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VHP-Krishnappa III

JUNIOR MORTGAGE

THIS JUNIOR MORTGAGE (the "Mortgage") is made as of this 19th day of November by THE FIRST BANK OF OAK PARK, a national banking association, not individually or personally, but solely as Trustee under the provisions of a deed in trust duly recorded and delivered to said Trustee in pursuance of a Trust Agreement dated October 16, 1978 ("Trust Agreement") and known as Trust Number 11528 (the "Trust"), and NARAYANA S. KRISHNAPPA (collectively the "Mortgagor") to the VILLAGE OF HANOVER PARK, an Illinois municipal corporation, having its principal office at 2121 West Lake Street, Hanover Park, Illinois 60103 (the "Mortgagee").

WITNESSETH:

WHEREAS Mortgagor is and, by reason of the advancement of additional funds, may become indebted to Mortgagee for money borrowed up to a maximum principal sum of SEVENTEEN THOUSAND AND NO/100 DOLLARS (\$17,000.00), said indebtedness being evidenced by a Junior Mortgage Note (the "Note") of even date in said principal sum and may, in addition, become further indebted to Mortgagee by reason of the advancement of additional sums, as contemplated in this Mortgage, which note has been or will be executed by Mortgagor and made payable to Mortgagee at its principal office in Hanover Park, Illinois, or at such other place as Mortgagee may from time to time designate in writing, both principal and interest being payable periodically in accordance with the terms of the Note;

NOW, THEREFORE, to secure payment of said maximum principal sum of Seventeen Thousand and no/100 Dollars (\$17,000.00) and interest thereon according to the provisions of the Note and to secure the performance of the covenants and agreements contained in this Mortgage, and in consideration of One Dollar in hand paid, receipt whereof is hereby acknowledged, Mortgagor does hereby convey, and mortgage to Mortgagee, its successors and assigns, the following described real estate in the Village of Hanover Park, Cook County, Illinois:

[SEE EXHIBIT "A" ATTACHED FOR LEGAL DESCRIPTION]

together with (a) all buildings or improvements now located or hereafter erected on the real estate, and all tenements, hereditaments, gas, oil, minerals, easements, fixtures and appurtenances, and all other rights and privileges thereunto belonging or appertaining; (b) all apparatus, machinery,

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equipment, and appliances now or hereafter owned by Mortgagor and therein or thereon used to maintain or enjoy the same or to produce, supply, utilize, distribute, or control heat, gas, air conditioning, water, light, power, ventilation, sanitation, and refrigeration (whether single units or centrally controlled) and to treat or dispose of refuse or waste; (c) all screens, window shades, blinds, wainscoting, storm doors and windows, floor coverings, and awnings of Mortgagor; (d) all apparatus, machinery, equipment, and appliances of Mortgagor used or useful for or in connection with the maintenance and operation of the real estate or intended for the use or convenience of tenants, other occupants, or patrons thereof; (e) all items of furniture, furnishings, equipment, and personal property used or useful in the operation of the real estate; (f) all replacements and substitutes for the foregoing whether or not any of the foregoing is or shall be on or attached to the real estate; and (g) all right, title and interest, including the right of use or occupancy, which Mortgagor may now have or hereafter acquire in and to any lands occupied by streets, alleys, or public places adjoining said premises or in such streets, alleys, or public places (which real estate, together with the other property described in the foregoing granting clause, is hereinafter called the "Premises").

As additional security for all principal, interest and indebtedness secured by this Mortgage, Mortgagor does hereby pledge and assign to Mortgagee from and after the date of this Mortgage (including any period allowed by law for redemption after any foreclosure or other sale), primarily and on a parity with said real estate, and not secondarily, all the rents, issues, and profits of the Premises, condemnation awards, and insurance proceeds relating to the Premises, and all rents, issues, profits, revenues, royalties, bonuses, rights, and benefits due, payable, or accruing to Mortgagor (including, to the extent permitted by law, all deposits of money as advance rent or for security) under any and all present and future leases and renewals thereof of the Premises or other agreements relative to the occupancy of the Premises (it being agreed that unless otherwise clearly required by the context, the terms "lease," "lessor," and "lessee," as used in this Mortgage, shall include, respectively, "sublease," "sublessor," and "sublessee"); provided, however, that so long as an event of default (as defined in Section 15 of this Mortgage) has not occurred, Mortgagor shall have the right to collect all such rents, issues, profits, revenues, royalties, bonuses, rights, and benefits due, payable, or accruing to Mortgagor.

TO HAVE AND TO HOLD the Premises, properties, rights, and privileges hereby conveyed or assigned, or intended so to be, unto Mortgagee, its successors and assigns, for the uses and purposes herein set forth.

THIS MORTGAGE FURTHER WITNESSETH the following covenants, agreements, representations, and conditions:

1. Payments of Principal and Interest; Additional Sums Advanced. Mortgagor agrees to pay, when due, all principal, interest, and other indebtedness secured by this Mortgage. The principal secured by this Mortgage may be prepaid in accordance with the terms and conditions of the Note. The sums secured by this Mortgage may also be declared due, at the option of Mortgagee, prior to the Maturity Date of the Note, in accordance with the terms and in the manner provided for in the Note. Any additional sums advanced to or for the benefit of Mortgagor by the Village, as provided in the Note or this Mortgage, shall become additional principal indebtedness payable under the Note and secured by this Mortgage and shall be payable as provided in the Note.

