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UNIVERSITY FINANCIAL SAVINGS, F.A.  
5250 SOUTH LAKE PARK AVENUE  
CHICAGO, ILLINOIS 60615

RESIDENTIAL CO-OPERATIVE LENDING PROGRAM

LEASE MORTGAGE, SECURITY AGREEMENT  
AND FINANCING STATEMENT

PARTIES:

BORROWER:

LENDER:

NAME Paul A. Dembowski &  
Azisti Y. Dembowski, Husband & Wife

UNIVERSITY FINANCIAL SAVINGS, F.A.

ADDRESS: 5050 S. East End Unit 7B  
Chicago, IL 60615

NAME Peter F. Dembowski &  
Yolande M. Dembowski, Husband & Wife

ADDRESS: 5050 S. East End Unit 7B  
Chicago, IL 60615

PROPERTY AND STOCK:

Residential Co-operative Building  
("Premises"):

5050 S. East End Unit 7B

Cooperative Association

("Association"): Chippewa Apartment Assoc.

Apartment No. 7B

("Apartment"):

No. of Borrower's Shares 190

Certificate No. \_\_\_\_\_

("Certificate"):

Agreement Dated: June 5, 1989

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## RECITALS

A. The Association is the owner of the Premises more particularly described in Exhibit A attached hereto.

B. Borrower has (or will have following Closing, as hereinafter defined) the right to occupy the Apartment, consequent to Borrower's Ownership of Borrower's Shares, represented by the Certificate and pursuant to a proprietary lease between Borrower and the Association ("Proprietary Lease").

C. Lender proposes to make a loan, (the "Loan") to Borrower pursuant to a certain note (the "Note"), secured by a pledge of the Borrower's Shares and a mortgage of Borrower's leasehold interest in the Apartment ("Borrower's Lease Interest"), pursuant to this Lease Mortgage, Security Agreement, and Financing Statement (the "Mortgage"). The Borrower's Shares, Borrower's Lease Interest and any other collateral to be pledged by Borrower to the Lender is sometimes referred to collectively as the "Collateral."

D. The Note, this Mortgage and all other documents and instruments executed in connection with the Loan are sometimes collectively referred to as the "Loan Agreements." The articles of incorporation ("Articles") and by-laws ("By-Laws") of the Association and the Proprietary Lease are sometimes collectively referred to as the "Co-op Documents." Borrower's obligations to Lender under the Loan Agreements are referred to as Borrower's "Loan Obligations." Borrower's obligations under the Co-op Documents are referred to as Borrower's "Co-op Obligations", which obligations shall include Borrower's obligations to pay all rentals, maintenance fees and charges, assessments and like charges due to the the Association (collectively, "Assessments"); the Loan Agreements and Co-op Documents are sometimes collectively referred to as the "Agreements"; and the Borrower's Loan Obligations and Co-op Obligations are sometimes collectively referred to as the "Assumed Obligations." "Closing" means the consummation of the Loan by Lender to Borrower evidenced by the Note and secured by this Mortgage.

## AGREEMENTS

In consideration of the above Recitals (which are incorporated into the agreements below by this reference) and the mutual covenants contained below, the parties agree as follows:

\* in the principal sum of \$ 33,600.00, together with interest accruing thereon as set forth in the Note.

ARTICLE I  
CONVEYANCE OF MORTGAGE  
AND PLEDGE OF COLLATERAL

A. To secure the payment and performance of all of Borrower's Assumed Obligations, whether arising under or in connection with the Loan Agreements or the Co-op Documents, and each and every covenant, obligation, liability and indebtedness constituting any of such Borrower's Obligations, the Borrower hereby grants, bargains, mortgages, pledges, transfers, assigns and sets over to Lender the following Collateral:

(i) All of the Borrower's Lease Interest, including without limitation all of the rights, title and interest in, to and under the Proprietary Lease, with all improvements to and fixtures affixed in, to or upon the Apartment and all proceeds thereof, including all rents, issues, profits, condemnation and insurance proceeds derived in any manner from such rights, title and interest, regardless of whether any such sums are payable directly to Borrower or for his benefit (such right, title and interest in the Proprietary Lease, such improvements and fixtures, and proceeds being included under the term "Borrower's Leasehold Interest"); and

(ii) All of the Borrower's Shares, together with any distributions of profits or capital made in respect of such shares, whether made in money, money's worth or in kind, and distributions of additional shares by the Association in connection with the ownership of Borrower's Shares (all such distributions being included under the term, "Borrower's Shares").

