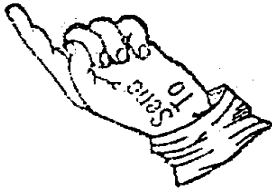


This instrument prepared by:  
 Joseph R Liptak  
 6700 W North Av  
 Chicago IL 60635

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FIRST AMERICAN TITLE INSURANCE # CW35105 181

DEPT-01 RECORDING 116.25  
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 COOK COUNTY RECORDER

90344882

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LOAN NO. 011864958  
 DATE: JULY 12, 1990

**MORTGAGE TO SECURE A REVOLVING LINE OF CREDIT**

NOTICE: THIS MORTGAGE MAY SECURE BORROWINGS MADE SUBSEQUENT TO A TRANSFER OF THE PROPERTY.

THIS MORTGAGE TO SECURE A REVOLVING LINE OF CREDIT LOAN (herein "Mortgage") is made by and among **KARFN BUECHNER, A SPINSTER** and (strike if title is not held in an Illinois Land Trust) \_\_\_\_\_ (the "Trustee"), not personally but as Trustee under a Trust Agreement dated \_\_\_\_\_ and known as Trust No. \_\_\_\_\_ (herein each of **KARFN BUECHNER** and the Trustee, if any, are individually and collectively and jointly and severally referred to as "Borrower") and **ST. PAUL FEDERAL BANK FOR SAVINGS**, whose address is 6700 W. North Avenue, Chicago, Illinois 60635 (herein "Lender").

In consideration of the indebtedness herein recited, Borrower, excepting any Trustee which is a constituent party in Borrower, hereby grants, bargains, sells, conveys, warrants and mortgages, and the Trustee, if any, hereby conveys, mortgages and quit claims, unto Lender and Lender's successors and assigns the following described property located in the **VILLAGE** of **SCHAUMBURG**, County of **DU PAGE**, State of Illinois:

SEE ATTACHED  
 P.I.N. #07-26-302-051-1205

**PARCEL 1:**

UNIT NUMBER 1101, IN NANTUCKET COVE CONDOMINIUM, AS DELINEATED ON THE PLAT OF SURVEY (CONDOMINIUM) OF THE FOLLOWING DESCRIBED PARCEL OF REAL ESTATE: CERTAIN LOTS AND BLOCKS, IN SUBDIVISIONS OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 26, AND IN THE EAST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 27, TOWNSHIP 41 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, WHICH SURVEY IS ATTACHED AS EXHIBIT "B" TO THE DECLARATION OF CONDOMINIUM, AND OF EASEMENTS, COVENANTS AND RESTRICTIONS FOR NANTUCKET COVE, AS HERETOFORE OR HEREAFTER AMENDED FROM TIME TO TIME, EXECUTED BY LASALLE NATIONAL BANK, AS TRUSTEE UNDER TRUST NUMBER 47172, AND RECORDED IN THE OFFICE OF THE RECORDER OF DEEDS OF COOK COUNTY, ILLINOIS, AS DOCUMENT NUMBER 22957844, TOGETHER WITH A PERCENTAGE OF THE COMMON ELEMENTS APPURTENANT TO THE SAID UNITS, AS SET FORTH IN THE SAID DECLARATION, AS AMENDED FROM TIME TO TIME, IN COOK COUNTY, ILLINOIS.

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**PARCEL 2:**

EASEMENT APPURTENANT TO AND FOR THE BENEFIT OF PARCEL 1 AS SET FORTH IN THE DECLARATION OF EASEMENTS, BY LASALLE NATIONAL BANK, A NATIONAL BANKING ASSOCIATION, AS TRUSTEE UNDER TRUST AGREEMENT DATED JANUARY 21, 1974 AND KNOWN AS TRUST NUMBER 47172, RECORDED JANUARY 8, 1975 AS DOCUMENT 22957843, AND CREATED BY DEED FROM LASALLE NATIONAL BANK, A NATIONAL BANKING ASSOCIATION, AS TRUSTEE UNDER TRUST NUMBER 47172, TO RICHARD H. SUDLOW, RECORDED JUNE 28, 1979 AS DOCUMENT NUMBER 25027602, IN COOK COUNTY, ILLINOIS.