2. Senior Indebtedness. This Mortgage is subject and subordinate to that certain mortgage dated November 7, 1978 made by THE FIRST BANK OF OAK PARK as trustee under a trust agreement dated

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October 16, 1978 and known as Trust No. 11526, as mortgagor, to FIRST FEDERAL SAVINGS & LOAN ASSOCIATION OF CHICAGO, as mortgagee ("Senior Mortgagee"), recorded in Cook County, Illinois, on November 14, 1978, as Document Number 24717836 ("Senior Mortgage"), to secure the payment of a note identified in the Senior Mortgage ("Senior Note").

Mortgagor agrees to perform all of its obligations under the Senior Mortgage or any other prior security agreement or indebtedness with a lien that is senior to the lien of this Mortgage, including but not limited to payment, when due, of all principal, interest, and other indebtedness secured thereby. Mortgagor further agrees to promptly furnish Mortgagee with copies of all notices received from Senior Mortgagee or the holder of any other prior security agreement or indebtedness.

Mortgagor represents that no sums whatsoever are due and payable under the Senior Note or Senior Mortgage except the principal and interest due under the terms of the Senior Note and Senior Mortgage and that no default has occurred or exists under the Senior Note or Senior Mortgage.

3. Preservation and Maintenance of Premises; Mortgagee's Consent Required for Improvements. Mortgagor agrees not to abandon the Premises; to keep the Premises in good, safe, and insurable condition and repair, and not to commit or suffer waste; to pay for and complete within a reasonable time any building at any time in the process of erection upon the Premises; to refrain from impairing or diminishing the value of this Mortgage; to neither make nor permit structural or other substantial alterations in the buildings or any substantial construction on the Premises without the written consent of Mortgagee; and promptly to repair, restore, or rebuild any building or improvement which may become damaged or destroyed with materials and workmanship of as good quality as existed before such damage or destruction.

4. Insurance. (a) Hazard Insurance. Mortgagor agrees to maintain in force at all times fire and extended coverage insurance (including, without limitation, windstorm, explosion, vandalism, and such other risks usually insured against by owners of like properties) on the Premises in an amount at least equal to the greater of (i) an amount sufficient either to pay the cost of repairing or replacing the improvements now or hereinafter situated upon the Premises, (ii) an amount sufficient to pay in full the combined indebtedness secured by the Mortgage and the Senior Mortgage, or (iii) if the policy or policies of insurance contain a co-insurance clause, 80% (or such higher percentage as is necessary to avoid applicability of provisions relating to co-insurance) of the full insurable value of the Premises.

(b) Flood Insurance. If the Premises or the area in which the Premises are located have been, or at any time during the term of this Mortgage or any extension or renewal thereof, are designated or identified as a flood plain, flood-prone area, or flood, mudslide, or flood-related erosion or hazard area pursuant to the Flood Disaster Protection Act of 1973, 42 U.S.C. § 4001 et seq., as amended, or any rules and regulations thereunder, Mortgagor agrees to obtain and maintain flood insurance in such total amount as Mortgagee may determine from time to time, and to comply with any other requirements of the National Flood Insurance Program set forth in such act or the rules and regulations thereunder.

(c) Acceptable Carriers and Forms; Renewal. All policies of insurance required by this Mortgage shall be written by companies and on forms with endorsements satisfactory to Mortgagee, shall contain

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customary loss-payable and non-contribution mortgagee clauses in favor of Mortgagee (or, in case of foreclosure sale, in favor of the owner of the certificate of sale), and shall be kept constantly in force and constantly deposited with Mortgagee. All such policies shall provide for, among other things, 30 days prior written notice of cancellation to Mortgagee. Not less than 30 days prior to the expiration of any such policy, an appropriate renewal policy or other satisfactory evidence of the renewal of that policy shall be deposited with Mortgagee.

(d) Notice of Loss; Collection of Proceeds. Mortgagor agrees to notify Mortgagee in writing of any loss to the Premises covered by insurance and, subject to the rights of Senior Mortgagee, Mortgagor directs each insurance company to make payment for such loss directly and solely to Mortgagee. Mortgagee is authorized to collect all insurance proceeds and apply them, at its option, in the reduction of the principal or accrued interest secured by this Mortgage, whether due or not, or may allow Mortgagor to use such money, or any part thereof, in repairing the damage or restoring the Premises as provided in Section 6 of this Mortgage.

(e) Other Insurance. Mortgagor agrees to obtain and maintain in force such other insurance on the Premises of such types and in such amounts, and with such provisions, as Mortgagee may from time to time in writing reasonably request.

5. Tax Payments. Mortgagor agrees to pay, when due and before any penalty or interest attaches, all general taxes and all special taxes, special assessments, water, drainage, and sewer charges, and all other charges of any kind whatsoever, ordinary or extraordinary, which may be levied, assessed or imposed on or against the Premises and, at the request of Mortgagee, to exhibit to Mortgagee official receipts evidencing such payments; provided, however, that in the case of any special assessment (or other imposition in the nature of a special assessment) payable in installments, each installment thereof shall be paid prior to the date on which each such installment becomes due and payable.

6. Destruction or Damage of Premises. (a) Restoration by Mortgagor. If the Premises or any part of the Premises shall be destroyed or damaged by fire or any other cause, whether insured or uninsured, and if requested by Mortgagee, Mortgagor agrees, except as provided in paragraph (b) of this Section, to restore or rebuild the Premises with materials and workmanship of as good quality as existed before such damage and destruction to substantially their former state, commencing the work of restoration or rebuilding as soon as possible and proceeding diligently with it until completion. Plans and specifications for the restoration shall be submitted to Mortgagee prior to commencement of work and shall be subject to the reasonable approval of Mortgagee.

