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COOK COUNTY, ILLINOIS
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MAIL TO
BOX 283

AMERICAN CHARTERED BANK
Equity Loan Mortgage--Individual

\$17.00

This indenture, made December 20, 1988, by and between Thomas L. Cavanagh and Kristi Deuth Cavanagh, his wife (herein referred to as "Borrower"), and the American Chartered Bank, a state bank, having its principal office at 650 East Algonquin Rd., Schaumburg, IL hereafter referred to as "Lender",

WITNESSETH:

A. Borrower and Lender have entered into an Equity Loan Credit Agreement (the "Credit Agreement") dated as of the date hereof, whereby Lender has agreed to make loans to Borrower on a revolving credit basis up to an aggregate principal amount of *Two Hundred Thousand and no/100* Dollars (\$ 200,000.00)

(which sum is hereinafter sometimes referred to as the "Lending Limit"). To evidence such loans, Borrower has executed and delivered to Lender a American Chartered Equity Loan Promissory Note of even date herewith (which Promissory Note, together with all notes issued and accepted in substitution or exchange therefor, and as any of the same may from time to time be modified or extended, are hereinafter sometimes collectively referred to herein as the "Note"). The Note provides for the payment by Borrower of monthly installments of interest and for the payment of the principal indebtedness, if not sooner paid, on December 20, 1993 (the "Maturity Date"). The Maturity Date may be extended by agreement of Borrower and Lender, but in no event beyond the date occurring twenty (20) years after the date hereof.

B. Borrower and Lender desire hereby to secure the prompt payment of the indebtedness evidenced by the Note, including, without limitation, advances (the "Future Advances") made after the date hereof pursuant to the terms of the Credit Agreement and the Note, and the payment of all other sums, with interest thereon, advanced in accordance with the terms and provisions of this Mortgage to protect the security of this Mortgage, and the performance of the covenants and agreements of Borrower contained herein and in the Note and the Credit Agreement. All Future Advances, whenever made, shall be deemed to have been made as of the date hereof.

Now, therefore, Borrower, to secure payment of the indebtedness secured hereby and the performance of the covenants and agreements herein contained to be performed by Borrower, and for good and valuable consideration in hand paid, the receipt and sufficiency whereof are hereby acknowledged, does hereby mortgage, grant, warrant and convey to Lender, with all powers of sale and statutory rights under the laws of the State of Illinois, all of Borrower's right, title and interest in and to the real property legally described in Exhibit A attached hereto located in the County of Cook State of Illinois, and commonly known by street address (the "Property Address") of 23 Watergate Drive, South Barrington, IL 60010

Together with all buildings and improvements now or hereafter constructed upon the said real property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water, water rights and water stock, and all fixtures now or hereafter attached to said real property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Mortgage; and all the foregoing, together with said real property, are herein referred to as the "Property".

To have and to hold the Property with all rights, privileges and appurtenances thereunto belonging, and all rents, issues and profits therefrom, unto Lender, for the purposes, and upon the uses and trusts herein set forth, free from all rights and benefits under and by virtue of the Homestead Exemption Laws of the State of Illinois, which rights and benefits Borrower does hereby expressly release and waive.

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Borrower and Lender covenant and agree that:

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1. **Title to Property.** Borrower covenants and warrants that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property; that the Property is unencumbered with the exception of those items, if any, listed on a schedule of exceptions to coverage in any title insurance policy insuring Lender's interest in the Property (as of the date hereof "Lender's Title Policy"), and that the Borrower will warrant and defend generally the title to the Property against all claims and demands, subject to any declarations, easements or restrictions listed in Lender's Title Policy.

2. **Payment of Principal and Interest.** Borrower shall promptly pay when due without set-off, recoupment, or deduction, the principal of and interest on the indebtedness evidenced by the Note, and late charges as provided in the Note and the Credit Agreement, including the principal of and interest on any Future Advances secured by this Mortgage. Payments shall be made to Lender at the time and place provided for in the Note.

3. **Application of Payments.** All payments received by Lender under the Note and paragraph 2 hereof shall be applied by Lender first in payment of interest due on the Note, then to the principal of the Note, including any amounts considered as added thereto under the terms hereof.