for the purpose of creating a security interest in such property, which property is hereinafter described as the Security Property, which Borrower is the Secured Party (as such term is defined in UCC);

To Secure to Lender on condition of the repayment of the REVOLVING LINE OF CREDIT indebtedness evidenced by Borrower's Variable Interest Rate Promissory Note ("Note") of even date herewith, in the principal sum of U.S. \$ 20,000.00 (the "Maximum Credit"), or so much thereof as may be advanced and outstanding, with interest thereon, providing for monthly installments of principal and interest, with the principal balance of indebtedness, if not sooner paid or required to be paid, due and payable on 08/01/95; the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Mortgage; and the performance of the covenants and agreements of Borrower contained herein and in the Note, provided that the maximum amount secured hereby shall be as set forth in paragraph 20 below.

Notwithstanding anything to the contrary herein, the Property shall include all of Borrower's right, title and interest in and to the real property described above, whether such right, title, and interest is acquired before or after execution of this Mortgage. Specifically, and without limitation of the foregoing, if this Mortgage is given with respect to a leasehold estate held by Borrower, and Borrower subsequently acquires a fee interest in the real property, the lien of this Mortgage shall attach to and include the fee interest acquired by Borrower.

Borrower covenants that Borrower is the lawful owner of the estate in land hereby conveyed and has the right to grant, convey and mortgage the Property, and that the Property is unencumbered except for encumbrances of record. Borrower (excepting any Trustee which is a constituent party in Borrower) warrants and Borrower covenants that it will defend generally the title to the Property against all claims and demands, subject to encumbrances of record. Borrower covenants

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her with all the required title or however to the hts and profits, attached to the of the property mortgage is on a (as such term is under the UCC Secured Party (as

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Notary Public
Commission Expires:
Given under my hand and official seal this
forth.
free and voluntary act, and as the free and voluntary act of said corporation, as Trustee, for the uses and purposes therein set
of the corporate seal of said corporation, did affix the said corporate seal to said instrument as his own
Secretary did also then and there acknowledge that he, as custodian
their own free and voluntary acts, and the free and voluntary acts of said corporation, as Trustee, for the uses and purposes
tively, appeared before me this day in person, and acknowledged that they signed, sealed and delivered the said instrument as
Secretary, respec-
President and
a corporation and Secretary of said corporation, personally known to me to be the same persons whose names are subscribed
that
President of
I, the undersigned, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY
(TITLE)

ATTST:
not personally but solely as trustee as aforesaid
By: Its
State of Illinois SS:
County of
Notary Public
OFFICIAL SEAL
LISA A. BRENNAN
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 8/29/90
IF BORROWER IS ALSO A TRUSTEE

Commission Expires: 8/29/90
Given under my hand and official seal this 12TH day of JULY, 19 90
for the uses and purposes therein set forth, including the release and waiver of the right of homestead.
personally known to me to be the same person whose name ( ) subscribed to the foregoing instrument, appeared before me
KAREN BUECHNER
I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that
COUNTY OF DEPAQUE SS:
STATE OF ILLINOIS

Table with 4 columns: Name, Date, Name, Date. Rows include KAREN BUECHNER and INDIVIDUAL BORROWER.

