



COVENANTS, Borrower and Lender covenants in accordance with the following:

UNOFFICIAL COPY

1. PAYMENT OF PRINCIPAL AND INTEREST. Borrower shall promptly and habitually make payments with and pursuant to the terms of the Note, the principal and interest on the indebtedness secured by the Note, together with any late charges and other charges imposed under the Note.

2. APPLICATION OF PAYMENTS. Unless applicable law requires otherwise, all payments received by Lender under the Note and this Mortgage shall be applied by Lender first in payment of amounts payable to Lender by Borrower under paragraphs 6 and 26 of this Mortgage, then to interest payable on the Note, then to other charges payable under the Agreement, and then to the principal of the Note.

3. PRIOR MORTGAGES AND DEEDS OF TRUST, CHARGES, LIENS, EASES AND ENCUMBRANCES. Borrower shall promptly and habitually perform all of Borrower's obligations under any mortgage, deed of trust or other security agreement with a lien which has or appears to have any priority over this Mortgage, including but not limited to making any payments when due. Borrower shall pay or cause to be paid, at least ten (10) days before their due date, all taxes, assessments and other charges, fines and assessments attributable to the Property and all encumbrances, charges, liens and other obligations, including but not limited to the Property, which may attach to or arise over this Mortgage, and leasehold payments or ground rents, if any. Borrower shall deliver to Lender, upon its request, receipts and other documents relating to the same.

4. HAZARD INSURANCE. Borrower shall, at its cost, keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and such other hazards collectively referred to as "Hazard" as Lender may require. Borrower shall maintain Hazard insurance for the entire term of the Note or such other periods as Lender may require and in an amount equal to the lesser of: (a) the maximum insurable value of the Property or (b) the amount of the line of credit secured by this Mortgage plus the outstanding amount of any obligation secured in priority over this Mortgage, but in no event shall such amount be less than the amount necessary to satisfy the insurable requirement contained in the insurance policy.

The insurance carrier providing the insurance shall be chosen by Borrower, subject to the approval by Lender, provided that such approval shall not be unreasonably withheld. All insurance policies and renewals thereof shall be in a form acceptable to Lender and shall include a standard mortgage clause in favor of and in a form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has or appears to have any priority over this Mortgage. If Borrower makes the future premium payments, Borrower shall promptly furnish to Lender all renewal notices and, as suggested by Lender, all receipts of paid premiums. If policies and renewals are held by any other person, Borrower shall supply copies of such to Lender within 30 calendar days after issuance.

In the event of a loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. Subject to the rights and terms of any mortgage, deed of trust or other security agreement with a lien which has or appears to have any priority over this Mortgage, the amounts collected by Borrower or Lender under any Hazard insurance policy may, at Lender's sole discretion, either be applied to the indebtedness secured by this Mortgage (after payment of all reasonable costs, expenses and attorneys' fees necessarily paid or incurred by Lender and Borrower in this connection) and to such other uses as Lender may determine, be released to Borrower for use in repairing or reconstructing the Property, and Lender is hereby irrevocably authorized to do any of the above. Such application or release shall not constitute a default or notice of default under this Mortgage or invalidate any act done pursuant to such notice.

If the Property is damaged by Borrower, or if Borrower fails to respond to Lender in writing within thirty (30) calendar 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 irrevocably authorized to settle the claim and to collect and apply the insurance proceeds at Lender's sole option either to restoration or repair of the Property or to the sums secured by this Mortgage.

If the Property is acquired by Lender, all right, title and interest of Borrower, and to any insurance policy and to and to the proceeds thereof resulting from damage to the Property prior to such sale or acquisition shall become the property of Lender to the extent of the sums secured by this Mortgage immediately prior to such sale or acquisition.

