uniform Commercial Code.** This Mortgage constitutes a Security Agreement under the Uniform Commercial Code of the state in which the Premises are located (herein called the "Code") with respect to any part of the Premises which may or might now or hereafter be or be deemed to be personal property, fixtures or property other than real estate owned or controlled by Mortgagor (but excluding specifically property owned by the Tenants) including but not limited to all personal property and fixtures in connection with the Premises, any equipment, inventory, accounts, chattel paper, intangibles, fixtures, documents and instruments as defined in the Code including all proceeds and products thereof, all insurance and condemnation proceeds, all building materials, all construction and architectural contracts and all plans and specifications (all for the purposes of this Section 22 called "Collateral"); all of the terms, provisions, conditions and agreements contained in this Mortgage pertain and apply to the Collateral as fully and to the same extent as to any other property comprising the Premises; and the following provisions of this Section 22 shall not limited the generality or applicability of any other provision of this Mortgage but shall be in addition thereto:
- a) Mortgagor (being the Debtor as that term is used in the Code) is and will be the true and lawful owner of the Collateral, subject to no liens, charges or encumbrances other than the lien hereof and Permitted Encumbrances.
- b) The Collateral is to be used by Mortgagor solely for business purposes, being installed upon the Premises for Mortgagor's own use, or as the equipment and furnishings furnished by Mortgagor, as landlord, to tenants of the Premises.
- c) The Collateral will be kept at the real estate comprised in the Premises, and will not be removed therefrom without the consent of the Mortgagee (being the Secured Party as that term is used in the Code) by Mortgagor or any other person; and the Collateral may be affixed to such real estate but will not be affixed to any other real estate.
- d) There is no Financing Statement covering any of the Collateral or any proceeds thereof on file in any public office except pursuant hereto; and Mortgagor will at its own cost and expense, upon demand, furnish to the Mortgagee such further information and will execute and deliver to the Mortgagee such financing statement and other documents in form satisfactory to the Mortgagee and will do all such acts and things as the Mortgagee may at any time or from time to time reasonably request or as may be necessary or appropriate to establish and maintain a perfected security interest in the Collateral as security for the Note, subject to no adverse liens or encumbrances; and Mortgagor will pay the cost of filing the same or filing or recording such financing statements or other documents, and this instrument, in all public offices wherever filing or recording is deemed by the Mortgagee to be necessary or desirable.
- e) Upon the occurrence of any Event of Default hereunder (regardless of whether the Code has been enacted in the jurisdiction where rights or remedies are asserted) and at any time thereafter (such Event of Default not having previously been cured), the Mortgagee at its option may declare the Note immediately due and payable, and thereupon Mortgagee shall have the remedies of a secured party under the Code, including without limitation, the right to take immediate and exclusive possession of the Collateral, or any part thereof, and for that purpose may, so far as Mortgagor can given authority therefor, with or without judicial process, enter (if this can be done without breach of the peace), upon any place where the Collateral or any part thereof may be situated and remove the same therefrom (provided that if the Collateral is affixed to real estate, such removal shall be subject to the conditions stated in the Code); and the Mortgagee shall be entitled to hold, maintain, preserve and prepare the Collateral for

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sale, until disposed of, or may propose to retain the Collateral subject to Mortgagor's right of redemption in satisfaction of Mortgagor's obligations, as provided in the Code. The Mortgagee without removal may render the Collateral unusable and dispose of the Collateral on the Premises. The Mortgagee may require Mortgagor to assemble the Collateral and make it available to the Mortgagee for its possession at a place to be designated by Mortgagee which is reasonably convenient to both parties. The Mortgagee will give Mortgagor at least ten (10) days notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is made. The requirements of reasonable notice shall be met if such notice is mailed, by certified mail or equivalent, postage prepaid, to the address of Mortgagor shown in this Mortgage, at least ten (10) days before the time of the sale or disposition. The Mortgagee may bid at any public sale and if the Collateral is of a type customarily sold in a recognized market, or is of a type which is the subject of widely distributed standard price quotations, Mortgagee may bid at private sale. Any such sale may be held as part of and in conjunction with any foreclosure sale of the real estate comprised with the Premises, the Collateral and real estate to be sold as one lot if Mortgagee so elects. The net proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale, selling or the like and the reasonable attorneys' fees and legal expenses incurred by Mortgagee, shall be applied in satisfaction of the Note. The Mortgagee will account to Mortgagor for any surplus realized on such disposition.