4. **Charges and Liens.** Borrower shall pay when due any indebtedness which may be secured by a lien or charge upon the Property superior to this lien hereof, and shall pay before any penalty attaches all general taxes, and any special taxes, special assessments, water charges, sewer service charges and other charges against the Property, and shall, upon request, furnish to Lender duplicate receipts therefor. To prevent default hereunder Borrower shall pay in full under protest, in the manner provided by statute, any tax or assessment which Borrower may desire to contest. Borrower shall promptly discharge any lien which has priority over this Mortgage with respect to any sum, including but not limited to Future Advances.

5. **Insurance.** Borrower shall keep all buildings and improvements now or hereafter located upon and forming part of the Property insured against loss or damage by fire and other casualties usually included in "extended coverage" property insurance, and such other hazards as Lender may require and in such amounts and for such periods as Lender may require; provided, however, that Lender shall not require that the amount of such coverage exceed an amount equal to the sum of the indebtedness secured by this Mortgage and all other mortgages and trust deeds which are a lien against the Property. All insurance carriers shall be subject to Lender's approval. Borrower agrees to pay all premiums when due. All policies and renewals thereof shall be in form satisfactory to Lender and shall include a standard mortgage clause in favor of Lender. All policies, including renewal policies, shall be delivered to and held by Lender, and Borrower shall deliver to Lender all renewal notices and receipts for paid premiums. In the event of casualty loss, Borrower shall give prompt notice thereof to Lender and to the insurance carrier, and Lender may make proof of loss if not made by Borrower. All insurance proceeds shall, at Lender's option, be applied (a) to the payment of all sums due hereunder and under the Note or (b) to the restoration or repair of the property so damaged. Any application of insurance proceeds to the principal indebtedness secured hereby shall not extend or postpone the due date of the monthly installments referred to in the Note and in section 2 hereof or change the amount of such installments. In the event of the acquisition of the Property by Lender as provided in section 16, all right, title and interest of Borrower in and to all insurance policies and the proceeds thereof resulting from damage to the Property prior to Lender's acquisition of the Property shall pass to Lender to the extent of the sums secured by this Mortgage prior to such sale or acquisition by Lender.

6. **Repair and Maintenance.** Borrower shall keep the Property in good condition and repair, without waste, and free from mechanics' or other liens or claims for liens not expressly subordinated to the lien hereof, and shall promptly repair, restore or rebuild any buildings or improvements now or hereafter on the Property which may become damaged or be destroyed. If this Mortgage is on a leasehold, Borrower shall fully comply with and perform the provisions of the applicable lease.

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7. Condominiums; Planned Unit Developments. 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.

8. Inspection. Lender may make or cause to be made reasonable entries upon and inspections of the Property, providing that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefor related to Lender's interest in the Property.

9. Protection of Lender's Security. In the event of a default by Borrower under the Note or the Credit Agreement or this Mortgage, or if any action or proceeding is commenced which may materially affect 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, may make such appearances, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement of reasonable attorneys' fees and entry upon the Property to make repairs. Any amounts disbursed by Lender pursuant to this section 9 with interest thereon, shall become additional indebtedness of Borrower secured by this Mortgage. Such amounts shall be considered so much additional principal due under the Note and shall bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Note. Nothing contained in this section 9 shall require Lender to incur any such expense or take any such action hereunder.

10. 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 to and shall be paid to Lender. At Lender's election, such proceeds may be applied to payment of the indebtedness secured hereby, with the excess, if any, paid to Borrower, or may be made available by Lender for repair or restoration of such portion of the Property not so taken or conveyed. No application of proceeds to the indebtedness secured by this Mortgage shall extend or postpone the due date of installment payments required to be made hereunder pursuant to the Note or change the amount of such installment.

11. Borrower Not Released. Extension of the time for payment or modification of amortization 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 amortization of the sums secured by this Mortgage by reason of any demand made by the original Borrower and Borrower's successors in interest.

12. 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. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Mortgage.

13. Remedies Cumulative. All remedies provided in this Mortgage are distinct and cumulative to any other right or remedy under this Mortgage or afforded by law or equity, and may be exercised concurrently, independently or successively.

14. Successors and Assigns Bound; Joint and Several Liability; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower. All covenants and agreements of Borrower shall be joint and several. The

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captions and headings of the paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

15. 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 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 certified mail, return receipt requested, 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 the manner designated herein.