5. PRESERVATION AND MAINTENANCE OF PROPERTY; LEASEHOLDS; CONDOMINIUMS; PLANNED UNIT DEVELOPMENTS. Borrower shall use, improve and maintain the Property in compliance with applicable laws, statutes, ordinances, orders, requirements, decrees or regulations, shall keep the Property in good condition and repair, including the repair or restoration of any improvements on the Property which may be damaged or destroyed, shall not commit or permit waste or permit impairment or deterioration of the Property, and shall fully and promptly comply with the provisions of any lease if this Mortgage is on a leasehold. If this Mortgage is on a unit in a condominium or a planned unit development, Borrower shall promptly perform all of Borrower's obligations under the declaration or covenants, conditions or restrictions of the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and condominium documents, all as may be amended from time to time. If a condominium or planned unit development order is executed by Borrower and recorded together with this Mortgage, the covenant and agreements of such order shall be incorporated into and shall amend and supplement the covenants and agreements of this Mortgage as if the order were a part hereof.

6. PROTECTION OF LENDER'S SECURITY. If Borrower fails to perform the covenants and agreements contained in this Mortgage or in the Credit Documents or if any action or proceeding is commenced which affects Lender's interest in the Property or the rights or powers of Lender, then Lender without demand upon Borrower but upon notice to Borrower pursuant to paragraph 11 hereof, may, without releasing Borrower from any obligation in this Mortgage, make such arrangements, defend the action or proceeding, disburse such sums, including reasonable attorneys' fees, and take such other action as Lender deems necessary to protect the security of this Mortgage. If Lender has required mortgage insurance as a condition of making the loan secured by this Mortgage, Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Borrower's and Lender's written agreement of applicable law.

Any amounts disbursed by Lender pursuant to this paragraph 6, with or without recourse at the time from the time the funds are disbursed under the Note, shall constitute additional indebtedness of Borrower secured by this Mortgage. Unless Borrower and Lender agree in writing to other terms of payment, such amounts shall be payable upon demand from Lender to Borrower requesting payment thereof. Nothing contained in this paragraph 6 shall require Lender to incur any expense or take any action hereunder and any action taken shall not release Borrower from any obligation in this Mortgage.

7. INSPECTION. Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that, except in an emergency, Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefor 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 convenience 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. Borrower agrees to execute all further documents as may be required by the condemning authority to effectuate this paragraph. Lender is hereby irrevocably authorized to apply or release such moneys received or make settlement for such moneys in the same manner and with the same effect as provided in this Mortgage for disposition or settlement of proceeds of Hazard insurance. No settlement for condemnation damages shall be made without Lender's prior written approval.

9. BORROWER NOT RELEASED; FORBEARANCE BY LENDER NOT A WAIVER. Extension of the time for payment, acceptance by Lender of payments other than according to the terms of the Note, modification in payment terms of the sums secured by this Mortgage granted by Lender to any successor in interest of Borrower, or the waiver or failure to exercise any right granted herein or under the Credit Documents shall not operate to release, in whole or in part, the liability of the original Borrower or Borrower's successors in interest, or any guarantor or surety thereof. Lender shall not be required to commence proceedings against such successor or refuse to extend the time for payment or otherwise modify payment terms of the sums secured by this Mortgage by reason of any demand made by the original Borrower or Borrower's successors in interest. Lender shall not be deemed by any act of omission or commission to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by Lender. Any such waiver shall apply only to the extent specifically set forth in the writing. A waiver as to one event shall not be construed as continuing or as a waiver as to any other event. The procurement of insurance or the payment of taxes, other fees or charges by Lender shall not be a waiver of Lender's right as otherwise provided in this Mortgage to accelerate the maturity of the indebtedness secured by this Mortgage in the event of Borrower's default under this Mortgage or the other Credit Documents.

10. SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; CO-SIGNERS; CAPTIONS. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors, heirs, legatees, devisees and assigns of Lender and Borrower, in addition to the provisions of paragraph 16 hereof. All covenants and agreements of Borrower or Borrower's successors, heirs, legatees, devisees and assigns 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 guarantee that Borrower's interest in the Property under the Mortgage and term of this Mortgage and to release homestead rights, if any, (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, so that the Borrower's consent and without releasing that Borrower or modifying this Mortgage as to that Borrower's interest in the Property. The caption 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. In this Mortgage, whenever the context so requires, the masculine gender includes the feminine and or neuter, and the singular number includes the plural.

