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Illinois Anti-Predatory Lending Database Program

Certificate of Exemption



Doc#: 1611319071 Fee: \$62.00
RHSP Fee: \$9.00 RPRF Fee: \$1.00
Karen A. Yarbrough
Cook County Recorder of Deeds
Date: 04/22/2016 10:55 AM Pg: 1 of 13

Report Mortgage Fraud
800-532-8785

The property identified as: **PIN:** 04-24-201-057-0000

Address:

Street: 505 Happ Road

Street line 2:

City: Northfield

State: IL

ZIP Code: 60093

Lender: Linda P. Garard

Borrower: Edward P. Garard and Hayley Ann Garard

Loan / Mortgage Amount: \$285,000.00

This property is located within the program area and the transaction is exempt from the requirements of 765 ILCS 77170 et seq. because the application was taken by an exempt entity.

S ✓
P 13
S ✓
M ✓
SC ✓
E ✓
INT ✓

Certificate number: 09EBE75C-7C75-4DB4-A71D-F8896EA3658B

Execution date: 2/1/2016

UNOFFICIAL COPY**MORTGAGE**
(Illinois)

MAIL TO:
Linda P. Garard
2246 Drury Lane
Northfield, IL 60093

The Mortgagors Edward P. Garard and Hayley Ann Garard, husband and wife, mortgages and warrants to Linda P. Garard, to secure the payment of a note in the amount of \$285,000.00 executed concurrently herewith, the following described real estate, situated in the County of Cook, in the State of Illinois.

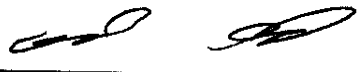
Property address: 505 Happ Road Northfield, IL 60093

Legal Description:

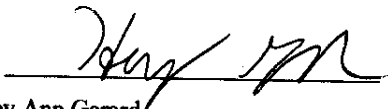
LOTS 1 AND 2 IN THE RESUBDIVISION OF LOTS 19 TO 25, INCLUSIVE IN HAPP'S HOME ADDITION TO WOODLAND PARK, BEING A SUBDIVISION OF ALL THAT PART OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 24, TOWNSHIP 42 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING EAST OF THE CENTER LINE OF HAPP ROAD AND WEST OF THE WESTERLY LINE OF THE RIGHT OF WAY OF THE CHICAGO AND NORTHWEST RAILWAY, IN COOK COUNTY, ILLINOIS.

PPN: 04-24-201-057-0000

Dated this 1st day of February, 2016.



Edward P. Garard



Hayley Ann Garard

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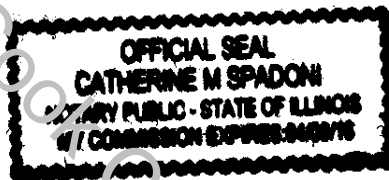
STATE OF ILLINOIS)
County of ~~Franklin~~ Cook)

I, the undersigned, a Notary Public in and for said county, in the State aforesaid, DO HEREBY CERTIFY THAT Edward P. Garard and Hayley Ann Garard, personally known to me to be the same person(s) whose name is/are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that they/he/she signed, sealed and delivered the said instrument as their/his/her free and voluntary act, for the uses and purposes therein set forth

Given under my hand and notarial seal, this ~~20th~~³ day of March, 2016

Catherine M. Spadoni

Notary Public



NAME AND ADDRESS OF PREPARER:
Law Offices of Thaddeus M. Bond, Jr. & Associates, P.C.
708 Florsheim Drive, Suite 10
Libertyville, IL 60048

ARTICLE I RECITALS

Execution and Delivery of Note

1.01. The Borrower has executed and delivered to the Lender a Note ("Note") bearing the same date as this Mortgage, promising to pay to the Lender the principal sum of \$285,000.00 in lawful money of the United States of America being due and payable on or before April 1, 2044. The terms of the Note are incorporated into this Mortgage by this reference.