B. To perfect the security interest hereby granted to Lender: (i) this Mortgage may be recorded and/or filed by the Lender in the sole discretion of the Lender, together with a memorandum of the Proprietary Lease (the "Memorandum") which the Borrower and the Association have agreed to execute in connection with this Mortgage; (ii) Borrower shall deposit with the Lender the Certificate and Borrower's duplicate original of the Proprietary Lease; (iii) the Borrower shall execute such Uniform Commercial Code financing statements as Lender may require from time to time (the execution of this Mortgage also constitutes the irrevocable appointment of Lender as Borrower's attorney-in-fact to execute any such statements or other instruments on behalf of Borrower and to file same in such offices as Lender deems necessary and proper); and (iv) Borrower covenants to perform all such other acts and things deemed reasonably necessary by Lender from time to time to obtain and retain a perfected first priority (except as otherwise provided in Section II(D) hereof) lien and security interest in each item of Collateral.

\* See Exhibit B

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## II COVENANTS

Borrower hereby covenants and agrees as follows:

A. Amendments to Proprietary Lease. Borrower shall not, without the prior written consent of Lender, agree to any changes in the Proprietary Lease not applicable to the entire Premises.

B. Performance of Loan Obligations. Borrower shall perform, when due, all Loan Obligations, including without limitation, payment of each installment of principal of and interest on the indebtedness evidenced by the Note and Borrower shall duly and punctually perform and observe all of the terms, provisions, conditions, covenants, and agreements on Borrower's part to be performed and observed as provided herein or in the Note and any other Agreements, and this Mortgage and other Loan Agreements shall secure such payment, performance, and observance.

C. Performance of Co-op Obligations. Borrower shall perform all of its Co-op Obligations due and owing to the Association or otherwise arising under any of the Agreements, including, without limitation, payment of all Assessments levied by the Association under or in connection with any of the Agreements. Anything herein to the contrary notwithstanding, any amounts paid by Lender for or on behalf of Borrower under any Section of this Mortgage shall constitute an additional Loan Obligation payable as provided in Section II(I), and the failure to pay any Co-op Obligation or any such additional Loan Obligation shall be an Event of Default under this Mortgage.

D. Liens. Except as otherwise expressly provided herein, Borrower shall not create or suffer to permit any mortgage, lien, charge, or encumbrance to attach to Borrower's Lease Interest, Borrower's Shares, the Apartment or to any other item of Collateral, or any portion thereof, whether such lien or encumbrance is inferior, or superior to the lien of this Mortgage, except (i) Assessments not due or delinquent; (ii) purchase money security interests in favor of sellers of consumer goods which may become affixed as fixtures on or to the Apartment; (iii) the Proprietary Lease; and (iv) any recorded mortgage lien granted by the Association on the Premises.

E. Insurance Coverage. Borrower, at its sole expense, will insure and keep insured, at all times while there remains outstanding any Loan Obligation, the Apartment and all improvements now or hereafter included with the Apartment, against such perils and hazards as Lender may from time to time require, and in all events including:

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(i) During any construction or the making of any improvements, an all-risks package of builder's risk insurance, including owner's, contractor's, and employer's liability insurance, worker's compensation insurance, and physical damage insurance;

(ii) Public liability against bodily injury and property damage with such limits as Lender may require; and

(iii) Directors' and officers' liability insurance if the Association does not maintain such insurance at any time as Borrower holds such an office.

F. Insurance Policies. All policies of insurance to be maintained and provided as required by Section II(E) hereof shall be with insurers and in form and amounts satisfactory to Lender, in its reasonable opinion, and all policies of casualty insurance shall have attached thereto mortgagee clauses or endorsements in favor of, with loss payable to and in form satisfactory to Lender, and shall provide that such insurance may not be cancelled or altered without at least thirty (30) days' prior written notice to Lender. If requested, Borrower will deliver all policies and certificates of insurance, including additional and renewal policies to Borrower and, in case of insurance policies about to expire, Borrower will deliver renewal policies not less than thirty (30) days before the respective dates of expiration.