f) The remedies of the Mortgagee hereunder are cumulative and the exercise of any one or more of the remedies provided for herein or under the Code shall not be construed as a waiver of any of the other remedies of the Mortgagee, including having the Collateral deemed part of the realty upon any foreclosure thereof so long as any part of the Note remains unsatisfied.

g) The terms and provisions contained in this Section 22 shall, unless the context otherwise requires, have the meanings and be construed as provided in the Code.

22. **Notices.** Any notice, demand or other communication given pursuant to the terms hereof shall be in writing and shall be delivered by personal service or sent by regular mail, postage prepaid, addressed to the parties at the addresses listed in this agreement or at such other address within the United States or to the attention of such other office as either party shall have designated in writing to the other. Any such notice, demand or other communication shall be deemed given when received at the office of the Mortgagee or Mortgagor or of any other officer who shall have been designated by the addressee by notice in writing to the other party.
23. **Future Advances.** Mortgagee may, at its sole option and discretion upon request of Mortgagor, at any time before full payment of this Mortgage, make further advances to Mortgagor, and the same with interest shall be on a parity with, and not subordinate to, the indebtedness evidenced by the Note and shall be secured hereby in accordance with all covenants and agreements herein contained, provided, that the amount of principal secured hereby and remaining unpaid shall not exceed an amount of Five Hundred Thousand and 00/100ths Dollars (\$500,000), plus interest and any advances for the benefit or protection of the Premises, including payment of taxes, insurance, assessments or levies, with interest on such disbursements as provided in this Mortgage, and provided, that if Mortgagee shall make further advances as aforesaid, Mortgagor shall repay all such advances in accordance with the note or notes, or agreement or agreements, evidencing same, which Mortgagor shall execute and deliver to Mortgagee and which shall be payable no later than the maturity of this Mortgage and shall include such other terms as Mortgagee shall require. Notwithstanding anything herein to the contrary, Mortgagor acknowledges that Mortgagee shall be under no obligation to make any future advances to Mortgagor in connection with this Mortgage, the Note or the Loan Agreement. Mortgagor further acknowledges that the additional advances made by the Mortgagee may be made in the form of notes to be executed by Mortgagor.
24. **Expense of Litigation and Preparation Where No Litigation is Initiated.** If any action or proceeding be commenced to which Mortgagee is made a party, or in which it becomes necessary to defend or uphold the lien of this Mortgage, all sums paid by Mortgagee for the expense (including reasonable attorneys' fees) of any litigation to prosecute or to defend the rights and lien created by this Mortgage shall be paid by Mortgagor immediately upon written demand therefor, together with interest thereon at the Default Rate set forth in the Note from the date of payment, or title to, interest in or claim upon the Premises, attaching to or accruing subsequent to the lien of the this Mortgage, and shall be deemed to be secured by this Mortgage. Mortgagor further expressly agrees to pay all costs and expenses including reasonable attorneys's fees should Mortgagee incur costs and attorneys fees relating to this Mortgage even in the event no suit or litigation is initiated.
25. **Cross-Default Clause.** Upon any occurrence of an Event of Default by Mortgagor in the performance or observance of any covenant or condition hereof in accordance with Paragraph 15 above shall be deemed an Event of Default under each of the Loan Documents, entitling Mortgagee to exercise all or any remedies available to Mortgagee under the terms of any or all Loan

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Documents, and any Event of Default under any other Loan Document shall be deemed an Event of Default hereunder, entitling Mortgagee to exercise any or all remedies provided for herein. Failure by Mortgagee to exercise any right which it may have hereunder shall not be deemed a waiver thereof unless so agreed in writing by Mortgagee, and the waiver by Mortgagee of any Event of Default by Mortgagor hereunder shall not constitute a continuing waiver or a waiver of any other Event of Default or of the same Event of Default on any future occasion.