IF BORROWER IS AN INDIVIDUAL(S)
IN WITNESS WHEREOF, the Borrower has executed this Mortgage.
of any co-maker, co-signer, endorser or guarantor of said Note and this Mortgage.
conveyed by enforcement of the provisions hereof and of said Note, but this waiver shall in no way affect the personal liability
on this Mortgage and the Note secured hereby as against said Trustee shall be solely against and out of the Property hereby
governments either express or implied herein contained, all such liability, if any, being expressly waived, and that any recovery
to pay said Note or any interest thereon, or any indebtedness accruing hereunder or to perform any
contained herein or in the Note secured by this Mortgage shall be construed as creating any liability on the Trustee personally
agreed by the mortgagee herein and by every person now or hereafter claiming any right or security hereunder that nothing
in the exercise of the power and authority conferred upon and vested in it as such trustee, and it is expressly understood and
24. Trustee Exemption. If this Mortgage is executed by a Trust, Trustee executes this Mortgage as Trustee as aforesaid.
23. Waiver of Homestead. Borrower hereby waives all right of homestead exemption in the Property.
22. Release. Upon payment of all sums secured by this Mortgage and termination of the revolving credit line under the
rents actually received.
21. Assignment of Rents; Appointment of Receiver; Lender in Possession. As additional security hereunder, Borrower
hereby assigns to Lender the rents of the Property, provided that Borrower shall, prior to acceleration under paragraph 18
entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those
part due. All rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the
property and collection of rents, including, but not limited to receiver's fees, premiums on receiver's bonds and reasonable
attorney's fees, and then to the sums secured by this Mortgage. Lender and the receiver shall be liable to account only for those
rents actually received.
This Mortgage shall be valid and have priority over all subsequent liens and encumbrances, including statutory liens,
excepting solely taxes and assessments levied on the Property, to the extent of the maximum amount secured hereby.
insurance on the Property and interest on such disbursements (all such disbursements being hereinafter referred to as the
maximum amount secured hereby).

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Notwithstanding anything to the contrary herein, the Property shall include all of Borrower's right, title and interest in and to the real property described above, whether such right, title, and interest is acquired before or after execution of this Mortgage. Specifically, and without limitation of the foregoing, if this Mortgage is given with respect to a leasehold estate held by Borrower, and Borrower subsequently acquires a fee interest in the real property, the lien of this Mortgage shall attach to and include the fee interest acquired by Borrower.

To Secure to Lender on condition of the repayment of the revolving line of credit indebtedness evidenced by Borrower's Variable Interest Rate Promissory Note ("Note") of even date herewith, in the principal sum of U.S. \$20,000.00 (the "Maximum Credit"), or so much thereof as may be advanced and outstanding, with interest thereon, providing for monthly installments of principal and interest, with the principal balance of indebtedness, if not sooner paid or required to be paid, due and payable on

TO HAVE AND TO HOLD such property unto Lender and Lender's successors and assigns, forever, together with all the improvements now or hereafter erected on the property and all easements, rights, appurtenances, after-acquired title or reversions in and to the beds of ways, streets, avenues and alleys adjoining the Property, and rents, subject however to the rights and authorities given herein to Lender to collect and apply such rents, royalties, mineral, oil and gas rights and profits, water, water rights and water stock, insurance and condemnation proceeds, and all fixtures now or hereafter attached to the 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 of the foregoing together with said property (or the leasehold estate if the mortgage is on a leasehold) are hereinafter referred to as the "Property", as to any property which does not constitute a fixture (as such term is defined in the Uniform Commercial Code) this Mortgage is hereby deemed to be, as well as a Security Agreement under the UCC for the purpose of creating a security interest in such property, which Borrower hereby grants to Lender as Secured Party (as such term is defined in UCC);

which has the address of 230 NANTUCKET HARBOR, SCHUMBERG IL 60193 (herein "Property Address");

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FIRST AMERICAN TITLE INSURANCE # CW35105 181

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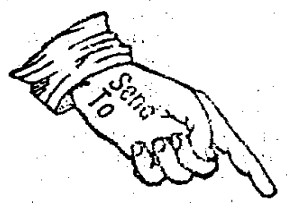
PROPERTY. and among if title is not ("trustee"), not (ref") and ST. (635 (herein tituent party rebly conveys, erty located

LOAN NO. 011864958 DATE: JULY 12, 1990

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Chicago IL 60635

6700 W North Av Joseph R Liptak

This instrument prepared by:

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including future advances from the time of its filing for record in the recorder's or registrar's office of the county in which the Property is located. The total amount of indebtedness secured hereby may increase or decrease from time to time, but the total unpaid balance of indebtedness secured hereby (including disbursements which the Lender may make under this Mortgage or any other document with respect thereto) at any one time outstanding shall not exceed one hundred fifty per cent of the Maximum Credit, plus interest thereon and any disbursements made for payment of taxes, special assessments or insurance on the Property and interest on such disbursements (all such indebtedness being hereinafter referred to as the "maximum amount secured hereby").