G. Proceeds of Insurance. Borrower will give Lender prompt notice of any damage to or destruction of the Apartment (herein, a "Casualty"), and in the event of any Casualty in an amount equal to 30% or more of the then principal balance amount of the Loan, covered by policies of insurance (an "Insured Casualty"):

(i) Lender (or, after entry of decree of foreclosure, the purchaser at any foreclosure sale, or decree creditor, as the case may be) is hereby authorized at its option either (a) to settle and adjust any claim under such policies without the consent of Borrower (and Borrower hereby agrees that Lender shall have no liability to Borrower related to such adjustment except for Lender's willful misconduct), or (b) to allow Borrower to settle with the insurance company or companies on the amount to be paid upon the loss; provided that in either case Lender shall, and is hereby authorized to, collect and give a receipt for any such insurance proceeds; and the expenses incurred by Lender in the adjustment and collection of such insurance proceeds shall be an additional Loan Obligation and shall be reimbursed to Lender upon demand.

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(ii) If (a) in the reasonable judgment of Lender, the Apartment can be restored to an economic unit of not less than the same value as before the occurrence of the Insured Casualty within a reasonable period of time and as so restored, adequately secures the outstanding balance of the Assumed Obligations, and (b) the Lease has not been cancelled or terminated, then, if no Event of Default (as defined in Article III of this Mortgage), or any event that with notice or passage of time or both would become an Event of Default, shall have occurred and then be continuing, the proceeds of insurance shall be applied to reimburse Borrower for the cost of restoring, repairing, replacing, or rebuilding the Apartment or part thereof subject to the Insured Casualty; and Borrower hereby covenants and agrees forthwith to commence and diligently to prosecute such restoration, repair, replacement, or rebuilding; provided, that Borrower shall pay all costs of such restoring, repairing, replacing, or rebuilding in excess of the net proceeds of insurance made available pursuant to the terms hereof.

(iii) In the event that proceeds of insurance, if any, shall be made available to Borrower for the restoration, repair, replacement, or rebuilding of the Apartment, Borrower hereby covenants to restore, repair, replace, or rebuild the same, so as to be of at least equal value and of substantially the same character as prior to such damage or destruction, all to be effected in accordance with plans and specifications to be first submitted to and approved by Lender.

H. Condemnation. Borrower hereby assigns, transfers, and set over unto Lender the entire proceeds of any award or claim for damages for the Apartment or Borrower's pro rata share of any such award for the Premises generally, paid by any governmental authority for a taking under the power of eminent domain including any payments made in lieu of or in settlement of a claim or threat of condemnation. Lender shall apply the proceeds of the award upon or in reduction of the Loan Obligations then most remotely to be paid, whether due or not. No interest shall be allowed to Borrower on account of any award held by Lender.

I. Borrower's Duty to Perform. The Borrower shall perform all of the Assumed Obligations. The Lender shall have no such responsibility whatsoever, under the Agreements or otherwise, and shall under no circumstances be deemed the lessee of the Apartment for any purpose prior to foreclosure. The Lender may, at its option, perform on behalf of the Borrower any Co-op Obligations in order to prevent a default under the Co-op Documents, but the Lender under no circumstances shall be obligated to do so. In the event the Lender performs any Co-op Obligation on behalf of Borrower, any payments and the costs and

paid out of capital of the Association), the right to occupy the Apartment as lessee and, with respect to the Borrower's Shares, shall be entitled to the benefits of any income tax deductions available; provided, however, that the Borrower will not, without the prior written consent of the Lender, vote for, approve, or acquiesce in (i) any acquisition, merger, or combination, (ii) any sale of all or substantially all the assets, or (iii) any liquidation or dissolution of the Association.

B. Rights in Collateral. If any Event of Default shall have occurred, whether or not the Lender shall seek or pursue any other relief available to it, the parties hereto agree that the Lender shall, at its option, have any of the rights and powers in the Collateral, or any part thereof, except the right to occupy the Apartment without the consent of the Association, reserved to the Borrower under Section III(A). The Lender may exercise such powers in any manner it may elect, including, without limitation, any manner prohibited to the Borrower by said Section.

C. Terms of Disposition. The parties hereby agree that it is commercially reasonable, in the event of any disposition of the Collateral by Lender, that:

(i) Borrower's Right to Purchase. The Borrower shall not purchase the Collateral without payment in full of all Borrower's Obligations;

(ii) Buyer to Assume Borrower's Obligations. The Lender, as a condition to the offer and disposition of the Collateral, may require any buyer to agree to fulfill any or all Borrower's Obligations and require the buyer to purchase all of the Collateral; and

(iii) Notice of Sale. Notice mailed postage paid to the Apartment at least thirty (30) days before any sale of such Collateral is to be made shall, in all events be reasonable notification of such sale.