(b) Election by Mortgagee to Reduce Loan. If Mortgagee shall apply part or all of the proceeds of any insurance covering such loss toward the reduction of the indebtedness secured by this Mortgage in accordance with paragraph (d) of Section 4 of this Mortgage, then Mortgagor shall have the option of either restoring the improvements which are a part of the Premises at its own expense or prepaying the remaining principal balance of the loan, plus accrued interest and all costs or expenses, if any, then owing to Mortgagee under the terms of the Note or this Mortgage.

7. Mortgagor's Compliance with Rehabilitation Agreement and with Applicable Laws and Ordinances. Mortgagor agrees to comply with the provisions contained in that certain Rehabilitation Agreement dated as

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of November 19, 1985 between Mortgagee and NARAYANA S. KRISHNAPPA, as Property Owners, including, but not limited to, the following:

(a) agreement to lease more than fifty percent of all rental units contained in Premises only to persons qualifying as "low and moderate" or "lower" income families as those terms are used in Section 8 of the United States Housing Act of 1937, as from time to time amended, 42 U.S.C. § 1437f(f)(4) ("Section 8"), in Section 104(b)(3) of Title I of the Housing and Community Development Act of 1974, as from time to time amended, 42 U.S.C. § 5304(b)(3); and in the regulations adopted by the United States Department of Housing and Urban Development ("HUD") and applicable to the Section 8 Housing Assistance Program, 24 C.F.R. § 882.102, as from time to time amended; and

(b) agreement to comply with the Housing Quality Standards applicable to the making of Housing Assistance Payments on Behalf of Eligible Families leasing Existing Housing that are from time to time established by HUD, 24 C.F.R. § 892.109.

Mortgagee shall provide Mortgagor with a current schedule of household incomes qualifying under the terms "low and moderate" or "lower" income families promptly upon any request in writing by Mortgagor and whenever such schedules are reestablished by HUD and republished by the Cook County Bureau of Administration or by any successor to either from time to time reestablishing or republishing such schedules.

Mortgagor agrees not to procure or accept the prepayment of any rents or other income from the Premises for more than one month except with the prior written consent of the Mortgagee. Mortgagor further agrees to execute and deliver such assignments of leases as Mortgagee may from time to time request.

Mortgagor agrees that it will comply with all restrictions affecting the Premises and with all laws, ordinances, acts, rules, regulations, and orders of any legislative, executive, administrative, or judicial body, commission, agency, or officer (whether federal, state, or local) exercising any power of regulation or supervision over Mortgagor, or any part of the Premises, whether the same be directed to the erection, repair, manner of use, or structural alteration of buildings, or otherwise, and will pay when due all applicable homeowner's association dues, if any.

8. Mortgage or Mortgagee Tax. Mortgagor agrees that if any state, federal, or municipal government, or any of their subdivisions having jurisdiction, shall levy, assess, or charge any tax, assessment, or imposition upon this Mortgage, the indebtedness secured by this Mortgage, the Note, or the interest of Mortgagee in the Premises, or upon Mortgagee by reason of or as holder of any of the foregoing (excepting therefrom any income tax on interest payments on the principal portion of the indebtedness secured hereby), then Mortgagor shall pay all such taxes to or for Mortgagee as they become due and payable, provided, however, that in the event that the law or regulation permitting, authorizing, or requiring said tax, assessment, or imposition prohibits Mortgagor from paying the tax, assessment or imposition, then all sums hereby secured shall become immediately due and payable at the option of Mortgagee. Mortgagor agrees to exhibit to Mortgagee, at least annually and at any time upon request, official receipts showing payment of all taxes, assessments, and charges which Mortgagor is required or elects to pay under this Section.

9. Revenue Stamps. Mortgagor agrees that if any federal, state, or municipal government or any of their subdivisions shall at any time

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require revenue stamps to be affixed to the Note or this Mortgage, Mortgagor will, upon demand, pay for such stamps in the required amount and deliver them to Mortgagee, and Mortgagor agrees to indemnify Mortgagee against liability on account of such documentary stamps, whether such liability arises before or after payment of the Note and whether or not this Mortgage shall have been released; provided, however, if in the opinion of counsel for Mortgagee (a) it might be unlawful to require Mortgagor to make such payments or (b) the making of such payments might result in the imposition of interest beyond the maximum amount permitted by law, then and in such event Mortgagee may elect, by notice in writing to Mortgagor, to declare all of the indebtedness secured hereby to be and become due and payable 30 days from the giving of such notice.

10. Mortgagor's Obligations With Regard to Leases. Mortgagor agrees to perform all of its obligations under all present and future leases or other agreements affecting the Premises and to refrain from any action or inaction which would result in the termination of any such leases or agreements or in the diminution of the value thereof or of the rents or revenues thereunder. Mortgagor further agrees that any lease of the Premises made after the date of recording of this Mortgage shall contain a covenant to the effect that the lessee shall, at Mortgagee's option, agree to attorn to Mortgagee as lessor and, upon demand of Mortgagee, to pay rent to Mortgagee.

11. Statements by Mortgagor. Mortgagor agrees to furnish to Mortgagee annual statements of the detailed gross income, earnings, and operating expenses of the Premises as well as a certified current rent schedule of the Premises setting forth the name of each tenant, space occupied, monthly rent, lease security, lease expiration date, and the date through which rent has been paid.