Mortgage of Property

1.02. In consideration of this loan, and as security for repayment to the Mortgagee of the principal, interest, and any other sums provided for in the Note and the Mortgage according to the terms and conditions of the Note and Mortgage, and as security for performance of the agreements and conditions contained in the Note and the Mortgage, the Borrower mortgages to the Lender the real estate described above together with the following:

- (a) All buildings and improvements erected or to be erected on the property;
- (b) All fixtures, appliances, machinery, equipment, and other articles of personal property at any time installed in, attached to, or situated on the real estate or in the buildings and improvements to be erected on the real estate, or used or intended to be used in connection with the real estate, or in the operation of the buildings and improvements, plant, business, or dwelling on the real estate, whether or not the personal property is affixed to the real estate;

UNOFFICIAL COPY**ARTICLE I RECITALS****Execution and Delivery of Note**

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- (b) All fixtures, appliances, machinery, equipment, and other articles of personal property at any time installed in, attached to, or situated on the real estate or in the buildings and improvements to be erected on the real estate, or used or intended to be used in connection with the real estate, or in the operation of the buildings and improvements, plant, business, or dwelling on the real estate, whether or not the personal property is affixed to the real estate;
- (c) All building materials, fixtures, building machinery, and building equipment delivered on site to the real estate during the course of, or in connection with, construction of the buildings and improvements;
- (d) All streets, alleys, passages, watercourses, easements, and covenants existing or to be created for the benefit of the Borrower or any subsequent owner or tenant of the mortgaged real estate over ground adjoining the mortgaged real estate, and all rights to enforce their maintenance;
- (e) All other rights, privileges, reversions, and remainders, and all the income, rents, and profits arising from them, and all other interests or rights of the Borrower in the real estate; and
- (f) The replacements or proceeds from the sale of any of the above.

All of the above-mentioned real estate, improvements, personal property, and other property and interests will be referred to in this instrument as the "Mortgaged Property."

Prior Mortgage

1.03. This Mortgage is subject to the lien of a First Mortgage between Edward P. Garard and Hayley Ann Garard and Wintrust Mortgage dated on or before January 28, 2016 and intended to be recorded prior to the recording of this Mortgage (the "Prior Mortgage").

Borrower's Obligations Under Prior Mortgage

1.04. The Borrower agrees to act as follows as long as the Mortgaged Property or any part of it is subject to the Prior Mortgage:

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(a) The Borrower will pay the principal, interest, and all other sums when due and payable under the Prior Mortgage no later than their due dates, and will comply with all of the other terms, covenants, and conditions of the Prior Mortgage.

(b) The Borrower will produce to the Lender, on request, receipts or other evidence of payment satisfactory to the Lender with respect to all sums due under the Prior Mortgage.

(c) The Borrower will not enter into any agreement or arrangement, without the prior written consent of the Lender, pursuant to which the Borrower is granted any forbearance or indulgence (as to time or amount) in the payment of any principal, interest, or other sums due under the Prior Mortgage.

Default Under Prior Mortgage

1.05. Any default by the Borrower under the Prior Mortgage, because of the failure to make a payment or otherwise to comply with the terms of the Prior Mortgage, constitutes a default under this Mortgage. Any failure by the Borrower to produce the receipts concerning the Prior Mortgage also constitutes a default under this Mortgage. It also constitutes a default under this Mortgage if the Borrower enters into an agreement contrary to the provisions of Paragraph 1.04, above. In the case of any default under this Mortgage, the Lender has the right, at its election, to declare the entire indebtedness secured by this Mortgage immediately due and payable together with interest and other appropriate charges.

The Lender, at its election, and without notice to Borrower, may make any payments the Borrower has failed to make under the Prior Mortgage. The Lender is not obligated to make these payments. The Lender may add the amount of these payments to the principal debt secured by this Mortgage. Any payment by the Lender does not release the Borrower from the Borrower's obligations or constitute a waiver of the Borrower's default under this Mortgage.

Copies of Required Documents

1.06. If the Borrower is required to deliver tax receipts and insurance policies to the holder of the Prior Mortgage, the Borrower may deliver photocopies of those documents to Mortgagee within the times set forth in this Mortgage, although this Mortgage otherwise requires delivery of original documents to the Lender.

ARTICLE II COVENANTS OF BORROWER

Warranty of Title

2.01. The Borrower has good and marketable fee simple title to the Mortgaged Property, free and clear of all liens, encumbrances, charges, and all other conditions.