E. Waiver of Various Rights. The Borrower expressly waives protest, notice, presentment, dishonor and demand of any kind whatsoever except as otherwise expressly provided in the Note. The Lender may exercise from time to time any rights and remedies available under the Uniform Commercial Code of Illinois. The Borrower shall pay all related expenses, including attorneys' fees and reasonable charges of attorneys who may be employees of the Lender. Lender may proceed to sell or otherwise dispose of the Collateral at public or private sale for cash or credit; provided, however, that the Borrower shall be credited with proceeds of such sale only when the proceeds are actually received by Lender. Any proceeds of the Collateral may be

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expenses of performance, together with interest thereon at the rate per annum payable after maturity as provided in the Note, shall be immediately payable to the Lender by the Borrower on demand and the payment thereof shall be secured by this Mortgage. The Lender's performance of any Co-op Obligation shall in no event constitute a waiver by the Lender of any Event of Default arising from the Borrower's failure so to perform.

J. Inspection of Apartment. Lender shall have the right to inspect the Apartment and all books, records, and documents of Borrower relating thereto or to Borrower's Shares at all reasonable times, and access thereto shall be permitted for that purpose.

K. Taxes and Fees. Borrower shall pay all stamp taxes, recording fees, and other charges resulting from the execution, delivery, and recording of the Agreements; and shall pay, when due, all real estate or other taxes levied by any taxing authority with respect to ownership of the Borrower's Shares, Borrower's Lease Interest or Borrower's tenancy of the Apartment.

L. Occupancy By Lender. Lender agrees with Borrower, for the benefit of the Association, that, in accordance with the terms of the Proprietary Lease, Lender shall only have the right to occupy, or designate an occupant for, the Apartment with the previous consent of the Association as provided in the Proprietary Lease and the Recognition Agreement executed by the Lender and the Association contemporaneously herewith.

M. Change in Marital Status. Borrower shall cause any current or future spouse of Borrower to execute counterpart copies of the Loan Agreements.

N. Further Assurances. Borrower shall do or procure all acts, writings, and assurances that the Lender may at any time reasonably request to protect or enforce Lender's interests or the Borrower's interests arising from the Agreements.

## ARTICLE III RIGHTS BEFORE AND AFTER DEFAULT

A. Possession of and Rights in Collateral. The Lender shall have the exclusive right to possess and hold the Proprietary Lease and the Certificate until full performance of each and every Assumed Obligation. Notwithstanding the foregoing, until the occurrence of an Event of Default, the Borrower shall retain the right to vote (subject to the Agreements), the right to receive any dividends (other than dividends consisting of securities or rights to purchase securities or any dividend which is



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applied by Lender to the payment of expenses and costs to exercise of Lender's rights hereunder, and any balance of such proceeds shall be applied as provided in Section IV(B)(iii)(3) hereof.

## ARTICLE IV DEFAULT

A. Event of Default. Each of the following events shall be an "Event of Default" hereunder:

(i) Failure to Perform. Borrower's failure to perform any of the Assumed Obligations, whether a Loan Obligation, Co-op Obligation, or both, or a failure to comply with the Articles or By-Laws of the Association or the occurrence of any other event of default specified in any of the Agreements and the lapse of any applicable cure period. Except as otherwise provided, with respect to any non-payment default of a Loan Obligation Borrower shall have thirty (30) days after notice to cure the default; provided, however, that if such default is not capable of being cured within thirty (30) days, and Borrower is diligently attempting to cure such default, then the cure period may be extended, in the Lender's sole discretion, for a period not to exceed 180 days.

(ii) Misrepresentation. Any representation or warranty made by the Borrower in any Agreement shall prove to have been untrue when made in any material respect.

(iii) Acceleration of Other Debt. Any obligation of the Borrower (other than an obligation secured hereby) for the payment of borrowed money becomes or is declared by an obligee or payee to be due and payable prior to the expressed maturity thereof.

(iv) Insurance. Any insurance required to be maintained under Section II(E) shall lapse, or the Association shall fail to maintain adequate fire and extended coverage insurance.