Any Event of Default by Mortgagor in the performance or observance of any covenant or condition hereof in accordance with Paragraph 15 or under any of the other Loan Documents securing or evidencing the Note bearing even date herewith, shall constitute an Event of Default by Mortgagor of any and all other notes, mortgages or loan documents which the Borrower has with the Mortgagee. Likewise, any Event of Default by Mortgagor in the performance or observance of any covenant or condition of any and all other notes, mortgages or loan documents which Mortgagor has with the Mortgagee shall constitute an Event of Default under this Mortgage, the Note and any other Loan Documents evidencing or securing the Note, thus entitling the Mortgagee to exercise all or any remedies available to Mortgagee.

Neither Mortgagor, nor any person claiming under Mortgagor, shall have or enjoy any right to marshalling of assets, all such right being hereby expressly waived as to Mortgagor and all persons claiming under Mortgagor, including junior lienors. No release of personal liability of any person whatever and no release of any portion of the property now or hereafter subject to the lien of any of the Mortgage Instruments shall have any effect whatever by way of impairment or disturbance of the lien or priority of any of said Mortgage Instruments. Any foreclosure or other appropriate remedy sought may be brought and prosecuted as to any part of the mortgaged security, wherever located, without regard to the fact that foreclosure proceedings or other appropriate remedies have or have not been instituted elsewhere on any other Premises subject to the lien of said Mortgage Instruments or any of them.

26. **Operating Account.** Upon the request of the Mortgagee, and in the Mortgagee's sole discretion, Mortgagor may be required to maintain with the Mortgagee an operating account (the "Operating Account"), wherein the Borrower shall deposit all income received from the Premises. If required by the Mortgagee, Mortgagor shall be required to maintain a balance in the Operating Account in an amount sufficient to pay the next monthly payment of principal and interest due under the Note at all times.
27. **Disclaimer by Mortgagee.** Mortgagee shall not be liable to any party for services performed or obligations due in connection with this Loan. Mortgagee shall not be liable for any debts or claims accruing in favor of any parties against Mortgagor or against the Premises. Mortgagor is not nor shall be an agent of Mortgagee for any purposes, and Mortgagee is not a venture partner with Mortgagor in any manner whatsoever. Approvals granted by Mortgagee for any matters covered under this Agreement shall be narrowly construed to cover only the parties and facts identified in any written approval or if not in writing such approvals shall be solely for the benefit of Mortgagor.

MORTGAGOR HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY THE PROVISIONS OF THE STATUTES AND LAWS OF THE STATE OF ILLINOIS, ANY AND ALL RIGHTS OF REDEMPTION FROM SALE OR OTHERWISE UNDER ANY ORDER OR DECREE OF FORECLOSURE AND DISCLAIMS ANY STATUS AND RIGHTS WHICH IT MAY HAVE AS AN 'OWNER OF REDEMPTION' AS THAT TERM MAY BE DEFINED UNDER THE ILLINOIS LAW ON BEHALF OF MORTGAGOR, AND EACH AND EVERY PERSON ACQUIRING ANY INTEREST IN, OR TITLE TO, THE PREMISES DESCRIBED HEREIN SUBSEQUENT TO THE DATE OF THIS MORTGAGE, AND ON BEHALF OF ALL OTHER PERSONS.