12. Escrow for Taxes and Insurance. In addition to the payments required by the Note, Mortgagor agrees to make monthly deposits with Mortgagee, on the day monthly payments of principal and interest are payable under the Note, of an amount equal to the sum of 1/12th of the annual general real estate taxes levied on the Premises and 1/12th of the annual premium required to maintain insurance in force on the premises in accordance with the provisions of this Mortgage. The amount of such taxes and premiums, if unknown, shall be estimated by Mortgagee. Funds in such account shall be used by Mortgagee to pay such taxes and premiums when due; provided that upon the occurrence of an event of default (as defined in Section 15 of this Mortgage), Mortgagee may apply such funds in payment of any indebtedness hereby secured. Any insufficiency of such account to pay such taxes, assessments, or premiums when due shall be paid by Mortgagor to Mortgagee on demand.

Such escrow deposits shall be waived so long as Mortgagor is obligated to and does make such deposits with Senior Mortgagee or, if no such obligation to make deposits with Senior Mortgagee exists, so long as (i) no event, act, or condition occurs which constitutes or which with the lapse of time and/or with notice would constitute an event of default under this Mortgage or a default under the terms of the Note, the Senior Note, or the Senior Mortgage, (ii) any indebtedness secured by this Mortgage, by the Senior Mortgage, or by any other prior mortgage is not in default for any reason, and (iii) copies of paid tax receipts or other appropriate evidences of payment are forwarded to Mortgagee as soon as available; provided, however, that once Mortgagor is no longer obligated to or no longer makes such deposits with Senior Mortgagee, or once any such default or failure to supply paid tax receipts does occur, Mortgagee shall then and thereafter have a continuing right to require, in its sole discretion, the escrow of either tax

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payments or insurance premiums, or both. So long as no escrow deposits for taxes or insurance are required under this Mortgage, Mortgagor shall furnish Mortgagee with copies of paid tax receipts and insurance premium receipts immediately after said taxes and insurance premiums are due and with satisfactory proof that the deposits Mortgagor is obligated to make with Senior Mortgagee, if any, have been made.

13. Condemnation Awards. Mortgagor hereby assigns to Mortgagee, subject to the rights of Senior Mortgagee and as additional security, all awards of damage to which it may be entitled resulting from condemnation proceedings or taking of or injury to the Premises or any portion of the Premises for public use, and agrees that the proceeds of all such awards shall be paid to Mortgagee and may be applied by Mortgagee, at its option, after the payment of all its expenses in connection with such proceedings, including costs and attorneys' fees, to the reduction of the indebtedness secured, and Mortgagee is hereby authorized, on behalf and in the name of Mortgagor, to execute and deliver valid acquittances for and to appeal from any such award; provided, however, that if such proceedings, taking, or injury to the Premises relate only to an insubstantial portion of the Premises, then Mortgagor shall first have the right, within 180 days from the date of such award, to restore the Premises to an economically viable unit without assigning such award to Mortgagee, but only if such action by Mortgagor will not affect the security of the Mortgagee. Mortgagor further agrees to give Mortgagee immediate notice of any actual or threatened condemnation or eminent domain proceedings and to give to Mortgagee at any time, upon request, any additional instruments deemed necessary by Mortgagee for the purpose of validly and sufficiently assigning all awards.

14. Mortgagor's Agreement to Pay Mortgagee's Expenses. Mortgagor agrees to indemnify Mortgagee from all loss, damage and expense, including reasonable attorneys' fees, incurred in connection with any suit or proceeding in or to which Mortgagee may be made a party for the purpose of protecting the lien of this Mortgage, but Mortgagor shall have the right to defend any such suit or proceeding, at its own expense.

15. Definition of Default. The occurrence of any one or more of the following shall constitute an "event of default" under this Mortgage:

(a) a default (i) in the payment of any installment of principal or interest coming due as provided in the Note or the Senior Note, which continues for a period beyond the cure period, if any, provided in the Note or Senior Mortgage; or (ii) in the payment of any other amount coming due under this Mortgage or the Senior Mortgage, or in the payment of any other amount coming due as provided in any other prior mortgage or indebtedness that is senior to the lien of this Mortgage, any one or more of which continues for a period of 5 days after notice of such default is given by Mortgagee or Senior Mortgagee to Mortgagor;

(b) a default in the observance or performance of any other covenant or agreement of Mortgagor contained in the Note, the Senior Note, this Mortgage, the Senior Mortgage, or any other prior mortgage, lease, or security agreement that is senior to the lien of this Mortgage, any one or more of which continues for a period of 30 days after notice of such default is given by Mortgagee or Senior Mortgagee to Mortgagor (unless curing such default cannot by its nature be accomplished within such period, in which case no default shall be deemed to exist so long as Mortgagor shall have commenced curing the same within such period and shall diligently and continuously pursue the same to completion);

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(c) any representation or warranty, which was made in this Mortgage or the Senior Mortgage by Mortgagor, or which was made by Mortgagor in any statement or certificate furnished by it pursuant to or in connection with the Note, this Mortgage, the Senior Note or the Senior Mortgage, proves untrue in any material respect as of the date issued or made and is not made good within 30 days after notice of such untruth is given by Mortgagee or Senior Mortgagee to Mortgagor;

(d) any proceedings are instituted to enforce any lien, charge, or encumbrance against the Premises, including, but not limited to foreclosure of the Senior Mortgage or any other prior mortgage, and such proceedings are not dismissed, stayed on appeal, or withdrawn within 60 days;