(v) Bankruptcy of Borrower or Association. (a) Either the Borrower or the Association (1) makes an assignment for the benefit of creditors, (2) files a petition in bankruptcy, (3) is adjudicated insolvent or bankrupt, (4) petitions or applies to any court, agency or other authority for any receiver or trustee for either the Borrower or the Association or of all or any substantial part of the property of either the Borrower or the Association, or (5) commences any proceeding under any reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; (b) there is commenced against Borrower or

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the Association any such proceeding which remains undismissed for a period of thirty (30) days; or (c) Borrower or the Association, by any act or omission, indicates either Borrower's or the Association's consent to or approval of or acquiescence in any such proceeding or the appointment of any receiver or trustee for him or it or all or any substantial part of Borrower's or the Association's property, or suffers any such receivership or trusteeship to continue undischarged for a period of thirty 30 days.

(vi) Subletting of the Apartment. The Borrower assigns or sublets, or offers to assign or sublet, the whole or any part of the Apartment without the prior written consent of the Lender.

(vii) Reletting by Company. The Association shall issue to any other person or entity any shares of its capital stock in connection with the Collateral and in connection therewith enters into a lease or other agreement purporting to grant to such other person or entity the right to occupy the Apartment or any portion thereof without the prior written consent of the Lender.

(viii) Default of Association. A default by the Association in the performance of any of its obligations under any note, mortgage, security agreement, lease or indenture relating to any substantial part of the Association's property or assets, and the lapse of any applicable grace period.

(ix) Dissolution of the Association. The share holders of the Association shall authorize or approve the sale of the Association's property or the dissolution or liquidation of the Association.

(x) Abandoned Premises. The Apartment shall become "abandoned", meaning that no one shall have occupied the Apartment for a period of six (6) consecutive months or more.

(xi) Termination of Lease. The Premises sustain damage by fire or other casualty resulting in the termination of the Proprietary Lease, or the Proprietary Lease is otherwise terminated, and the insurance or other proceeds there from are insufficient to satisfy all then remaining Loan Obligations.

(xi) Restrictions on Transfer. Borrower shall create, effect, consent to, suffer or permit any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest, or other encumbrance or alienation of any of the Collateral, any part thereof or interest therein, in each case whether any such conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest, encumbrance, or alienation

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is effected directly, indirectly, voluntarily or involuntarily, by operation of law, or otherwise; provided that this Section IV(A)(xi) shall not apply to (a) liens in favor of Lender or the Association securing any Assumed Obligation, (b) any recorded mortgage liens granted by the Association on the Premises; and (c) any transfers of the Apartment, or part thereof, or of Borrower's Lease Interest or of the Borrower's Shares to a trustee for Borrower to Borrower's estate or to such Borrower's heirs, legatees, devisees, executors, administrators, estate or personal representatives, in case of Borrower's death or judicially declared incompetency.

5. Remedies Upon Occurrence of Event of Default.

(i) Surrender of Possession. The Borrower agrees to surrender the possession of the Apartment to the Lender immediately upon the occurrence of any Event of Default hereunder upon demand by the Lender. After default and demand, the Borrower further grants Lender the right to have all Borrower's personal effects and furniture removed from the Apartment and any storage areas, and to have all locks changed, all at Borrower's expense. In the event storage charges are not paid, Borrower acknowledges that the items stored may be sold by any warehouseman selected by Lender.

(ii) Right to Re-Lease and Collect Rents. If any Event of Default occurs, subject to Section II(L), Lender shall have the right, acting by itself or through an agent or trustee, to enter into and upon the Apartment and take possession thereof, to lease the Apartment or any portion thereof to any person, and to collect the rents, issues and profits of the Apartment. The net income, after allowing a reasonable fee for the collection thereof and for the management of the Apartment, may be applied to the payment of taxes, insurance premiums and other charges applicable to the Apartment, or in reduction of the Note or other Assumed Obligations as Lender may elect.

(iii) Right to Foreclose.

(a) If any Event of Default occurs, Lender shall have the right to foreclose the lien hereof. In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree of sale, all expenditures and expenses which may be paid or incurred by or on behalf of Lender for attorney's fees, appraiser's fees, outlays 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 such abstracts of title, title searches and examinations, title insurance policies and similar data and assurance with respect to

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title, as Lender may deem necessary either to prosecute such suit or to evidence to bidders at sales which may be had pursuant to such decree, the true conditions of the title to or the value of the Apartment. All expenditures and expenses of the nature mentioned in this Section, and such other expenses and fees as may be incurred in the protection of the Collateral and the maintenance of the lien of this Mortgage including the reasonable fees of attorneys employed by Lender in any litigation or proceedings, or in preparation of the commencement or defense of any proceedings or threatened suit or proceeding, shall be additional indebtedness hereby secured and shall be immediately due and payable by Borrower, with interest thereon at the rate per annum payable after maturity set forth in the Note until paid.

