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82-003558-4
ARLINGTON HEIGHTS FEDERAL SAVINGS AND LOAN ASSOCIATION
ARLINGTON ADVANTAGE PRIME LINE
MORTGAGE

THIS OPEN END MORTGAGE (herein "Mortgage") is made this 29TH day of DECEMBER, 1988, between the Mortgagor WARREN M. PAZEN AND SHIRLEY L. PAZEN, HIS WIFE (herein "Borrower") and the Mortgagee, ARLINGTON HEIGHTS FEDERAL SAVINGS AND LOAN ASSOCIATION, (herein "Lender") of 25 East Campbell Street, Arlington Heights, Illinois, 60005.

WHEREAS, Borrower is indebted to Lender in the principal sum of TWENTY FIVE THOUSAND AND 00/100 Dollars (\$ 25,000.00), or such lesser sum as may have been advanced to the Borrower by the Lender, which indebtedness is evidenced by Borrower's Promissory Note (herein "Note") providing for periodic payments as called for therein, with the balance of the indebtedness, if not sooner paid, due and payable on DECEMBER 29, 1995.

TO SECURE to Lender the repayment of the indebtedness evidenced by the Note, with the finance charge thereon, the payment of all other sums, with the finance charge thereon, advanced in accordance herewith to protect the security of this Mortgage, and the performance of the covenants and agreements of Borrower herein contained, Borrower does hereby mortgage, grant and convey to Lender the following described property located in the County of COOK, State of Illinois:

LOT 3 IN HENRICY'S SUBDIVISION OF LOT 4 IN BLOCK 14 IN ARTHUR T. MC INTOSH AND COMPANY'S PALATINE ESTATES UNIT NO. 2 IN THE NORTH 1/2 OF THE NORTHWEST 1/4 OF SECTION 26, TOWNSHIP 42 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT OF SAID HENRICY'S RESUBDIVISION RECORDED AS DOCUMENT 24460017, IN COOK COUNTY, ILLINOIS.

which has the address of 1623 NORTH CALIFORNIA AVENUE ROLLING MEADOWS Street City
Illinois 60008 (herein "Property Address") Zip Code

PERMANENT REAL ESTATE INDEX NUMBER: 02-26-105-012

Together with all improvements now or hereafter erected on the property, and all easements, rights, appurtenances and rents, all of which shall be deemed to be and remain part of the property covered by this Mortgage. All of the foregoing, together with said property are herein referred to as the "Property".

Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

BORROWER AND LENDER COVENANT AND AGREE AS FOLLOWS:

1A. REPAYMENT OF PRINCIPAL. Borrower shall repay the Principal indebtedness as evidenced by the Borrower's Promissory Note or such lesser sum as may have been advanced to the Borrower by the Lender as provided in the Note.

1B. PAYMENT OF FINANCE CHARGE. Borrower shall promptly pay when due the Finance Charge on the indebtedness evidenced by the Note and also late payment charges and other applicable charges as provided in the Note.

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2. APPLICATION OF PAYMENT. The monthly payment will be made by means of automatic funds transfer. The minimum payment, as shown on your statement, will be transferred on the 10th of each month. Payments will be applied in the following order: 1) Accrued finance charges; 2) Late charges, if any; 3) Annual service fee and/or other charges, if any; 4) Principal reduction.

3. CHARGES; LIENS. Borrower shall promptly pay all obligations secured by a prior mortgage or a prior trust deed effecting the property. In addition, Borrower shall promptly pay all real estate taxes and assessments attributable to the property. Borrower shall promptly discharge any lien which has priority over this mortgage.

4. HAZARD INSURANCE. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire and hazards included within the term "extended coverage," and such other hazards as Lender may require and in such amounts and for such periods as Lender may require.

The Insurance Carrier providing the insurance shall be chosen by the Borrower subject to approval by Lender; provided that such approval shall not be unreasonably withheld. All premiums on insurance policies shall be paid by Borrower when due.

All insurance policies and renewals thereof shall include a standard mortgage clause in favor of Lender. Lender shall have the right to hold the policies and renewals thereof. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged. If such restoration or repair is not effected, the insurance proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, paid to Borrower.

If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the property or to the sums secured by this Mortgage.

If under paragraph 17 hereof the Property is acquired by Lender, all right, title and interest of Borrower in and to any insurance policies and in and to the proceeds thereof resulting from damage to the Property prior to the sale or acquisition shall pass to Lender to the extent of the sums secured by the Mortgage immediately prior to such sale or acquisition.

5. PRESERVATION AND MAINTENANCE OF PROPERTY. Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. If this Mortgage is on a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the By-laws and regulations of the condominium or planned unit development, and constituent documents. If a condominium or planned unit development rider is executed by Borrower and recorded together with this Mortgage, the covenants and agreements of such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Mortgage as if the rider were a part hereof.

6. PROTECTION OF LENDER'S SECURITY. If Borrower fails to perform the covenants and agreements contained in this Mortgage or any mortgage or trust deed affecting the property, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Lender, at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums and take such actions as is necessary to protect Lender's interest, including but not limited to,

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disbursement of reasonable attorney's fees and entry upon the Property to make repairs.

Borrower shall faithfully and fully comply with and abide by every term, covenant and condition of any superior mortgage or mortgages presently encumbering the Property. A default or delinquency under any superior mortgage or mortgages shall automatically and immediately constitute a default under this Mortgage. Lender is expressly authorized, at its option, to advance all sums necessary to keep any superior mortgage or mortgages in good standing, and all sums so advanced, together with interest, shall be subject to the provisions of this covenant. Borrower agrees not to make any agreement with the holder of any superior mortgage that in any way shall modify, change, alter or extend any of the terms or conditions of that superior mortgage nor shall Borrower request or accept any future advances under that superior mortgage, without the express written consent of Lender.