Payment and Performance

2.02. The Borrower will pay to the Lender, in accordance with the terms of the Note and this Mortgage, the principal, interest, and all other sums, and will perform and comply with all the agreements, conditions, covenants, provisions, and stipulations of the Note and this Mortgage.

Maintenance of Mortgaged Property

2.03. The Borrower will not commit or permit the commission of waste in or about the Mortgaged Property. The

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Borrower will not remove, demolish, or structurally alter any building erected at any time on the Mortgaged Property, without the prior written consent of the Lender. The Borrower will not permit the Mortgaged Property to become vacant, deserted, or unguarded, and will maintain the Mortgaged Property in good condition and repair, reasonable wear and tear excepted. The Borrower will make, when necessary, all repairs of every nature.

Condemnation Awards

2.04. All awards made to the owners of the Mortgaged Property by any governmental or other lawful authorities for Mortgaged Property taken or damaged through exercise of eminent domain, or for any easement taken in the property, including any awards for changes of grade of streets, are assigned to the Lender, who is authorized to collect and receive the proceeds from the authorities and to give proper receipts for those awards. The Lender will apply these payments (after deduction of attorneys' fees and other costs of collecting the funds) toward the payment of the amount owed on this Mortgage and the accompanying Note, even though the amount owed may not then be due and payable. The Borrower agrees, on request, to make any assignments or other instruments needed to assign the awards to the Lender, free and clear of any encumbrances. The Borrower agrees to give the Lender immediate notice of the actual or threatened commencement of any eminent domain proceedings affecting the Mortgaged Property, and will give the Lender copies of any papers served on the Borrower in connection with those proceedings. The Borrower will not make any settlement for damages sustained without the Lender's prior written approval, which approval will not be unreasonably withheld.

Insurance

2.05. (a) The Borrower will keep the Mortgaged Property continuously insured, with extended coverage, against loss or damage by fire. The Borrower will also keep the property insured against such other hazards as the Lender may reasonably require.

(b) Without limiting the requirement above, the Borrower will, if requested by the Lender, maintain insurance as follows:

- (1) Insurance against loss or damage to the Mortgaged Property by fire and any of the risks covered by insurance of the type now known as "fire and extended coverage." This insurance will be in the original amount of the Note, or in the amount of that percentage of the full replacement cost of all buildings and improvements erected on the property (exclusive of the cost of excavations, foundations, and footings below the lowest basement floor) required to satisfy any applicable coinsurance requirement in any policy, whichever is greater. This insurance will have no more than \$1000.00 deductible from the loss payable for any casualty. The policies of insurance carried in accordance with this Subparagraph will contain the "Replacement Cost Endorsement";
- (2) Comprehensive public liability insurance (including coverage for elevators and escalators, if any, on the Mortgaged Property and, if any construction of new improvements occurs after execution of this Mortgage, completed operations coverage for one year after construction of the improvements has been completed) on an "occurrence basis" against claims for personal injury. This coverage will include, without limitation, bodily injury, death, or property damage occurring on, in, or about the Mortgaged Property and the adjoining streets, sidewalks, and passageways;
- (3) Workers' compensation insurance (including employer's liability insurance, if requested by the Lender) for all employees of the Borrower engaged on or with respect to the Mortgaged Property in an amount reasonably satisfactory to the Lender, or, if limits are established by law, in the legal amounts;
- (4) During the course of any construction or repair of improvements on the Mortgaged Property, builder's

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completed value risk insurance against "all risks of physical loss," including collapse and transit coverage, during construction of such improvements, with deductibles not to exceed \$1000.00;

(5) Boiler and machinery insurance covering pressure vessels, air tanks, boilers, machinery, pressure piping, heating, air conditioning, elevator and escalator equipment, provided the Mortgaged Property contains equipment of that nature, and insurance against loss of occupancy or use arising from any breakdown, in amounts reasonably satisfactory to the Mortgagee;

(6) Business interruption insurance and loss of "rental value" insurance for a period of sixty months in amounts satisfactory to the Lender;

(7) Such other insurance as may from time to time be reasonably required by the Lender against the same or other hazards.

(c) All policies of insurance required by the terms of this Paragraph will contain an endorsement or agreement by the insurer that any loss will be payable in accordance with the terms of the policy notwithstanding any act or negligence of the Borrower that might otherwise result in forfeiture of insurance. All policies will also contain an agreement by the insurer waiving all rights of set off, counterclaim, or deductions against the Borrower.

