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FIRST MORTGAGE

THIS INDENTURE, made October 16, 1993, between ROBERT T. FERSCHL and TRUDY L. FERSCHL, his wife ("Mortgagor"), and FIRST STATE BANK & TRUST COMPANY OF PARK RIDGE, an Illinois banking corporation (herein referred to as "Mortgagee") witnesseth:

THAT WHEREAS beneficiary of Mortgagor has concurrently herewith executed a First Mortgage Note (herein referred to as the "Note") bearing even date herewith in the principal sum of SEVENTY EIGHT THOUSAND SEVEN HUNDRED AND NO/100 DOLLARS (\$78,700.00) made payable to Mortgagee and delivered, in and by which Note Mortgagor promises to pay on or before November 1, 2000 the said principal sum with interest as set forth in the Note.

All such payments on account of the indebtedness evidenced by said Note are to be first applied to interest on the unpaid principal balance and the remainder to principal; all of said principal and interest being made payable at the principal office of the Mortgagee in Park Ridge, Illinois.

NOW THEREFORE, the Mortgagor to secure the payment of said Note in accordance with its terms and the terms provisions and limitations of this Mortgage and all extensions, modifications, and renewals thereof, together with interest and charges as therein provided, and the performance of the covenants and agreements herein contained, by the Mortgagor to be performed, and also in consideration of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do by these presents Mortgage and Warrant to the Mortgagee, its successors and assigns, the following described Real Estate in the County of Cook and State of Illinois, to wit:

LOT 97 IN ZELOSKY'S PARK RIDGE CREST ADDITION TO PARK RIDGE, BEING A SUBDIVISION OF THE SOUTH EAST 1/4 OF THE NORTH WEST 1/4 OF SECTION 25, TOWNSHIP 41 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

DEPT-01 RECORDING \$33.50
T#1111 TRAN 2874 10/21/93 14:33:00
#9071 # *-93-846249
COOK COUNTY RECORDER

PERMANENT INDEX NUMBER: 09-25-105-019-0000

COMMON ADDRESS: 731 East Avenue, Park Ridge, Illinois 60068

which, with the property hereinafter described, is referred to herein as the "premises".

TOGETHER with all improvements, thereon situate and which may hereafter be erected or placed thereon, and all appurtenances, rights, royalties, mineral, oil and gas rights, and easements thereunto belonging and the rents, issues and profits thereof, which are hereby expressly conveyed and assigned to the Mortgagee as additional security and as an equal and primary fund with the property herein conveyed for the repayment of the moneys secured by this Mortgage, and any and all appurtenances, fixtures and equipment in or that may at any time be placed in any building now or hereafter standing on said premises.

It is mutually covenanted and agreed, by and between the parties hereto that, in addition to all other things which at law or by convention are regarded as fixtures, and specifically but not by way of limitation all shades and awnings, screens and carpets, shrubbery, gas and electric fixtures, radiators, heaters, engines and machinery, boilers, ranges, elevators and motors, bathtubs, sinks, water-closets, basins, pipes, faucets and other plumbing and heating fixtures, mirrors, mantels, refrigerating plants, iceboxes, electric refrigerators, air conditioning apparatus, cooking apparatus and appurtenances, and such other goods and chattels as may ever be furnished by a landlord in letting and operating an unfurnished building, similar to any building now or hereafter standing on said premises, whether or not the same are or shall be attached to said building by nails, screws, bolts, pipe connections, masonry, or

COREY MILLER
INVESTORS TITLE GUARANTEE INC.

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4. Mortgagor shall keep all buildings and improvements now or hereafter situated on said premises insured against loss or damage by fire, lightning and such other and hazards that are insurable under the present and future forms of all-risk insurance policies providing for payment by the insurer or repaying the same or to pay in full the indebtedness secured hereby, all in compliance with the mortgage, under insurance policies payable, in case of loss or damage, to Mortgagor, such rights to be evidenced by the standard mortgage clause to be attached to each policy, and shall deliver all policies, including additional and renewal policies, to Mortgagor, and in case of insurance about to expire, shall deliver renewal policies not less than ten days prior to the expiration of expiration. All policies of insurance shall contain a provision requiring that the coverage evidenced thereby shall not be terminated or materially modified without thirty (30) days' prior written notice to the Mortgagor. If the insurance policies referenced herein contain a co-insurance

3. Mortgagor shall immediately pay, when first due and owing, all general taxes, special taxes, special assessments, water charges, sewer service charges, and other charges which may be levied against the premises, and to furnish to Mortgagor duplicate receipts thereof within thirty (30) days after payment thereof.