(b) Upon, or at any time after, the filing of a complaint to foreclose upon the Collateral under this Mortgage, the court in which such complaint is filed may appoint a receiver of the Collateral. Such appointment may be made either before or after sale, without regard to solvency or insolvency of Borrower at the time of application for such receiver, and without regard to the then value of the Apartment or whether the same shall be then occupied as a homestead or not; and Lender or any employee or agent thereof may be appointed as such receiver. Such receiver shall have the power to collect the rents, issues and profits of the Apartment during the pendency of such foreclosure suit and, in case of a sale and deficiency, during the full statutory period of redemption, if any, whether there be a redemption or not, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Apartment during the whole of said period.

(c) The proceeds of any foreclosure sale shall be distributed and applied in the following order of priority: First, on account of all costs and expenses incident to the foreclosure proceedings; Second, to any Co-op Obligations due and owing but unpaid; Third, to any Loan Obligations in such order as Lender may elect in its sole discretion; and Fourth, any remaining amounts to Borrower, the Association or both, as provided in the Articles, By-Laws, or their successors or assigns, otherwise as their rights may appear.

(d) In case of an Insured Casualty after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, shall be used to pay the amounts due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct. In the case of foreclosure of this Mortgage, the court, in its decree, may provide that the mortgagee's clause attached to each of the casualty insurance

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policies may be cancelled and that the decree creditor may cause a new loss clause to be attached to each of said casualty insurance policies making the loss thereunder payable to said decree creditor. In the event of foreclosure sale, Lender is hereby authorized, without the consent of Borrower, to assign any and all insurance policies to the purchaser at the sale, or to take such other steps as Lender may deem advisable to may deem advisable to cause the interest of such purchaser to be protected by any of the said insurance policies without credit or allowance to Borrower for prepaid premiums thereon.

(iv) Waiver of Homestead Rights. Borrower hereby-covenants that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any advantage of, any stay, exemption, extension, on moratorium law now or at any time hereafter in force, nor claim, take or insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Apartment, or any part thereof, prior to any sale or sales thereof to be made pursuant to any provisions herein contained, or to any decree, judgment or other ruling of any court of competent jurisdiction; or after such sale or sales claim or exercise any rights under any statute now or hereafter in force to redeem the property so sold, or any part thereof, or relating to the marshalling thereof, upon foreclosure sale or other enforcement hereof. Borrower hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage, on its own behalf and on behalf of each and every person acquiring any interest in or title to the Apartment subsequent to the date hereof, it being the intent hereof that any and all such rights of redemption of Borrower and of all other persons, are and shall be deemed to be hereby waived to the full extent permitted by the provisions of the Illinois Revised Statutes.

## ARTICLE V TERMINATION OF PLEDGE AND RELEASE OF MORTGAGE

When each and every one of Borrower's Obligations due and owing now or hereafter has been paid and performed in full, Lender's security interest in, and lien on, the Collateral shall terminate. Lender agrees to execute a release of this Mortgage, and deliver all Collateral in Lender's possession to Borrower or Borrower's designee against appropriate receipts.

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## ARTICLE VI NOTICES

All notices and communications given or made hereunder or pursuant to any of the Agreements shall be in writing, addressed to the party to be notified at the address set forth on the face of this Mortgage, or at such other address as such party may hereafter designate by notice to the other parties, and may be delivered personally, or sent by courier, messenger, telegraph or registered or certified mail, and shall be deemed received when delivered personally, on the second day after being deposited with the U.S. Post Office, registered or certified return receipt requested, postage prepaid, or on the day established as the day of receipt established by any courier, messenger or telegraphic service with which any such notice or communication is placed for delivery.

## ARTICLE VII MISCELLANEOUS

A. Waiver. No waiver shall be deemed to have been made by any party of any of its or his rights or remedies hereunder unless such waiver is in writing and signed by such party. The waiver in any one instance of any of the terms or provisions hereof, or of the Note, shall apply to the particular instance at the particular time only, and shall not be deemed a continuing waiver, but all the terms, covenants and agreements of this Mortgage and Security Agreement, and the Note shall survive and continue to remain in full force and effect. No executory agreement shall be effective to modify this Mortgage unless such executory agreement is in writing and signed by the party to be charged. No failure on the part of the Lender to exercise, and no delay in exercising, any or all rights or remedies under the Agreements shall operate as a waiver thereof, nor shall any single or partial exercise by the Lender of any such right or remedy preclude any other or future exercise thereof or the exercise of any other right or remedy.