(e) any proceedings are instituted against Mortgagor or any agreement is entered into by Mortgagor under which the terms for payment of any principal, interest, or any other sums due under the Senior Note, Senior Mortgage, or any other prior mortgage or indebtedness are waived, modified, postponed, increased, or reduced in rate or amount without the written consent of Mortgagee;

(f) the sale, transfer, conveyance, or assignment of all or any portion of or interest in the Premises or in the beneficial interest in the Trust; the execution of any articles of agreement for deed, a contract for deed, or any other form of agreement to sell, transfer, convey, or assign all or any portion of or interest in the Premises or in the beneficial interest in the Trust; or the mortgage, encumbrance, hypothecation, or other disposition, whether voluntarily or involuntarily made, of any portion of or interest in the Premises or in the beneficial interest in the Trust (except by way of a lease with an initial term of less than three years), any of which occurs without the prior written consent of Mortgagee; or

(g) any proceedings are instituted against Mortgagor under any bankruptcy or insolvency laws or to place the Premises or any part thereof in the custody or control of any court through its receiver or other officers, the Mortgagor is generally not paying (as provided in Section 303(b) of the Bankruptcy Reform Act of 1978) Mortgagor makes any assignment for the benefit of creditors or is declared a bankrupt, or if by or with the consent or at the instance of Mortgagor, proceedings to extend the time of payment of the Note or to change the terms of the Note or this Mortgage are instituted under any bankruptcy or insolvency law and such proceedings are not dismissed within 60 days after their commencement, or such appointment of a receiver or other officer is not vacated within 60 days after that appointment.

16. Provisions Applicable After Default. Upon the occurrence of any event of default, the following provisions shall apply:

(a) All amounts secured hereby shall, at the option of Mortgagee, become immediately due and payable without presentment, demand or further notice, with interest thereon, from the date of the first of any such defaults, at the Default Rate (as defined in Section 30 of this Mortgage).

(b) Mortgagee may immediately foreclose this Mortgage. The Court in which any proceeding is pending for that purpose may, at once or at any time thereafter, either before or after sale, without notice and without requiring bond, and without regard to the solvency or insolvency of any person liable for payment of the indebtedness secured hereby, and without regard to the then value of the Premises or the occupancy thereof

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as a homestead, appoint a receiver (the provisions for the appointment of a receiver and assignment of rents being an express condition upon which the indebtedness secured by this Mortgage is made) for the benefit of Mortgagee, with power to collect the rents, issues, and profits of the Premises, due and to become due, during such foreclosure suit and until completion thereof. The receiver, out of such rents, issues, and profits when collected: (i) may pay costs incurred in the management, operation, and leasing of the Premises, (ii) may pay taxes, assessments, water and other utilities, and insurance, then due or thereafter accruing, (iii) may pay and discharge prior and coordinate liens, if any, (iv) may make and pay for any necessary repairs to the Premises, and (v) may pay all or any part of the indebtedness secured by this Mortgage or any deficiency decree entered in such foreclosure proceedings.

(c) Mortgagor shall, upon demand, deliver to the Mortgagee all leases and agreements for the occupancy of any part of the Premises (the "Leases"), with such additional assignments thereof as the Mortgagee may request. Mortgagee shall have the right, acting through its agents or attorneys, either with or without process of law, forcibly or otherwise, at its option, but only to the extent permitted by law, (i) to enter upon and take possession of the Premises, expel and remove any persons, goods, or chattels, occupying or upon the Premises, and (ii) to assume the management of the Premises and collect the rents and other income from the Premises, applying the same upon the indebtedness secured by this Mortgage. Mortgagor hereby authorizes and directs all tenants or other persons occupying any part of the Premises to pay all rents and other income due under the Leases to the Mortgagee upon request of the Mortgagee. Mortgagor hereby appoints Mortgagee as its true and lawful attorney in fact to manage the Premises and collect the rents and other income, with full power to bring suit for collection of such rents and other income and for possession of said Premises, giving and granting unto Mortgagee and unto its agent or attorney full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in the protection of the security conveyed by this Mortgage; provided, however, that this power of attorney and assignment of rents shall not be construed as an obligation upon Mortgagee to make or cause to be made any repairs that may be needful or necessary. Mortgagee shall receive such rents and other income of the Premises; and, after deducting all reasonable attorneys' fees and all reasonable expenses incurred in the protection, care, maintenance, management, and operation of the Premises, shall apply the remaining net income to the indebtedness secured by this Mortgage or to any deficiency decree entered in any foreclosure proceedings. This power of attorney and assignment of rents shall be irrevocable until this Mortgage has been satisfied and released of record and the release of this Mortgage shall act as a revocation of this power of attorney and assignment of rents.

(d) If an event of default occurs under paragraph (d) of Section 15 of this Mortgage by way of a foreclosure of the Senior Mortgage or any other prior mortgage, Mortgagor hereby agrees that Mortgagee shall be entitled to receive all proceeds of any foreclosure sale on the Senior Mortgage or such prior mortgage that would otherwise be payable to Mortgagor, up to the amount of all sums that would be due and payable to Mortgagee under this Section in any foreclosure of this Mortgage.

(e) If an event of default occurs under paragraph (e) of Section 15 of this Mortgage, Mortgagee may, at its option and without waiving its right under paragraph (a) of this Section, demand and receive in addition to and without affecting the regular, periodic payments of principal and interest provided in this Mortgage or the Note, and in further reduction

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of the principal of the indebtedness secured by this Mortgage, a sum equal to the amount by which payments of principal and/or interest on the Senior Note, Senior Mortgage, or any other prior mortgage or indebtedness are reduced, postponed, or waived. Such amount shall be payable hereunder without presentment, demand or further notice.