This Mortgage shall be valid and have priority over all subsequent liens and encumbrances, including statutory liens, excepting solely taxes and assessments levied on the Property, to the extent of the maximum amount secured hereby.

**21. Assignment of Rents; Appointment of Receiver; Lender in Possession.** As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property, provided that Borrower shall, prior to acceleration under paragraph 18 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.

Upon acceleration under paragraph 18 hereof or abandonment of the Property, and at any time prior to the expiration of any period of redemption following judicial sale, Lender, in person, by agent or by judicially appointed receiver, shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the property and collection of rents, including, but not limited to receiver's fees, premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Mortgage. Lender and the receiver shall be liable to account only for those rents actually received.

**22. Release.** Upon payment of all sums secured by this Mortgage and termination of the revolving credit line under the Note Lender shall release this Mortgage without charge to Borrower.

**23. Waiver of Homestead.** Borrower hereby waives all right of homestead exemption in the Property.

**24. Trustee Exculpation.** If this Mortgage is executed by a Trust, Trustee executes this Mortgage as Trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such trustee, and it is expressly understood and agreed by the mortgagee herein and by every person now or hereafter claiming any right or security hereunder that nothing contained herein or in the Note secured by this Mortgage shall be construed as creating any liability on the Trustee personally to pay said Note or any interest that may accrue thereon, or any indebtedness accruing hereunder or to perform any covenants either express or implied herein contained, all such liability, if any, being expressly waived, and that any recovery on this Mortgage and the Note secured hereby as against said Trustee shall be solely against and out of the Property hereby conveyed by enforcement of the provisions hereof and of said Note, but this waiver shall in no way affect the personal liability of any co-maker, co-signer, endorser or guarantor of said Note and this Mortgage.

IN WITNESS WHEREOF, Borrower has executed this Mortgage.

IF BORROWER IS AN INDIVIDUAL(S)

<u>Karen Buechner</u>	<u>7/12/90</u>	_____	_____
INDIVIDUAL BORROWER	Date	INDIVIDUAL BORROWER	Date
<u>KAREN BUECHNER</u>	_____	_____	_____
INDIVIDUAL BORROWER	Date	INDIVIDUAL BORROWER	Date

STATE OF ILLINOIS  
COUNTY OF DEPAGE

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that

**KAREN BUECHNER** personally known to me to be the same person whose name(s) subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed, sealed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under my hand and official seal this 12TH day of JULY, 19 90

Lisa A Brennan Notary Public Commission Expires: 8/29/90



IF BORROWER IS ALSO A TRUST:

By: \_\_\_\_\_  
not personally but solely as trustee as aforesaid Its

ATTEST: \_\_\_\_\_ State of Illinois SS:  
County of \_\_\_\_\_

Its \_\_\_\_\_ (Title)  
I, the undersigned, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that \_\_\_\_\_ President of

a corporation and Secretary of said corporation, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such \_\_\_\_\_ President and \_\_\_\_\_ Secretary, respectively, appeared before me this day in person, and acknowledged that they signed, sealed and delivered the said instrument as their own free and voluntary acts, and the free and voluntary acts of said corporation, as Trustee, for the uses and purposes therein set forth; and the said \_\_\_\_\_ Secretary did also then and there acknowledge that he, as custodian of the corporate seal of said corporation, did affix the said corporation seal of said corporation to said instrument as his own free and voluntary act, and as the free and voluntary act of said corporation, as Trustee, for the uses and purposes therein set forth.

Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_

\_\_\_\_\_  
Notary Public Commission Expires: \_\_\_\_\_

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9. **Condemnation.** The proceeds of any award or claim or damages, interest or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. In the event of a total or partial taking of the Property, the proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, paid to Borrower.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to sums secured by this Mortgage.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of any payment due under the Note or change the amount of such payment.

10. **Borrower Not Released.** Extension of the time for payment or modification of any other term of the Note or 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 any term of the Agreement or this Mortgage by reason of any demand made by the original Borrower and Borrower's successors in interest.

11. **Forbearance by Lender Not a Waiver.** Any forbearance by Lender in exercising any right or remedy under the Note or 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.

12. **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.

