

THIS MORTGAGE (Security Instrument) is given June 15, 1989. The mortgagee is Anna M. Tarcom, Jr. and Peggy C. Tarcom, his wife in Joint Tenancy Borrower(s). This Security Instrument is given to Madison National Bank whose address is 8190 Golf Road, Des Plaines

Borrower(s) Lender the maximum principal sum of Fifty-two thousand five hundred & 00/100 Dollars (U.S. \$ 52,500.00) or the aggregate unpaid amount of all loans made by Lender pursuant to that certain Equity Credit Line Agreement (Agreement) of even date herewith, whichever is less. This debt is evidenced by the Agreement, which provides for monthly interest payments with the full debt (if not paid earlier) due and payable in 60 equal monthly installments of principal plus interest. If the balance due is less than \$25,000 and 120 equal monthly installments of principal plus interest. If the balance due is \$25,000 or more, in either case beginning five years from the date of the Agreement. The Agreement provides that loans may be made from time to time (but in no event later than 5 years from the date hereof) not to exceed the above stated maximum amount outstanding at any one time. All future loans will have the same priority as the original loan. This Security Instrument serves to Lender (a) the repayment of the debt evidenced by the Agreement, with interest and all renewals, extensions and modifications; (b) the payment of all other sums, with interest, advanced under paragraph 4 to protect the security of this Security Instrument; and in the performance of Borrower's covenants and agreements under this Security Instrument and the Agreement. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following described property located in Cook County Illinois:

The south 15 feet, as measured on the east line thereof of the east 350 feet, as measured on the south line thereof of lot 3 together with the north 135 feet as measured on the east line thereof of the east 250 feet as measured on the north line thereof of lot 4 in Ann Murphy Estate Division of land in sections 27 and 28, township 41 north, range 12, east of the third principal meridian, in Cook County, Illinois.

Permanent Tax Number: 01-27-306-023 which has the address 300 North Des Road, Park Ridge, Illinois 60068

TOGETHER WITH all the improvements now or hereafter erected on the premises, and all easements, rights, appurtenances, rents, royalties, mineral oil and gas rights and profits, water rights and stock and all fixtures (now or hereafter part of the property) and improvements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property".

BORROWER COVENANTS that Borrower is seised of this estate hereunto conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except as herein otherwise provided. Borrower covenants and will defend generally the title to the Property against all claims and liens, subject to any prior mortgages on record. There is a prior mortgage from Borrower to BEARS and recorded as document number

COVENANTS Borrower and Lender covenant and agree as follows:

1. PAYMENT OF PRINCIPAL AND INTEREST: Borrower shall promptly pay when due the principal and interest on the debt evidenced by the Agreement.

2. APPLICATION OF PAYMENTS: All payments received by Lender shall be applied to the annual tax, interest due, and then to principal.

3. CHARGES, LIENS: Borrower shall pay all taxes, assessments, charges, dues and impositions attributable to the Property which may attach in priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. The Borrower shall make these payments directly, and promptly furnish to Lender receipts evidencing the payment.

Borrower shall promptly discharge any lien which has priority over this Security Instrument other than the prior mortgage described above, unless Borrower (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against, enforcement of the lien in legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attach in priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or the proceeds of the actions set forth above within 10 days of the giving of notice.

4. HAZARD INSURANCE: Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. 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 the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or if the Lender's security is lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any sums paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

If under paragraph 19 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pay to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

5. PRESERVATION AND MAINTENANCE OF PROPERTY; LEASEHOLDS: Borrower shall not destroy, damage or substantially change the Property, allow the Property to deteriorate or commit waste. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

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6. PROTECTION OF LENDER'S RIGHTS IN THE PROPERTY. If Borrower fails to perform the covenants and obligations contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph, Lender shall not be required to do so.

Any amounts disbursed by Lender under this paragraph shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Agreement rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

7. INSPECTION. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

8. CONDEMNATION. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemner offers to make any award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

9. BORROWER NOT RELEASED FORBEARANCE BY LENDER NOT A WAIVER. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

10. SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; CO-SIGNERS. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 16. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Agreement (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodation with regard to the terms of this Security Instrument or the Agreement without that Borrower's consent.

11. LOAN CHARGES. If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limit, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Agreement or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Agreement.

12. LEGISLATION AFFECTING LENDER'S RIGHTS. If enactment or expiration of applicable laws has the effect of rendering any provision of the Agreement or this Security Instrument unenforceable according to its terms, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument and may invoke any remedies permitted by paragraph 19. If Lender exercises this option, Lender shall take the steps specified in the second paragraph of paragraph 16.

13. NOTICES. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

14. GOVERNING LAW; SEVERABILITY. This Security Instrument shall be governed by federal law or the law of Illinois. In the event that any provision or clause of this Security Instrument or the Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Agreement which can be given effect without the conflicting provisions. To this end the provisions of this Security Instrument and the Agreement are declared to be severable.

15. BORROWER'S COPY. Each Borrower shall be given one confirmed copy of the Agreement and of this Security Instrument.

16. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER; DUE ON SALE. 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 sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by applicable law as of the date of this Security Instrument.

If Lender exercises this option, 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 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

17. BORROWER'S RIGHT TO REINSTATE. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower (a) pays Lender all sums which then would be due under this Security Instrument and the Agreement had no acceleration occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees.

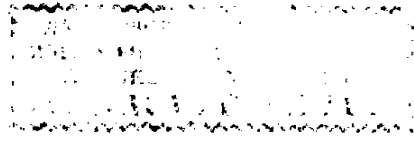
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