(f) If an event of default occurs under paragraph (a) or (b) of Section 15 of this Mortgage by way of a default in the payment of any installment of principal or interest under, a default in the payment of any other amount coming due under, or a default in the performance or observance of any other covenant or agreement contained in the Senior Note, Senior Mortgage, or any other prior mortgage or indebtedness, Mortgagee may, at its option, make any such payment or cure any such default. Any such payment and any costs and expenses incurred in connection with such cure shall become additional indebtedness secured by this Mortgage and shall be immediately due and payable, with interest at the Default Rate, regardless of whether such additional indebtedness together with the then unpaid indebtedness secured by this Mortgage exceeds the original principal sum evidenced by the Note.

(g) In addition to any of the foregoing provisions of this Section, Mortgagee may, at its option, make any payment or perform any act required of Mortgagor under the terms of the Note, this Mortgage, the Senior Note, the Senior Mortgage, or any other prior mortgage or indebtedness, in any form and manner deemed expedient after reasonable inquiry into the validity thereof. By way of illustration and not in limitation of the foregoing, Mortgagee may, but need not, (i) make full or partial payments of principal or interest on prior and coordinate encumbrances, if any, (ii) purchase, discharge, compromise, or settle any tax lien or any other lien, encumbrance, suit, proceeding, title or claim thereof, (iii) redeem from any tax sale or forfeiture affecting the Premises, or (iv) contest any tax or assessment. All money paid for any of such purposes and all other moneys advanced by Mortgagee to protect the Premises and the lien of this Mortgage shall be additional indebtedness secured by this Mortgage and shall become immediately due and payable without notice and with interest thereon at the Default Rate. In making any payment hereby authorized relating to taxes or assessments, Mortgagee shall be the sole judge of the legality and validity thereof and of the amount necessary to be paid in satisfaction thereof.

17. Proceeds Upon Foreclosure. In any foreclosure of this Mortgage there shall be allowed and included in the decree for sale, to be paid out of the rents or the proceeds of such sale:

(a) all principal and interest remaining unpaid and secured hereby and any payments which Mortgagee is entitled to receive pursuant to any other provision of the Note or this Mortgage;

(b) all other items advanced or paid by Mortgagee pursuant to this Mortgage, with interest at the Default Rate from the date of advancement; and

(c) all court costs, attorneys' fees, appraiser's fees, expenditures for documentary and expert evidence, stenographer's charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all abstracts of title, title searches and examinations, title guarantees, policies, Torrens certificates, and similar data with respect to title which Mortgagee may deem necessary. All such expenses shall become additional indebtedness secured by this

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Mortgage and shall be immediately due and payable, with interest at the Default Rate, when paid or incurred by Mortgagee in connection with any proceedings, including probate and bankruptcy proceedings, to which Mortgagee shall be a party, either as plaintiff, claimant or defendant, by reason of this Mortgage or any indebtedness hereby secured or in connection with the preparations for the commencement of any suit for the foreclosure, whether or not actually commenced. The proceeds of any foreclosure sale shall be distributed and applied to the items described in paragraphs (a), (b), and (c) of this section, inversely to the order of their listing, and any surplus of the proceeds of such sale shall be paid to Mortgagor.

18. Non-Exclusivity of Remedies; Failure to Exercise Not a Waiver. No remedy or right of Mortgagee shall be exclusive but shall be in addition to every other remedy or right now or hereafter existing at law or in equity. No delay in the exercise or omission to exercise any remedy or right accruing on any default shall impair any such remedy or right or be construed to be a waiver of any such default or acquiescence therein, nor shall it affect any subsequent default of the same or of a different nature. Every such remedy or right may be exercised concurrently or independently and when and as often as may be deemed expedient by Mortgagee.

19. Additional Instruments and Assurances. Mortgagor agrees that, upon request of Mortgagee from time to time, it will execute, acknowledge, and deliver all such additional instruments and further assurances of title and will do or cause to be done all such further acts and things as may reasonably be necessary fully to effectuate the intent of this Mortgage.

20. Notices. Except as otherwise specifically provided in this Mortgage, all notices, demands, consents, requests, or other communications that are either required or contemplated in connection with this Mortgage shall be sent by United States certified or registered mail with or without requested return receipt and shall be deemed given upon the earlier of actual delivery to the addresses designated below or 72 hours after the deposit thereof, first class mail (air mail if so deposited outside the state in which the addressee is located), postage prepaid at any main or branch United States post office addressed as follows:

If to Mortgagor:

Narayana S. Krishnappe
2430 Glendale Terrace, Apt. 10
Hanover Park, Illinois 60103

If to Mortgagee:

The Village of Hanover Park
2121 West Lake Street
Hanover Park, Illinois 60103
Attn: Community Development
Director

By notice complying with the foregoing provisions of this paragraph, Mortgagor and Mortgagee may from time to time change the above addresses applicable to them respectively, for the purposes hereof, except that any such notice of change of address will not be effective until actually received.