B. Written Amendment. This Mortgage shall be amended only in a writing executed by both parties.

C. Construction; Jurisdiction. The captions used in conjunction with the provisions hereof are for convenience only and shall not be used to construe this Mortgage. Construction of this Mortgage shall be under the laws of the State of Illinois, and jurisdiction over the parties to this Mortgage is conferred upon the courts of and for the State of Illinois.

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D. Certain Terms; Joint and Several Obligations; Plural and Singular, Gender. The term "Borrower" shall mean either or both of the persons named as the Borrower, if more than one person is named as Borrower above, and shall include his, her or their agents, successors, assigns, designees, heirs, executors, administrators and legal representatives; in the event more than one person is named as the Borrower, the Assumed Obligations of such persons shall be joint and several. As used herein, the singular shall include the plural and the masculine shall include the feminine and neuter.

E. Mortgage and Financing Statement. This Mortgage may in Lender's discretion be filed as a financing statement to perfect the liens and security interests granted hereunder.

F. Counterparts. This Mortgage may be signed in two or more counterparts, each of which shall be deemed to be an original document and all of which together shall constitute one agreement binding on all the parties hereto.

G. Waiver of Homestead Exemption. As provided in Section IV (B)(iv), EACH PARTY TO THIS MORTGAGE HEREBY RELEASES AND WAIVES ALL RIGHTS UNDER AND BY VIRTUE OF THE HOMESTEAD EXEMPTION LAWS OF ILLINOIS.

## Execution:

IN WITNESS WHEREOF, this Mortgage has been duly executed by the Borrower and the Lender.

Peter F. Dembowski  
Peter F. Dembowski  
Yolande M. Dembowski  
Yolande M. Dembowski

Borrower:  
Paul A. Dembowski  
Paul A. Dembowski  
- Azisti Y. Dembowski -  
Azisti Y. Dembowski

Attest:

By:

UNIVERSITY FINANCIAL SAVINGS, F.A.  
Joyce R. Gradl  
Joyce R. Gradl  
Its: Closing Officer/Asst. Secretary

This Mortgage includes and incorporates all Riders attached hereto.

# UNOFFICIAL COPY

Exhibit A

THE SOUTHEAST 1/4 OF BLOCK 4 IN CHICAGO BEACH ADDITION, BEING A  
SUBDIVISION OF LOT 'A' IN BEACH HOTEL COMPANY'S CONSOLIDATED  
TRACTS IN FRACTIONAL SECTIONS 11 AND 12, TOWNSHIP 38 NORTH, RANGE  
14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Property of Cook County Clerk's Office

89055014



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## BORROWER'S ACKNOWLEDGEMENT

STATE OF ILLINOIS     )  
                                  ) SS:  
COUNTY OF COOK        )

I, RAYMOND J. BELMONT a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that (and) <sup>PIERRE J. DEMBOWSKI, MICHAEL M. DEMBOWSKI, PAUL A. DEMBOWSKI</sup> personally known to me, and personally known to me to be the same person(s) whose name is (are) subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that (s)he/they signed and delivered the said instrument and his(her)/their free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal this 5<sup>th</sup> day of JUNE, 1987

*Raymond J. Belmont*  
Notary Public

(AFFIX SEAL)

My commissions expires December 28, 1989.

AND AUSTIN Y. DEMBOWSKI

CLERK OF COOK COUNTY Clerk's Office

89255014

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STATE OF ILLINOIS     )  
                                  )     SS.  
COUNTY OF COOK        )

I, Diane K. Howard, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY that Joyce R. Gradl, personally, known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed, sealed and delivered said instrument as their free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 5th day of June, 1988.

Diane K. Howard  
Notary Public

My commission expires: 4-8-91



Clerk's Office

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Exhibit B

## MEMORANDUM OF LEASE

This is a Memorandum of an unrecorded lease ("Lease") dated February 1, 1953 between Chippewa Apartments Assoc. an Illinois corporation ("Landlord"), and Louis Olson & Janet I. Olson, Tenant, all right, title and interest of said tenant under the Lease having been assigned by intervening assignments and has been assigned to Peter F, Yolande M., Paul A & Azisti Y. Dembowski (as Joint Tenants with Right of Survivorship) ("Assignee") by virtue of an assignment made June 5, 1989. The Lease demises Apartment 7B, located in the building ~~situated on the following described property:---~~ on the 7th floor of the lessor known as 5050 South East End Ave. Chicago IL located on the following property\* ~~Illinois ("Demised Premises").~~ The Demised Premises are more particularly located within the above-mentioned building by means of the floor plans which are attached as Exhibit A hereto and made a part hereof.