13. **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, subject to the provisions of paragraph 19 hereof. All covenants and agreements of Borrower shall be joint and several. The 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.

14. **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 delivering it to the Property or by mailing such notice by ordinary mail, addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by registered or 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 on the date it is delivered to the Property's address or the date such notice is deposited in the U.S. Mail system with the proper postage and addressed to Borrower. Any notice to Lender shall not be deemed to have been given until it has been received by Lender.

15. **Actual Knowledge.** For purposes of this Mortgage and the Note, Lender will not be deemed to have received actual knowledge of information required to be conveyed to Lender in writing by Borrower until the date of actual receipt of such information at the address specified above (or such other address specified by Lender to Borrower). Such date shall be conclusively determined by reference to the return receipt in possession of Borrower. If such return receipt is not available, such date shall be conclusively determined by reference to the "Received" date stamped on such written notice by Lender or Lender's agent. With regard to other events or information not provided by Borrower under this Mortgage or the Note, Lender will be deemed to have actual knowledge of such event or information as of the date Lender receives a written notice of such event or information from a source Lender reasonably believes to be reliable, including but not limited to, a court or other governmental agency, institutional lender, or title company. The actual date of receipt shall be determined by reference to the "Received" date stamped on such written notice by Lender or Lender's agent.

16. **Governing Law, Severability.** This Mortgage shall be governed by the law of the State 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 the 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.

17. **Borrower's Copy.** Borrower shall be furnished a conformed copy of the Note and of this Mortgage at the time of execution or after recordation hereof.

18. **Events of Default; Remedies (Including Freezing the Line).**

a. **Events of Defaults.** Set forth below is a list of events which will constitute Events of Default. Such events are: (1) Borrower's failure to pay when due any amounts due under the Note; (2) the outstanding balance due under the Note exceeds the Principal; (3) Lender receives actual knowledge that Borrower's omitted material information on Borrower's credit application or made any false or misleading statement on Borrower's credit application; (4) the death of Borrower or any maker or guarantor of the Note; (5) Borrower files for bankruptcy, or bankruptcy proceedings are instituted against Borrower and not dismissed within sixty (60) calendar days, under any provision of any state or federal bankruptcy law in effect at the time of filing; (6) Borrower makes an assignment for the benefit of Borrower's creditors, becomes insolvent or becomes unable to meet Borrower's obligations generally as they become due; (7) Borrower further encumbers the Property or suffers a lien, claim of lien or encumbrance against the Property, except such liens or encumbrances which are subordinate to this Mortgage; (8) Borrower is in default or an action is filed alleging a default under any credit instrument or mortgage evidencing or securing an obligation of Borrower with priority in right of payment over the line of credit described in the Note; or whose lien has or appears to have any priority over the lien created by this Mortgage; or whose lien or appears to be secured by the Property or on which this Mortgage is a lien; or any of Borrower's other creditors attempt to (or actually does) seize or obtain a writ of attachment against the Property; (9) Borrower fails to keep any other covenant contained in this Mortgage and the Note not otherwise specified in this Section.

b. **Remedies (Including Freezing the Line).** Lender may, at its sole option, upon the occurrence of an Event of Default, freeze or terminate the line, and, require Borrower to make immediate full repayment of the unpaid principal balance of the line together with accrued but unpaid interest and other charges. "Freezing" the line means refusal to make any further advances against the line. If Lender fails to make such payment upon demand, Lender may institute foreclosure proceedings or pursue any other remedy or remedies given to Lender by law or under this Mortgage and the Note. Lender shall be entitled to collect in such proceeding all expenses of foreclosure, including but not limited to, reasonable attorneys' fees, and costs of documenting evidence, abstracts and title report. As additional specific protection, notwithstanding any other term of this Mortgage, Lender, without declaring or asserting an Event of Default or invoking any of its remedies pertaining to Events of Default, may immediately and without notice, freeze the line, upon the occurrence of any event enumerated herein. Freezing the line will not preclude Lender from subsequently exercising any right or remedy set forth herein or in the Note.

19. **Transfer of 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 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 Mortgage. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Mortgage.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. This 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 Mortgage. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Mortgage without further notice or demand on Borrower.