21. No Implied Waiver or Release. Without affecting the liability of Mortgagor or any other person (except any person expressly released in writing) for payment of any indebtedness secured by this Mortgage or for performance of any obligation contained in this Mortgage

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and without affecting the rights of Mortgagee with respect to any security not expressly released in writing, Mortgagee, at any time and from time to time either before or after the maturity of the Note and without notice or consent, may: (a) release any person liable for payment of all or any part of the indebtedness secured hereby or for performance of any obligation; (b) make any agreement extending the time or otherwise altering the terms of payment of all or any part of the indebtedness secured by this Mortgage, or modifying or waiving any obligation, or subordinating, modifying, or otherwise dealing with the lien or charge of this Mortgage; (c) exercise or refrain from exercising or waive any right Mortgagee may have; (d) accept additional security of any kind; or (e) release or otherwise deal with any property, real or personal, securing the indebtedness secured by this Mortgage, including all or any part of the Premises.

22. Release by Mortgagee. Upon full payment of all amounts secured by this Mortgage at the time and in the manner provided, this conveyance shall be null and void, and upon a demand by Mortgagor following such payment Mortgagee shall in due course execute a reconveyance or release of the Premises to Mortgagor.

23. Binding Nature; Persons Included in "Mortgagor." All provisions of this Mortgage shall inure to and bind the respective successors, vendees and assigns of the parties to this Mortgage. The word "Mortgagor," unless otherwise clearly required by the context, shall include all persons claiming under or through Mortgagor and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed the Note or this Mortgage. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

24. Statements Regarding Amount of Unpaid Debt. The Mortgagor, within 3 days after either oral or written request by Mortgagee, will furnish a duly acknowledged written statement setting forth the amount of the unpaid debt secured by this Mortgage or the Senior Mortgage, the date to which interest has been paid, and stating either that no offsets or defenses exist against the mortgage debt, or, if such offsets or defenses are alleged to exist, their nature.

25. Business Loan. Mortgagor covenants and agrees that the entire proceeds of the Note secured by this Mortgage are from a business loan (as that term is used in Section 4(1)(c) of Chapter 74 of the Illinois Revised Statutes, as supplemented and amended), that Mortgagor is within the class of borrowers, and the proceeds of the Note secured by this Mortgage shall be exclusively for a purpose described in Section 4(1)(c) of Chapter 74 of the Illinois Revised Statutes.

26. Representations and Duties Regarding Ownership, Use of Proceeds, and Status of Premises. THE FIRST BANK OF OAK PARK represents that it is trustee under a trust validly existing under the laws of the State of Illinois, the Trust Agreement as amended or modified is in full force and effect, and that it has full power, authority, and legal right to execute and deliver this Mortgage and all other agreements, instruments, or documents required herewith at the direction of the beneficiaries under the Trust.

NARAYANA S. KRISHNAPPA represents and warrants that he is the owner of the entire beneficial interest under the Trust, that he has the sole power to direct the Trustee of the Trust to execute and deliver this Mortgage, the Note, and any other instrument contemplated in this Mortgage or the Note.

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Mortgagor agrees that, except with the prior written approval of Mortgagee, it shall not permit the Premises to be the subject of any lease with an initial term of three years or more or any other transaction whereby the ownership of or any beneficial interest in any of the Premises shall be held by any person or entity other than Mortgagor.

Mortgagor represents that the real estate covered by this Mortgage at the time of the execution of this Mortgage is improved with a dwelling for more than four families and that the proceeds of the loan secured by this Mortgage have not been, are not being, and will not be used, in whole or in part, to finance the construction of a dwelling for four or fewer families and that the real estate covered by this Mortgage is not used or intended to be used for agricultural purposes.

Mortgagor represents that no condition of overcrowding exists in the Premises as of the date of this Mortgage. As used in this Mortgage, "overcrowding" shall exist whenever a rental unit contained in the Premises shall not contain at least one sleeping or living/sleeping room of appropriate size for each two persons, as provided in the Housing Quality Standards, 24 C.F.R. § 882.109(a) (1981), or whenever otherwise determined from time to time by any applicable regulatory authority, including but not limited to HUD, the Cook County Bureau of Administration, or their successors.

27. Waiver of Rights of Redemption by Mortgagor. THE FIRST BANK OF OAK PARK (the "Bank") represents that it has been authorized or empowered by the Trust Agreement or by a person having a power of direction over it as Trustee to, and the Bank does hereby, waive any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage, on behalf of (i) the Bank, (ii) the trust estate, (iii) all persons beneficially interested in the trust estate, and (iv) each and every person, except decree or judgment creditors of the Bank in its representative capacity and of the trust estate, acquiring any interest in or title to the Premises subsequent to the date of this Mortgage.

28. Disclosure of Beneficial Owners; Copies of Trust Agreements. Mortgagor agrees to disclose to Mortgagee, upon request, the then ownership of the beneficial ownership in the trust then holding legal title to the Premises and, upon request, shall cause the owner or owners of such beneficial interest to furnish sufficient evidence to Mortgagee for Mortgagee to determine the identity of all parties which compose such owner or owners. The Bank agrees that it will, upon written request by the Mortgagee, provide certified copies of the Trust Agreement and any modifications thereof and any subsequent assignments of the beneficial interest thereunder to the Mortgagee hereunder or its successors in interest.

29. Prohibition on Other Mortgages or Liens; Federal Tax Liens; Mechanic Liens. Mortgagor agrees to keep the Premises free from liens of mechanics and material men, from federal tax liens, and from all other liens, charges, or encumbrances, including but not limited to all mortgages, whether junior or senior (other than the Senior Mortgage); and if such liens are filed or recorded Mortgagor will cause them to be discharged promptly by payment, bonding, or otherwise to the reasonable satisfaction of Mortgagee and to exhibit to Mortgagee, upon request, evidence of payment and discharge reasonably satisfactory to Mortgagee.