16. Governing Law; Severability. This Mortgage shall be governed by the laws of Illinois. 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 the Mortgage and the Note are declared to be severable. Time is of the essence of this Agreement.

17. 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, excluding (a) the creation of a lien or encumbrance subordinate to this Mortgage which does not relate to a transfer of rights of occupancy in the property, (b) the creation of a purchase money security interest for household appliances, (c) a transfer by devise, descent or by operation of law upon the death of a joint tenant or tenant by the entirety, (d) the grant of any leasehold interest of three years or less not containing an option to purchase, (e) a transfer, in which the transferee is a person who occupies or will occupy the Property, which is (1) a transfer to a relative resulting from the Borrower's death, (2) a transfer where the Borrower's spouse or child(ren) becomes an owner of the Property, or (3) a transfer resulting from a decree of dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement by which the Borrower's spouse becomes an owner of the Property, or (f) a transfer to an inter vivos trust in which the Borrower is and remains the beneficiary and occupant of the Property, unless, as a condition precedent to such transfer, the Borrower refuses to provide the Lender with reasonable means acceptable to the Lender by which the Lender will be assured of timely notice of any subsequent transfer of the beneficial interest or change in occupancy, Lender may, at Lender's option, and without notice to Borrower, declare all sums secured by this Mortgage to be immediately due and payable. Lender is hereby subrogated to the lien of any mortgage or other lien discharged, in whole or in part, by the proceeds of the loan hereby secured.

18. Default; Remedies.

- (1) The occurrence of any of the following events shall constitute Events of Default hereunder:
- (a) The failure by Borrower to make when the same shall be due and payable any payment of principal or interest, or both of them, under the Note, this Mortgage or the Credit Agreement;
 - (b) The occurrence of any default in the observance or performance of any other term, condition, covenant, warranty, agreement or representation contained herein or in the Note or in the Credit Agreement, or the failure of any representation or warranty contained herein or in the Credit Agreement or in any instrument, schedule, report or certification or any other writing delivered to Lender in connection with the making of any advance or Future Advance hereunder to be true and accurate in all respects; or
 - (c) The failure by Borrower to pay when due (including within any applicable grace period) any other indebtedness for money borrowed or guaranteed by Borrower, whether by acceleration or otherwise, or the failure by Borrower to perform or observe any obligation or condition with respect to any such other indebtedness, if as a result the maturity of such indebtedness is accelerated or the holder of such indebtedness shall have the right to accelerate such indebtedness; or
 - (d) If Borrower shall become insolvent or shall generally fail to pay, or shall admit in writing his inability to pay, debts as they become due; or if Borrower shall apply for, consent to or acquiesce in the appointment of a trustee, receiver or other custodian for Borrower or any of Borrower's property, or

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shall make a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian shall be appointed for Borrower or for a substantial part of Borrower's property who is not discharged within thirty (30) days after the date of appointment; or if any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced in respect of Borrower and, if such case or proceeding is not commenced by Borrower, it is consented to or acquiesced in by Borrower or is not dismissed within thirty (30) days after the date of commencement; or if Borrower takes any action to authorize, or to further, any of the foregoing).

(2) Upon the occurrence of an Event of Default, as defined in (1) above, Lender may at its option, and without notice to Borrower, declare due and payable all sums secured by this Mortgage and may foreclose this Mortgage by judicial proceeding. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of Lender for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, guarantee policies, Torrens certificates, and similar data and assurances with respect to title as Lender may deem to be reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Property. All expenditures and expenses of the nature mentioned in this paragraph shall become so much additional indebtedness secured hereby and immediately due and payable, with interest thereon at the rate payable from time to time on outstanding principal under the Note.

(3) The proceeds of any foreclosure sale of the Property shall be distributed and applied in the following order of priority: First, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding paragraph hereof; Second, on account of all other items which under the terms hereof constitute secured indebtedness additional to that evidenced by the Note, with interest thereon as herein provided; Third, to all principal and interest remaining unpaid on the Note; and Fourth, any overplus to Borrower, and its heirs, legal representatives or assigns, as their interests may appear.