2. Mortgagor shall (1) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the premises which may become damaged or destroyed; (2) keep said premises in good condition and repair, without waste, and free from mechanical or other liens or claims for lien not expressly subordinated to the lien hereof; (3) pay when due any indebtedness which may be secured by a lien or charge on the premises superior to the lien hereof, and upon request exhibit satisfactory evidence of the discharge of such prior lien to Mortgagor; (4) complete within a reasonable time any building or building now or at any time in process of erection upon said premises; (5) comply with all requirements of law or municipal ordinance with respect to the premises and the use thereof; (6) make no material alterations in the premises except as required by law or municipal ordinance.

1. Mortgagor shall promptly pay when due without set-off, recoupment, or deduction, the principal and interest on the indebtedness evidenced by the Note and any late charges as provided in the Note.

In addition, the Mortgagor covenants with the Mortgagor as follows:

TO HAVE AND TO HOLD the above described premises with the appurtenances and fixtures thereto appertaining or belonging unto the Mortgagor, its successors and assigns, forever, for the purposes herein set forth, and for the security of the said obligations hereinafore described, and interest thereon and free from all rights and benefits under and by virtue of the Homestead Exemption Law of the State of Illinois, which said rights and benefits the said Mortgagor does hereby expressly release and waive.

In any other manner whatsoever, which are now or hereafter to be used upon said described premises shall be conclusively deemed to be "fixtures" and an accession to the realty, whether attached or annexed or not, and all the estate, right, title or interest of the said Mortgagor in and to said premises, property, improvements, furniture, apparatus, furnishings and fixtures, are hereby expressly conveyed, assigned and pledged; and as to any of the property aforesaid, which does not so form a part and parcel of the real estate or does not constitute a "fixture" as such term is defined in the Uniform Commercial Code. This Mortgage is hereby deemed to be as well a Security Agreement under the Uniform Commercial Code for the purpose of creating hereby a security interest in such property, which Mortgagor hereby grants to the Mortgagor as secured party (as such term is defined in the Uniform Commercial Code).

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clause or provision, Mortgagor agrees to maintain insurance coverage which is at all times in compliance with said clause or provision.

Mortgagor shall furnish Mortgagee with evidence satisfactory to Mortgagee that flood insurance is in effect if Mortgagor has failed to demonstrate to Mortgagee that the premises are not located in an area designated by the Secretary of Housing and Urban Development as having special flood hazards.

5. In case of loss by fire or other casualty, the Mortgagee (or after entry of decree of foreclosure, purchaser at the sale, or the decree creditor, as the case may be) is hereby authorized either (i) to settle and adjust any claim under such insurance policies without consent of Mortgagor, or (ii) to allow Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss. In either case Mortgagee is authorized to collect and receipt for any such insurance money. In the event Mortgagee elects to apply said insurance proceeds in reduction of the indebtedness secured hereby, all expenses and fees of collection shall first be deducted and paid to Mortgagee, and it is further covenanted and agreed that should the net insurance proceeds be insufficient to pay the then existing indebtedness secured hereby, together with all accrued interest thereon, fees and charges, Mortgagee may, at its sole election, declare the entire unpaid balance of the debt secured hereby to be immediately due and payable, and the failure of the payment thereof shall be a default hereunder.

In the event Mortgagee elects to permit such insurance proceeds to be applied to pay for the cost of rebuilding or restoration of the building and improvements on the premises, such funds will be made available for disbursement by Mortgagee.

In the event such proceeds are applied toward restoration or rebuilding, the buildings and improvements shall be so restored or rebuilt as to be of at least equal value and substantially the same character as prior to such damage or destruction. Such proceeds shall be made available, from time to time, upon the Mortgagee being furnished with satisfactory evidence of the estimated cost of completion thereof and with such architect's certificates, waivers of lien, contractor's sworn statements and other evidence of cost and of payments, including insurance against mechanic's liens and/or a performance bond or bonds in form satisfactory to Mortgagee which shall be the sole or a dual obligee, and which bonds shall be written with such surety company or companies as may be satisfactory to Mortgagee. All plans and specifications for such rebuilding or restoration shall be presented to and approved by Mortgagee prior to the commencement of any such repair or rebuilding. At all times the undisbursed balance of said proceeds remaining in the hands of the Mortgagee shall be at least sufficient to pay for the cost of completion of the work free and clear of liens.

6. In addition to the monthly payments required under the Note, when requested by Mortgagee, Mortgagor shall pay to the Mortgagee monthly at the time when such monthly payment is payable, an amount equal to one-twelfth (1/12) of the annual premiums for such fire and extended coverage insurance and such annual real estate taxes, water and sewer rents, special assessments, and any other tax, assessment, claim, lien, or encumbrance which may at any time be or become a lien upon the Premises prior to the lien of this Mortgage, and on demand from time to time shall pay to the Mortgagee additional sums necessary to pay such premiums and other payments, all as estimated by the Mortgagee, the amounts so paid to be security for such premiums and other payments to be used in payment thereof. At the Mortgagee's option, the Mortgagee may make such payments available to the Mortgagor for the payments required under Sections 3 and 4, or may make such payments on the Mortgagor's behalf. All amounts so paid shall be deemed to be trust funds, but no interest shall be payable thereon. If, pursuant to any provisions of this Mortgage, the whole amount of said principal debt remaining becomes due and payable, the Mortgagee shall have the right at its election to