30. Default Rate Defined. The term "Default Rate", as used in this Mortgage means interest at the rate of nine and one-half percent (9.5%) per annum, but in any case, not more than the maximum contract rate permitted by law.

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31. Reasonable Inspections. Mortgagor agrees to permit Mortgagee, its agents, and its employees at reasonable times and intervals, to inspect the Premises.

32. Severability of Terms. If any term, covenant, restriction, or provision of this Mortgage is determined to be void, invalid, or unenforceable, the remainder of the terms, covenants, restrictions, and provisions of this Mortgage shall remain in full force and effect and shall in no way be affected, impaired, or restricted, and this Mortgage shall be enforceable to the fullest extent permitted by applicable law.

33. Applicable Law. Mortgagor agrees that this Mortgage and the indebtedness it secures are to be construed and governed by the laws of the State of Illinois.

34. Trustee Exculpation. This Mortgage is executed by THE FIRST BANK OF OAK PARK, not personally but as Trustee under the Trust in the exercise of the power and authority conferred upon and vested in it as such Trustee (and the Bank hereby warrants that it possesses full power and authority to execute this instrument), and it is expressly understood and agreed that nothing contained in this Mortgage or in the Note shall be construed as creating any liability on the Bank personally to pay the Note or any interest that may accrue under the terms of the Note, or any indebtedness accruing under this Mortgage, or to perform any covenant either express or implied contained in this Mortgage (it being understood and agreed that each of the provisions hereof, except the warranty contained in this execution clause, shall constitute a condition and not a covenant or agreement, regardless of whether the same may be couched in language of a promise or covenant or agreement) all such liability, if any, being expressly waived by Mortgagee and by every person now or hereafter claiming any right or security under this Mortgage, and that so far as the Bank and its successors personally are concerned, the legal holder or holders of the Note and the owner or owners of any indebtedness accruing under this Mortgage shall look solely to any one or more of: (a) the assets of the Trust; (b) the Premises hereby conveyed and the rents, issues and profits thereof, for the payment thereof, by the enforcement of the lien created by this Mortgage, in the manner provided in this Mortgage and in the Note; (c) any other security given to secure said indebtedness; (d) the personal liability of the guarantors, if any; or (e) the personal liability of the Mortgagors other than the Bank.

IN WITNESS WHEREOF, THE FIRST BANK OF OAK PARK, not personally but as Trustee under the Trust, has caused these presents to be signed by its VICE President and its corporate seal to be affixed and attested by its ASS'T. Secretary as of this day and year first above written.

THE FIRST BANK OF OAK PARK

(SEAL)

not personally but as Trustee
of Trust No. 11526

Attest:

Its

Frank D. [Signature]
ASS'T. SEC'Y

By:

[Signature]
VICE President

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STATE OF ILLINOIS)
) SS
COUNTY OF)

I, JUDITH ELLEN LEWIS, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that JOHN N. CARBERRY, VICE President of The First Bank of Oak Park, and FRANK J. PRUCHA III, ASST. Secretary thereof, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such VICE President and ASST. Secretary, respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act, and as the free and voluntary act of said Bank, for the uses and purposes therein set forth; and the said ASST. Secretary did also then and there acknowledge that he as custodian of the corporate seal of said Bank did affix the said corporate seal of said Bank to said instrument as his own free and voluntary act, and as the free and voluntary act of said Bank for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 13th day of December, 1985.

Judith Ellen Lewis
Notary Public

My commission expires:

July 27, 1986

IN WITNESS WHEREOF, the undersigned hereby sign this Junior Mortgage as of the day and year first above written.

N. Narayana Suman
Narayana S. Krishnappa

STATE OF ILLINOIS)
) SS
COUNTY OF)

I, JUDITH ELLEN LEWIS, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Narayana S. Krishnappa, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act for the uses and purposes therein set forth.

Property of Cook County Clerk's Office

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GIVEN under my hand and Notarial Seal this 13TH day of December, 1985.

Judith Ellen Gauri
Notary Public

My commission expires:

7/27/86

Property of Cook County Clerk's Office

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EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Parcel 1

Lot 14 in F.R. McKenzie Jr.'s Hanover Terrace Subdivision, being a subdivision of parts of Section 35 and Section 38, Township 41 North, Range 9, East of the Third Principal Meridian, in Cook County, Illinois.

Parcel 2

Easement for the benefit of Parcel 1 as shown on the Plat of F.R. McKenzie, Jr.'s Hanover Terrace Subdivision recorded May 18, 1969, as Document Number 20842837 and referred to in Declaration of Covenants, Conditions and Restrictions dated October 18, 1969, and recorded November 19, 1969, as Document Number 21017088 and as amended by an Instrument with Plat of Easements marked Exhibit "A" attached thereto amending the Plat of Hanover Terrace Subdivision recorded April 10, 1970 as Document Number 21132384, and as created by deed from Oak Park Trust and Savings Bank, an Illinois corporation, as Trustee under Trust Agreement dated March 22, 1969 and known as Trust Number 5883, to Remona Asmus, dated June 19, 1971 and recorded September 1, 1971 as Document Number 21806486, for ingress and egress, driveway and parking over the "easement areas" depicted on the Plat of Easements marked Exhibit "A" attached to Document Number 21132384 aforesaid (except that part falling in Parcel 1), in Cook County, Illinois.

Commonly known as: 2430 Monterey Lane
Hanover Park, Illinois

P.L.N.: 06-36-311-024
Volume 61

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