(4) Upon, or at any time after the commencement of a proceeding to foreclose this Mortgage, the court in which the proceeding is commenced may appoint a receiver for the Property. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency of Borrower at the time of application for such receiver and without regard to the then value of the Property or whether the same shall be then occupied as a homestead. Such receiver shall have power to collect the rents, issues and profits of the Property during the pendency of such foreclosure proceeding and, in case of a sale and a deficiency, during the full statutory period of redemption, whether there be redemption or not, as well as during any other times when Borrower, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Property during the whole of said period. The presiding court from time to time may authorize the receiver to apply the net income in his possession in payment in whole or in part of (a) the indebtedness secured hereby, or by any decree foreclosing this Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale, and (b) the deficiency in case of a sale and deficiency.

(5) No action for the enforcement of the lien or of any provision hereof shall be subject to any defense which would not be good and available to the party interposing same in an action at law upon the Note.

19. Assignment of Rents. As additional security for the indebtedness secured hereby, Borrower hereby assigns to Lender the rents from the Property; provided, that Borrower shall, prior to acceleration of the in-

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debtedness pursuant to section 18 hereof or abandonment of the Property by Borrower, have the right to collect and retain such rents as they become due and payable.

20. Revolving Credit.

(1) The indebtedness secured hereby constitutes a revolving credit loan secured by a mortgage on real property, pursuant to the terms and provisions of Chapter 17, paragraph 312.3 of the Illinois Revised Statutes. Borrower covenants and agrees that this mortgage shall secure the payment of all loans and advances made under the terms and provisions of the Credit Agreement, whether made as of the date hereof or to be made at any time in the future (but not advances or loans made more than twenty years after the date hereof), to the same extent as if such Future Advances or loans were made on the date hereof, and Borrower further agrees and covenants that the lien of this Mortgage shall be valid as to all such Future Advances and loans from the date that this Mortgage is filed for record in the office of the Recorder of Deeds or the Registrar of Titles of the county where the Property is located.

(2) No Future Advances or loans shall be made by Lender hereunder or under this Credit Agreement at any time that there shall exist a default under the terms of the Note, the Credit Agreement or this Mortgage, or at any time that there shall exist a federal, state or local statute, law or ordinance, or a decision of any court which (in the reasonable opinion of any holder of the Note) adversely affects the priority or validity of the Note, the Credit Agreement or this Mortgage, or in the event that the Borrower shall no longer own the Property. At no time shall the indebtedness secured by this mortgage exceed the Lending Limit, plus interest thereon and plus sums advanced by Lender in accordance with the terms and provisions of this Mortgage to protect the security of this Mortgage.

(3) Monthly statements of the amount owing from time to time shall be furnished to Borrower by Lender, in accordance with the terms and provisions of the Credit Agreement.

21. **Defeasance.** Lender shall release this mortgage without charge to Borrower upon payment to Lender of all indebtedness secured by this Mortgage. Such release shall be effected by instrument in reasonable form. Borrower shall pay all costs of recordation of such instrument of release.

IN WITNESS WHEREOF, Borrower has executed and delivered this instrument as of the day and year first above written.

Signed [Signature]
Thomas L. Cavanagh

Signed [Signature]
Kristi Deuth Cavanagh

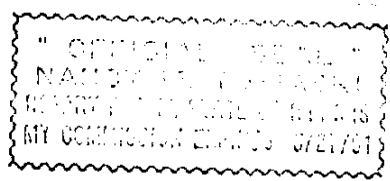
STATE OF Illinois)
COUNTY OF Cook) SS.

The foregoing instrument was acknowledged before me this 20 day of December, 1998, by Thomas L. Cavanagh and Kristi Deuth Cavanagh.

My Commission Expires:
5/27/99

[Signature]
Notary Public

This Instrument Prepared By
(And Return After Recording To):
Robert L. Riter, President
American Chartered Bank
650 E. Algonquin Road
Schaumburg, IL 60173



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Exhibit "A"

LOT 119 IN THE COVES OF SOUTH BARRINGTON UNIT 4 BEING A
SUBDIVISION IN THE SOUTHWEST 1/4 OF SECTION 26, TOWNSHIP 42
NORTH, RANGE 9, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK
COUNTY, ILLINOIS.

P.L.N.: 01 25 300 019

COMMON ADDRESS: 23 WATERGATE DRIVE
SOUTH BARRINGTON, IL 60010

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