Any amounts disbursed by Lender pursuant to this covenant, with interest thereon, shall become additional indebtedness of Borrower secured by this Mortgage. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof and shall bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law. Nothing contained in this covenant shall require Lender to incur any expense or take any action hereunder.

7. **INSPECTION.** Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefore related to Lender's interest in the Property.

8. **CONDEMNATION.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Mortgage.

9. **BORROWER NOT RELEASED.** Extension of the time for payment or modification of payment of the sums secured by this Mortgage granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify payment of sums secured by this Mortgage by reason of any demand made by the original Borrower and Borrower's successors in interest.

10. **FORBEARANCE BY LENDER NOT A WAIVER.** Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

11. **SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; CO-SIGNERS.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of paragraph 15 hereof. All covenants and agreements of Borrower shall be joint and several. Any Borrower who co-signs this Mortgage, but does not execute the Note, (a) is co-signing this Mortgage only to mortgage, grant and convey that Borrower's interest in the Property to Lender under the terms of this Mortgage, (b) is not personally liable on the Note or under this Mortgage, and (c) agrees that Lender and any other Borrower hereunder may agree to extend, modify, forbear, or make any other accommodations with regard to the terms of this Mortgage or the Note without that Borrower's consent and without releasing that Borrower or modifying this Mortgage as to that Borrower's interest in the Property.

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12. NOTICE. Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Mortgage shall be given by mailing such notice by first class mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by first class mail, to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Mortgage shall be deemed to have been given to Borrower or Lender when given in this manner designated.

13. GOVERNING LAWS; SEVERABILITY. The state and local laws applicable to this Mortgage shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of Federal law to this Mortgage. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision, and to this end the provisions of this Mortgage and the Note are declared to be severable. As used herein, "costs", "expenses" and "attorneys fees" include all sums to the extent not prohibited by applicable law or limited herein.

14. BORROWER'S COPY. Borrower shall be furnished a conformed copy of the Note and of this Mortgage at the time of execution or after recordation hereof.

15. TRANSFER OF THE PROPERTY; ASSUMPTION. If all or any part of the Property or an interest therein is sold or transferred by Borrower without Lender's prior written consent, Lender may at Lender's option, declare all the sums secured by this Mortgage to be immediately due and payable.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with paragraph 12 hereof. Such notice shall provide a period of not less than thirty (30) days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by paragraph 17 hereof.

16. OBLIGATORY ADVANCES. This Mortgage secures the repayment of certain sums advanced to the Borrower under the Promissory Note, provided Borrower is not in default under the terms of this Mortgage, and the Promissory Note secured thereby. Lender is obligated from time to time and upon demand of Borrower to advance such additional sums requested by Borrower, through the use of Arlington Advantage Checks, up to the total face amount of this Mortgage. Any amounts disbursed by Lender under this paragraph shall become additional debts of the Borrower secured by this Mortgage as if said amounts were disbursed on the date of this Mortgage.

17. ACCELERATION; REMEDIES. Except as provided in paragraph 15 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this Mortgage, including the covenants to pay when due any sums secured by this Mortgage, Lender, prior to acceleration, shall mail notice to Borrower as provided in paragraph 12 hereof. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may foreclose this Mortgage by judicial proceeding. Lender shall be entitled to collect in such proceeding all expenses of foreclosure, including but not limited to, reasonable attorney's fees.

18. APPOINTMENT OF RECEIVER; LENDER IN POSSESSION. Upon acceleration under paragraph 17 hereof or abandonment of the Property and at any time prior to the expiration of any period of redemption Lender, in person, by agent or by judicially appointed receiver, shall be entitled to enter upon, take possession of and manage the Property.

19. RELEASE. Upon payment of all sums secured by this Mortgage, Lender shall release this Mortgage without charge to Borrower. Borrower shall pay all costs of recordation, if any.

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20. WAIVER OF HOMESTEAD. Borrower hereby waives all right of homestead exemption in the property.

IN WITNESS WHEREOF, Borrower has executed this Mortgage and accepts and agrees to the terms and covenants contained herein.

Warren M. Pazen
Borrower's Signature
WARREN M. PAZEN

Shirley L. Pazen
Co-Borrower's Signature
SHIRLEY L. PAZEN

DEPT-01 315.25
TR1111 TRAM 0001 01/11/89 19.01:00
#0151 # 01 0-37-016247
COOK COUNTY RECORDER

STATE OF ILLINOIS)
)ss.
COUNTY OF

I, THE UNDERSIGNED, a Notary Public in and for said County and State do hereby certify that WARREN M. PAZEN AND SHIRLEY L. PAZEN, personally known to me to be the same person(s) whose name(s) is/are HIS WIFE subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that They signed and delivered the said instrument as THEIR free and voluntary act, for the uses and purposes therein set forth.

WITNESS my hand and official seal this 29TH day of DECEMBER, 1988.

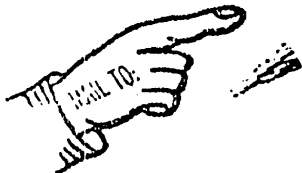
My commission expires:
8-17-92

Mervyn E. Cavanaugh
Notary Public

OFFICIAL SEAL
MERVYN E. CAVANAUGH
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXPIRES AUG. 17, 1992

This instrument was prepared by:
PATRICK J. CULHANE
25 East Campbell Street
Arlington Heights, Illinois 60005

And is to be mailed to:
Arlington Federal Savings
25 East Campbell Street
Arlington Heights, Illinois
60005
Attn: Loan Origination Dept.



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CHICAGO, ILL.