11. NOTICES. Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower or Borrower's successors, heirs, legatees, devisees and assigns provided for in this Mortgage shall be given by hand delivery if possible, or by mailing such notice by registered or certified mail addressed to Borrower or Borrower's successors, heirs, legatees, devisees and assigns at the Property. Address of (a) such other address as Borrower or Borrower's successors, heirs, legatees, devisees and assigns may designate by written notice to Lender as provided herein, and (b) any notice to Lender shall be given by registered or certified mail to Lender at First National Bank of Lincolnshire, One Marriot Drive, Lincolnshire, Illinois 60069-3703 or to such other address as Lender may designate on the monthly statement to Borrower for to Borrower's successors, heirs, legatees, devisees and assigns which have provided Lender with written notice of their existence and addresses as provided herein. Any notice provided for in this Mortgage shall be deemed to have been given on the date hand delivery is actually made or the date notice is deposited into the U.S. mail system as registered or certified mail addressed as provided in this paragraph 11. Notwithstanding the above, notice of Lender's change of address may be sent by regular mail.

12. GOVERNING LAW; 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 application of federal law to this Mortgage. If any provision of this Mortgage shall be judged invalid, illegal or unenforceable by any court, such provision shall be deemed severed from this Mortgage and the balance of the Mortgage shall be construed as if such provision had never been included. As used herein, "costs", "expenses" and attorneys' fees, unless otherwise specified, to the extent not prohibited by applicable law or limited herein.

13. BORROWER'S COPY. Borrower shall be furnished a confirmed copy of the Note and of this Mortgage at the time of execution or after negotiation hereof.

14. REMEDIES CUMULATIVE. Lender may exercise all of the rights and remedies provided in this Mortgage and in the Credit Documents, or which may be available to Lender by law, and all of its rights and remedies shall be cumulative and concurrent, and may be pursued separately or together, at Lender's sole discretion, and may be exercised as often as occasion therefor shall occur.

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15. WAIVER OF STATUTORY RIGHTS. Borrower shall not and will not apply for or avail itself of any beneficial, appurtenant, valuation, redemption, or other statutory rights... in the event of the Mortgage and in behalf of all other persons as the same permitted by Illinois law...

16. TAXES. In the event of the passage after the date of this Mortgage of any law changing in any way the laws now in force for the taxation of mortgages, or other secured property... the amount of the taxes shall be paid by the Borrower...

17. ACTUAL RECEIPTS. For purposes of this Mortgage and each of the other Credit Instruments, Lender will not be deemed to have received actual knowledge of information required to be accepted for entry in the public records... unless Lender has received actual notice...

18. TIME TO EXAMINE. Time is of the essence in this Mortgage, and the Note and Agreement shall constitute an integral part hereof... and the Borrower shall be deemed to have accepted the same...

19. PAYMENT FOR NOTICE. Borrower agrees to pay to Lender the amount of any notice of default... in the event of default, as set forth in the Mortgage...

20. PAYMENT. The Borrower shall pay to Lender the principal amount of the Mortgage... and interest thereon... as provided in the Mortgage...

21. ASSIGNMENT OF RIGHTS. Assignment of the Mortgage shall not constitute a breach of the Mortgage... and the Borrower shall be deemed to have assigned the same...

22. REMEDY. In the event of default, Lender shall have the right to collect and retain such sums as they become due and payable... and to take any action necessary to enforce the same...

23. WAIVER OF DEFENSES. Borrower agrees to waive any defenses... that it may have in the event of default... and to accept the same as a final settlement...

24. ENTIRE AGREEMENT. This Mortgage and the Note and Agreement shall constitute the entire agreement... and no other oral or written agreement shall be binding...

25. ASSIGNMENT OF RIGHTS. Lender shall have the right to assign the Mortgage... and the Borrower shall be deemed to have assigned the same...

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