(d) All policies of insurance will be issued by companies and in amounts satisfactory to the Lender. All policies of insurance will contain a mortgagee clause in favor of the Lender, not subject to contribution, and a lender's loss payable endorsement for the benefit of the Lender, all in forms satisfactory to the Lender. The Borrower will furnish the Lender with a signed duplicate original policy with respect to all required insurance coverage. If the Lender consents to provide any of the required insurance through blanket policies carried by the Borrower and covering more than one location, the Borrower will furnish the Lender with a signed certificate of insurance for each policy setting forth the coverage, the limits of liability, the name of the carrier, the policy number, and the expiration date. At least thirty days prior to the expiration of each policy, the Borrower will furnish the Lender with evidence satisfactory to the Lender of the payment of premium and the reissuance of a policy continuing insurance in force as required by this Mortgage. All policies, including policies for any amounts carried in excess of the required minimum and policies not specifically required by the Lender, will be in a form satisfactory to the Lender, will be maintained in full force and effect, and will be assigned and delivered to the Lender, with premiums prepaid, as collateral security for payment of the indebtedness secured by this Mortgage. All policies will contain a provision that the policies will not be cancelled or materially amended (including any reduction in the scope or limits of coverage), without at least fifteen days prior written notice to the Lender. If all or part of the insurance will expire, be withdrawn, or become void or unsafe by reason of the Borrower's breach of any condition, or become void or unsafe by reason of the value or impairment of the capital of any company in which the insurance may then be carried, or if for any reason whatever the insurance will be unsatisfactory to the Lender, the Borrower will place new insurance on the premises, satisfactory to the Lender.

(e) In the event the Borrower fails to provide, maintain, or deliver and furnish to the Lender the policies of insurance required by this Mortgage, the Lender may procure insurance for the risks, covering the Lender's interest. The Borrower will pay all premiums on insurance procured by the Lender promptly on demand. Until payment is made by the Borrower, the amount of all premiums, together with interest at a rate that will be 18 percent per year higher than the rate specified in the Note, will be secured by this Mortgage.

(f) In the event of loss, the Borrower will give immediate notice to the Lender, and the Lender may make proof of loss if not made promptly by the Borrower. Each insurance company is hereby authorized and directed to make payment under the insurance, including return of unearned premiums, directly to the Lender instead of to the Borrower and the Lender jointly, and the Borrower appoints the Lender, irrevocably, as the Borrower's attorney-in-

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fact, to endorse any insurance draft. The Lender will have the right to retain and apply the proceeds of any insurance, at its election, to reduction of the indebtedness secured by this Mortgage, or to restoration or repair of the property damaged. If the Lender becomes the owner of any part of the Mortgaged Property by foreclosure or otherwise, the policies, including all rights, title, and interest of the Borrower under those policies, will become the absolute property of the Lender.

(g) Notwithstanding the provisions of Paragraph (e), in the event the Mortgaged Property is damaged by fire or other casualty covered by insurance, the Lender will make the insurance proceeds available to the Borrower for repair and reconstruction of the Mortgaged Property on the following terms and conditions:

- (1) The work will be performed by a reputable general contractor satisfactory to the Lender pursuant to plans and specifications satisfactory to the Lender, in the exercise of reasonable business judgment.
- (2) The insurance proceeds will be held in trust by the Lender (or by an escrow agent satisfactory to the Lender), to be disbursed periodically as the work progresses in amounts not exceeding 90 percent of the value of labor and materials incorporated into the work. The remaining 10 percent will be released to the Borrower on final completion of the work in accordance with the plans and specifications, and upon a receipt of a release of liens from all contractors and subcontractors engaged in the work.
- (3) If the entire insurance proceeds are not used for restoration, the excess proceeds will be applied to the mortgage debt. If the cost of the work will exceed the insurance proceeds, the Borrower will deposit the amount of the excess with the Lender (or the escrow agent) to be disbursed prior to disbursement of the insurance proceeds.
- (4) If the damage or destruction is such that the buildings on the Mortgaged Property are totally destroyed, this Paragraph (g) will not apply.