For good and valuable consideration, Landlord leases to Tenant, the Demised Premises for a term commencing June 5, 1989 and ending December 31, 192051 under the provisions contained in the Lease and subject to the assignment to Assignee, dated June 5, 1989.

This Memorandum is not a complete summary of the Lease. Provisions in this Memorandum shall not be used in interpreting provisions of the Lease. In the event of conflict between this Memorandum and the Lease, the Lease shall control.

LANDLORD:

Chippewa Apartments Association  
(Name of Association)

By: Ronald Dembowski

Title: Vice President

ATTEST:

Paul A. Dembowski  
Secretary

TENANT by virtue of the assignment made June 5, 1989.

Peter F. Dembowski  
Peter F. Dembowski

Yolande M. Dembowski  
(Name of Borrower) Yolande M. Dembowski

Paul A. Dembowski  
Paul A. Dembowski

Azisti Y Dembowski  
(Name of Borrower) Azisti Y. Dembowski

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## RECORDING INFORMATION:

After Recording Deliver to:  
University Savings and Loan  
Association  
5250 South Lake Park Avenue  
Chicago, Illinois 60615  
Attn:

This Document was  
Prepared by:

Richard M. Tomkins  
Shefsky, Saitlin &  
Froelich, Ltd.  
444 North Michigan Ave.  
Suite 2300  
Chicago, Illinois 60611



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DESCRIBED PROPERTY: THE SOUTHEAST 1/4 OF BLOCK 4, IN CHICAGO BEACH ADDITION, BEING A SUBDIVISION OF LOT 'A' IN BEACH HOTEL COMPANY'S CONSOLIDATED TRACTS IN FRACTIONAL SECTIONS 11 AND 12, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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## ADJUSTABLE RATE RIDER

(11th District Cost of Funds Index -- Rate Caps)

THIS ADJUSTABLE RATE RIDER is made this 5th day of JUNE, 1989, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to UNIVERSITY FINANCIAL SAVINGS, F.A. (the "Lender") of the same date and covering the property described in the Security Instrument and located at: 5050 S EAST END #7B CHICAGO, IL 60615

[Property Address]

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT THE BORROWER'S INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BORROWER MUST PAY.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

### A. INTEREST RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial interest rate of 10.000%. The Note provides for changes in the interest rate and the monthly payments, as follows:

### 4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

#### (A) Change Dates

The interest rate I will pay may change on the first day of JULY, 1990, and on that day every 12 month thereafter. Each date on which my interest rate could change is called a "Change Date."

#### (B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the monthly weighted average cost of savings, borrowings and advances of members of the Federal Home Loan Bank of San Francisco (the "Bank"), as made available by the Bank. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

#### (C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding THREE percentage points (3.000%) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the maturity date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

#### (D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than 12.000% or less than 8.000%. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than TWO percentage point(s) (2.000%) from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than 15.000%.

#### (E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

#### (F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

### B. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

Uniform Covenant 17 of the Security Instrument is amended to read as follows:

**Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all

MULTISTATE ADJUSTABLE RATE RIDER—COF INDEX—Single Family—Fannie Mae/Freddie Mac Uniform Instrument Form 3120 7/88

Form 4728 (8807)

TO REORDER CALL OR MAIL LARLES BUSINESS FORMS, INC.  
USA 1 800 253 0202 • IN 1 900 358 0641 • FAX 818 243 0235

89255014

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DEPT-01 \$33.40  
T#1111 TR-IN 6207 04/04/85 11 10 00  
#6038 # 2-27-85 014  
COOK COUNTY RECORDER

89255014

PETER F DEMBOWSKI  
- Borrower (Seal)  
YOLANDE M DEMBOWSKI  
- Borrower (Seal)  
PAUL A DEMBOWSKI  
- Borrower (Seal)  
AZISTI Y DEMBOWSKI  
- Borrower (Seal)

sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.  
To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.  
If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed prior to the expiration of this period. Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.  
By SIGNING Below, Borrower accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider:

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