TO THE FULLEST EXTENT PERMITTED BY LAW, MORTGAGOR HEREBY WAIVES ANY AND ALL RIGHT TO REINSTATE THIS MORTGAGE OR TO CURE ANY EVENTS OF DEFAULT, EXCEPT SUCH RIGHTS OF REINSTATEMENT AND CURE AS MAY BE EXPRESSLY PROVIDED BY THE TERMS OF THE NOTE, THIS MORTGAGE, AND OTHER LOAN DOCUMENTS.

28. **Miscellaneous.**

A. Within fifteen (15) days after request therefor, Mortgagor shall confirm in writing to Mortgagee, or its designee, the amount then due hereunder and under the Note.

B. If the time of payment of all indebtedness secured hereby or any part thereof be extended at any time or times, if the Note be renewed, modified or replaced, or if any security for the note be released, Mortgagor and any other parties now or hereafter liable for payment of such indebtedness in whole or in part or interested in the Premises shall be held to consent to such extensions,

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renewals, modifications, replacements and releases, and their liability and the lien hereof and the Other Loan Documents and Security Agreements and the rights created hereby and thereby shall continue in full force, except as to those parties released, the right of recourse against all such other parties being reserved by Mortgagee.

C. The Loan proceeds are to be used, along with Mortgagor's other funds, for the home improvement of the Premises, and for no other purposes, which shall occur contemporaneously with the disbursement of the Loan Proceeds. Such use is the business purpose of Mortgagor and the Loan is therefore not usurious under 815 ILCS 205/4, of the Illinois Revised Statutes. Mortgagors thus represent that the Premises is not homestead property of Mortgagors, or any spouse or relation of Mortgagors, and, thus, the consent of any spouse or relation is not required.

D. This Mortgage shall be binding upon Mortgagor and its successors and assigns, and all persons claiming under or through Mortgagor or any such successor or assign, and shall inure to the benefit of and be enforceable by Mortgagee and its successors and assigns.

E. This Mortgage cannot be changed or terminated orally but may only be amended, modified or terminated pursuant to written agreement between Mortgagor and Mortgagee.


F. The headings in this Mortgage are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

G. If any clause, phrase, paragraph or portion of this Mortgage or the application thereof to any person, party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair or render invalid or unenforceable the remainder of this Mortgage nor any other clause, phrase, paragraph or portion hereof, nor shall it affect the application of any clause, phrase, paragraph or provision hereof to other persons, parties or circumstances.

H. This Mortgage is negotiated in the County of Cook, State of Illinois. This Mortgage shall be governed by and construed in accordance with the laws of the State of Illinois. It is expressly agreed that all parties hereto waive any right they now or in the future may have to remove any claim or dispute arising herefrom.

IN WITNESS thereof, Mortgagor has caused this Mortgage to be executed as of the date and year first written above.

MORTGAGOR:



 DANIEL DRAG

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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

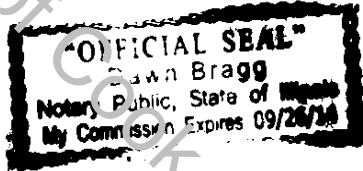
I, the undersigned

a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that DANIEL DRAG, MORTGAGOR(S), personally know to me to be the same persons whose name are subscribed to the foregoing instrument as such, respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary acts of said Mortgagor(s), DANIEL DRAG, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 11th day of May, 2012.

Dawn Bragg
Notary Public

My Commission Expires: 9/26/14



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EXHIBIT A

LEGAL DESCRIPTION

LEGAL: THE EAST 260 FEET OF THE SOUTH 50 FEET OF LOT 4 (EXCEPT THE EAST 60 FEET THEREOF TAKEN FOR DREXEL BOULEVARD) IN BLOCK 3 IN WALKER AND STINSON'S SUBDIVISION OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 2, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN: 20-02-305-017-0000

COMMON ADDRESS: 4418 SOUTH DREXEL BOULEVARD, CHICAGO, ILLINOIS 60653

LOAN NUMBER: 05-02458-6

Property of Cook County Clerk's Office