Taxes and Other Charges

2.06. The Borrower will pay all taxes, assessments, water and sewer rents, and other charges or claims assessed, levied, or filed against the Borrower, the Mortgaged Property, or the interest of the Lender in the Mortgaged Property, or that, by law, may have priority over the indebtedness secured by this Mortgage. These expenses will be paid when due and payable and before interest or penalties accrue. The Borrower will provide the Lender with receipts for payments of these amounts no later than the payment dates. If the Borrower, in good faith and by appropriate legal action, contests the validity or amount of any item, the Borrower may establish on its books or by deposit of cash with the Lender, as the Lender may elect, a reserve for the payment in an amount required by the Lender. If a reserve is established, the Borrower will not be required to pay the item or to produce the required receipts while the reserve is maintained and so long as the contest that operates to prevent collection has not been terminated or discontinued adversely to the Borrower, and is maintained and prosecuted with diligence.

Installments for Insurance, Taxes, and Other Charges

2.07. On written request by the Lender, the Borrower will include in the monthly payment of principal and interest, an amount equal to one twelfth of the annual premiums for the fire and extended coverage insurance and the annual real estate taxes, water and sewer rents, special assessments, charges, or claims, and any other item that might become a lien on the Mortgaged Property prior to the lien of this Mortgage. From time to time, the Borrower will pay on demand to the Lender any additional sums necessary to pay taxes and other items, as estimated by the Lender. The amounts paid will be security for payment of taxes and other items and will be used in payment of those items if the Borrower is not otherwise in default under this Mortgage. No amount paid will be deemed to be trust funds but may be commingled with the general funds of the Lender, and no interest will be payable on the

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amounts. If, pursuant to any provision of this Mortgage, the whole amount of the unpaid principal debt becomes due and payable, the Lender will have the right, at its election, to apply these funds against the entire indebtedness secured by this Mortgage. At the Lender's option, the Lender may waive, and after any waiver may reinstate, the provisions of this Paragraph requiring the monthly payments.

Security Agreement

2.08. This Mortgage constitutes a security agreement under the Uniform Commercial Code and creates a security interest in the personal property included in the Mortgaged Property. The Borrower will execute and file any financing statements or other security agreements the Lender may require to confirm the lien of this Mortgage with respect to the personal property. The Borrower will pay all costs of filing.

Compliance With Law and Regulations

2.09. The Borrower will comply with all laws, ordinances, regulations, and orders of all federal, state, municipal, and other governmental authorities relating to the Mortgaged Property.

Inspections

2.10. The Lender, and any persons authorized by the Lender, will have the right at any time, on reasonable notice to the Borrower, to enter the Mortgaged Property at a reasonable hour to inspect and photograph its condition and state of repair.

Declaration of No Set-Off

2.11. Within one week after a request by the Lender, the Borrower will certify to the Lender, or to any proposed assignee of this Mortgage, in a duly acknowledged writing, the amount of principal, interest and other charges owing on the obligation secured by this Mortgage. The Borrower will also indicate whether there are any set-offs or defenses against the Mortgage.

Defaults and Right to Remedy

2.12. If the Borrower fails to pay taxes, assessments, water and sewer charges, other lienable claims (not including contested claims), or insurance premiums, fails to make necessary repairs, permits waste or otherwise fails to comply with its obligations under the Mortgage, the Note, or any other document executed in connection with the Mortgage, then the Lender, at its election and without notice to the Borrower, has the right to make any payment or expenditure that the Borrower should have made, or that the Lender deems advisable, to protect the security of this Mortgage or the Mortgaged Property. Any payment by the Lender will not prejudice the Lender's rights or remedies under this Mortgage. All sums, as well as costs, advanced by the Lender pursuant to this Mortgage will be due immediately from the Borrower to the Lender, will be secured by this Mortgage, and will bear interest at 18 percent per year in excess of the rate otherwise provided in the Note from the date of payment by the Lender until the date of repayment.

Personal Liability

2.13. The Mortgagor agrees to be personally liable for all indebtedness secured by this Mortgage in accordance with its terms and the terms of the Note.