20. **Revolving Line of Credit Loan.** This Mortgage is given to secure a revolving credit loan evidenced by the Note. This Mortgage shall secure not only presently existing indebtedness under the Note but also future advances, whether such advances are obligatory or to be made at the option of the Lender, or otherwise, as are made within 20 years from the date hereof, to the same extent as if such future advances were made on the date of the execution of this Mortgage, although there may be no advance made at the time of execution of this Mortgage and although there may be no indebtedness secured hereby outstanding at the time any advance is made. The lien of this Mortgage shall be valid as to all indebtedness secured hereby,

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that Borrower will neither take nor permit any action to partition or subdivide the Property or otherwise change the legal description of the property or any part thereof, or change in any way the condition of title of the property or any part thereof. Borrower acknowledges that the Note calls for a variable interest rate, and that the Lender may, prior to the expiration of the term of the Note, cancel future advances thereunder and/or require repayment of the outstanding balance under the Note.

**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 indebtedness evidenced by the Note together with any fees and charges as provided in the Note.

**2. Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, or the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Mortgage, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") equal to one-twelfth (1/12) of the amount of the escrow items, together with the amount required to pay the escrow items when due, the excess shall be, at Borrower's option, either repaid to Borrower or credited to Borrower on monthly payments of Funds. If the amount of Funds held by Lender is not sufficient to pay the escrow items when due, Borrower shall pay to Lender any amount necessary to make up the deficiency, in one or more payments as required by Lender.

Upon payment in full of all sums secured by this Mortgage, Lender shall promptly refund to Borrower any Funds held by Lender. If payment in full of all sums secured by this Mortgage, the Property is sold or acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Mortgage.

**3. Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under the Note and this Mortgage shall be applied by Lender first in payment of any advance made by Lender pursuant to this Mortgage, then to interest, fees and charges payable pursuant to the Note, then to the principal amounts outstanding under the Note.

**4. Charges; Liens.** Borrower shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property which may remain a priority over this Mortgage, and leasehold payments or ground rents, if any, including all payments due under any mortgage disclosed by the title insurance policy insuring Lender's interest in the Property. Borrower shall, upon request of Lender, promptly furnish to Lender receipts evidencing such payments. Borrower shall promptly discharge any lien which has priority over this Mortgage (except for the lien of any mortgage disclosed by the title insurance policy insuring Lender's interest in the Property) provided that Borrower shall not be required to discharge any such prior lien so long as Borrower shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to Lender, or shall in good faith contest such lien by or for the benefit of the Property or any part thereof.

**5. 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 such other hazards as Lender may require and in such amounts and for such periods as Lender may require, provided that Lender shall not require that the amount of such coverage exceed that amount of coverage required to pay the sums secured by this Mortgage and any other mortgage on the Property.

The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender, provided, that such approval shall not be unreasonably withheld. All premiums on insurance policies shall be paid in a timely manner. All insurance policies and renewals thereof shall be in form acceptable to Lender and shall include a standard mortgage clause in favor of and in form acceptable to Lender. Upon request of Lender, Borrower shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. 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 and 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 damaged or to pay the sums secured by this Mortgage, with the excess, if any, paid to Borrower and Lender is hereby authorized to do any of the above. If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Mortgage.

Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of any payments due under the Note, or change the amount of such payments. If under the provisions of this Mortgage the Property is acquired by Lender, all rights, title and interest of Borrower in and to any insurance policies and in and to the proceeds therefrom resulting from damage to the Property prior to the sale or acquisition shall pass to Lender to the extent of the sums secured by this Mortgage immediately prior to such sale or acquisition.

**6. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments.** Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall 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 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 consistent 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.

**7. Protection of Lender's Security.** If Borrower fails to perform the covenants and agreements contained in this Mortgage, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, any proceeding brought by or on behalf of a prior mortgagee, eminent domain, insolvency, code enforcement, or arrangements involving a bankrupt or decedent, then Lender at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums and take such 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 paragraph 7, with interest thereon, shall become additional indebtedness of Borrower secured by this Mortgage. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof, and shall bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Agreement. Nothing contained in this paragraph 7 shall require Lender to incur any expense or take any action hereunder.

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

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