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ARTICLE III DEFAULT AND REMEDIES

Events of Default

3.01. Any of the following will constitute an "Event of Default":

- (a) Failure of the Borrower to pay any installment of principal or interest, or any other sum, on the date it is due under the Note or this Mortgage [*if appropriate, add: subject to any applicable grace period provided in the Note or in this Mortgage*];
- (b) The Borrower's failure to perform any of the other agreements, conditions, or covenants in the Note, the Mortgage, or any other document executed in connection with the Mortgage;
- (c) The entry of a decree by a court having jurisdiction over the Mortgaged Property with respect to the Borrower in an involuntary case under the federal bankruptcy laws, or any other applicable federal or state bankruptcy, insolvency, or similar laws;
- (d) The appointment of a receiver, liquidator, custodian, trustee, (or similar official) for any substantial part of the Borrower's property;
- (e) A court-ordered winding-up or liquidation of the Borrower's affairs;
- (f) The commencement by the Borrower of a voluntary case under the federal bankruptcy laws or any other applicable federal or state bankruptcy, insolvency, or similar laws;
- (g) The consent by the Borrower to the appointment of a receiver, liquidator, trustee, custodian, or similar official for any substantial part of the Borrower's property;
- (h) The Borrower's making any assignment for the benefit of creditors, or the failure of the Borrower generally to pay its debts as they become due; or
- (i) If a final judgment for the payment of money is rendered against the Borrower in an amount greater than \$1000.00 and, within sixty] days after the entry, the judgment has not been discharged or execution stayed pending appeal, or if, within sixty days after the expiration of any stay, the judgment has not been discharged.

Remedies

3.02. (a) If any Event of Default occurs, the entire unpaid balance of principal, accrued interest, and all other sums secured by this Mortgage will become immediately due and payable, at the option of the Lender on written notice to the Borrower.

(b) When the entire indebtedness becomes due and payable, because of maturity or because of any Event of Default, then the Lender may institute an action of mortgage foreclosure, or take any other action at law or in equity for the enforcement of this Mortgage and realization on the mortgage security that the law may allow. The Lender may proceed to final judgment and execution for the entire unpaid balance of the principal debt, with interest at the rate(s) stipulated in the Note, and all other sums due in accordance with the provisions of the Note and this Mortgage. This amount includes all sums that may have been loaned by the Lender to the Borrower after the date of this Mortgage, and all sums that may have been advanced by the Lender for taxes, water or sewer rents, other lienable charges or claims, insurance, repairs, maintenance, and all costs of the suit. The Borrower authorizes

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the Lender at its option to foreclose this Mortgage subject to the rights of any tenants of the Mortgaged Property. The Borrower will not assert the failure to make any tenants parties to the foreclosure proceedings as a defense to any proceedings instituted by the Lender to recover the indebtedness secured by this Mortgage or any deficiency remaining unpaid after the foreclosure sale. The mortgagor is not prevented from asserting in any proceedings disputing the amount of the deficiency or the sufficiency of any bid at the foreclosure sale that any tenants adversely affect the value of the Mortgaged Property.

(c) When the entire indebtedness becomes due and payable, because of maturity or because of any Event of Default, the Lender may enter into possession of the Mortgaged Property, with or without legal action. In the alternative, the Lender will be entitled to appointment of a receiver without regard to the solvency of the Borrower or any other person liable for the debt secured by this Mortgage, and regardless of whether the Lender has an adequate remedy at law. Either the Lender or a receiver may rent the Mortgaged Property for any period and on any terms and conditions that the Lender or receiver may see fit. The Lender or the receiver may collect rents, and, after deducting all costs of collection and administration expense, apply the net rentals to the payment of taxes, water and sewer rents, other lienable charges and claims, and insurance premiums, and to the maintenance, repair, or restoration of the Mortgaged Property, or to the reduction of the principal or interest, as the Lender or the receiver may elect. For that purpose, the Borrower assigns to the Lender all rentals due under any existing or future lease of the Mortgaged Property, as well as all rights and remedies provided in the lease or at law or in equity for the collection of the rentals. Any lease or leases entered into by the Lender or the receiver pursuant to this Paragraph 3.02 will survive foreclosure of the Mortgage and repayment of the debt, unless the lease provides otherwise.

Attorneys' Fees

3.03. If the Lender becomes a party to any suit or proceeding affecting the Mortgaged Property, the lien created by this Mortgage, or the Lender's interest in the Mortgaged Property, or if the Lender engages counsel to collect any of the indebtedness or to enforce performance of the agreements or covenants of this Mortgage or the Note, the Lender's costs, expenses, and reasonable attorneys' fees will be paid by the Borrower, on demand, with interest at the rate provided in the Note. Until paid they will be deemed to be part of the indebtedness evidenced by the Note and secured by this Mortgage.

ARTICLE IV ADDITIONAL PROVISIONS

Satisfaction of Mortgage

4.01. If the Borrower pays the Lender the principal sum and all other sums secured by this Mortgage in accordance with the provisions of the Note, then the Lender must provide Borrower with a release of mortgage or other evidence of satisfaction as requested by Borrower.

Assignment

4.02. Except as provided otherwise in this instrument, the Lender may assign this mortgage, together with any and all notes or bonds representing the obligation of the Borrower to make payments, at any time without the prior consent of the Borrower. However, the Lender must give the Borrower actual notice of any assignment by certified mail, return receipt requested, before the due date of the next installment payment that is to be paid after the effective date of the assignment. The Lender also agrees to give the Borrower actual notice of any assignment or endorsement of the note that is being executed in connection with this mortgage; the Lender must give this notice by certified mail, return receipt requested, thirty days before the effective date of the assignment or endorsement. Failure to provide the Borrower with any notice as required in this Paragraph 4.02 shall make the assignment or endorsement null, void, and of no legal effect. The Lender further agrees to indemnify and hold the Borrower harmless from any loss to any person incurred because of the Lender's failure to give the notices required by this

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Paragraph 4.02.

Other Financing

4.04. The Borrower will not create or permit to exist any other lien on, or security interest in, any portion of the Mortgaged Property (including any furniture, fixtures, machinery, and equipment used in connection with the Mortgaged Property) except the Prior Mortgage. The Borrower will not lease any furniture, fixtures, machinery, and equipment and will not incur any indebtedness to purchase any furniture, fixtures, machinery, and equipment, except as contemplated by this Mortgage, without the prior written consent of the Lender.

Due-on-Sale Clause

4.05. Without the prior written consent of the Lender, the Borrower will not cause or permit any sale, exchange, transfer, lease, or conveyance ("transfer") of any part of the Mortgaged Property, or any interest in it, voluntarily or by operation of law. If the Borrower is a corporation, any change in the ownership of the corporate stock of the Borrower or the issuance of additional stock that results in the transfer of control and management of the Borrower will be deemed to be a transfer of the Mortgaged Property within the meaning of this Article. If the Borrower is a partnership, any change in the ownership of partnership interests of the Borrower will be deemed to be a transfer of the Mortgaged Property within the meaning of this Article.

Financial Statements

4.06. (a) As long as the debt secured by this Mortgage remains unpaid, the Borrower agrees to annually provide the Lender with audited statements prepared by a certified public accountant showing the annual income and expenses relating to the Mortgaged Property and a balance sheet for the Borrower. Annual reports will be due on or before August 15 of each year, .

Notices

4.07. All notices permitted or required under this Mortgage or the Note will be in writing, and will be sent by registered or certified mail, postage prepaid, addressed to the addressee at the address set forth in this Mortgage or in the Note, or at such other address as the addressee may designate in writing from time to time.

State Law to Apply

4.08. This Mortgage shall be construed under and in accordance with the laws of the State of Illinois.

Amendment

4.09. This Mortgage cannot be changed or amended except by agreement in writing signed by the party against whom enforcement of the change is sought.

Parties Bound

4.10. This Mortgage will be binding on and inure to the benefit of the parties and their respective heirs, personal representatives, successors, and assigns.

Interest Rate

4.12. Regardless of any provision in this Mortgage or in the Note, the Borrower's liability for interest will not

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exceed the limits imposed by the then applicable usury law. If any clause in the Note or this Mortgage requires interest payments in excess of the highest rate permitted by the then applicable usury law, the clause in question will be deemed to require payment at the highest interest rate allowed by that law.

Captions

4.13. The captions preceding the text of the paragraphs or subparagraphs of this Mortgage are inserted only for convenience of reference and will not constitute a part of this Mortgage, nor will they in any way affect its meaning, construction, or effect.

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