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costs (which may be estimated as to items to be expended after entry of the decree) of procuring all abstracts of title, title searches and examinations, guarantee policies, Torrens certificates, and similar data and assurances with respect to title as Mortgagee may deem to be reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the premises. All expenditures and expenses of the nature in this paragraph mentioned shall become so much additional indebtedness secured hereby and immediately due and payable, with interest thereon at the rate stated in the Note (unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law), when paid or incurred by Mortgagee in connection with (a) any proceeding, including probate and bankruptcy proceedings, to which either of them shall be a party, either as plaintiff, claimant or defendant, by reason of this Mortgage or any indebtedness hereby secured; (b) preparations for the commencement of any suit for the foreclosure hereof after accrual of such right to foreclose whether or not actually commenced; or (c) preparations for the defense of any threatened suit or proceeding which might affect the premises or the security hereof, whether or not actually commenced.

11. The proceeds of any foreclosure sale of the premises shall be distributed and applied in the following order of priority: first, on account of all costs and expenses incident to the foreclosure proceedings, including, but not limited to, all such items as are mentioned in the preceding paragraph hereof; second, all other items which under the terms hereof constitute secured indebtedness additional to that evidenced by the Note, with interest thereon as herein provided; third, all principal and interest, remaining unpaid on the Note; fourth, any overplus to Mortgagor, its successors or assigns, as their rights may appear.

12. Upon, or at any time after the filing of a bill to foreclose this Mortgage, the court in which such bill is filed may appoint a receiver of said premises. Such appointment may be made without notice, without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver and without regard to the then value of the premises or whether the same shall be then occupied as a homestead or not during the pendency of such foreclosure suit and the Mortgagee may be appointed as such receiver. The court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of: (1) the indebtedness secured hereby, or any decree foreclosing this Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale; (2) the deficiency in case of a sale and deficiency.

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

14. Mortgagee shall have the right to inspect the premises at all reasonable times and access thereto shall be permitted for that purpose.

15. As further security for payment of the indebtedness and performance of the obligations, covenants, and agreements secured hereby, the Mortgagor hereby assigns to the Mortgagee all leases already in existence and to be created in the future, together with all rents to become due and under existing or future leases. This assignment, however, shall be operative only in the event of the occurrence of a default hereunder, or under the Note or other instrument collateral hereto; and in any such case the Mortgagor hereby confers on the Mortgagee the exclusive power, to be used or not be used in its sole discretion, to act as agent, or to appoint a third person to act as agent for the Mortgagor, with power to take possession of, and collect all rents arising from, the Premises and apply such rents, at the option of the Mortgagee, to the payment of

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22. This Mortgage shall be governed by and interpreted according to the laws of the State of Illinois. In the event any provision of the Mortgage, or the Note, conflict with said law, such conflict shall not affect any other provision of the Mortgage or the Note which can be given effect without reference to the conflict. In this regard, the provisions of the Mortgage and the Note

21. To the fullest extent permitted by law, Mortgagee shall not and will not at any time apply for or in any manner attempt to claim or a lien in any way against any homestead, appraisement, valuation, or any so-called "mortgagee's lien" now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such law. To the fullest extent permitted by law, Mortgagee, for itself and all who may claim through it or under it, waives any and all rights to have the property and interests comprising the premises marshaled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the premises sold as an entirety.

20. In the event of the passage after the date of this Mortgage of any law changing in any way the law now in force for the taxation of mortgages, or debts secured thereby, or the manner of operation of such laws, so as to affect the interest of Bank, then and in such event Mortgagee shall pay the full amount of such taxes.

19. This Mortgage and all provisions hereof, shall extend to and be binding upon Mortgagee and all persons claiming under or through Mortgagee, and the word "Mortgagee" when used hereon shall include all such persons and all persons liable for the payment of the indebtedness or any part thereof, whether or not such persons shall have executed the Note or this Mortgage. The use of any gender applies to all genders. If more than one party is named as Mortgagee, the obligation hereunder of each such party, as joint and several. Mortgagee may assign all or any portion of its rights and interests under this Mortgage without the consent of the Mortgagee.

18. Mortgagee shall release this Mortgage and the lien thereon by proper instrument upon presentation of satisfactory evidence that all indebtedness secured by this Mortgage has been fully paid.

17. Mortgagee has no duty to examine the title, location, existence, or condition of the premises, nor shall Mortgagee be obligated to record this Mortgage or to exercise any power herein unless expressly obligated by the terms hereof, nor shall Mortgagee be liable for any acts or omissions hereunder, and it may require independent title insurance to be before exercising any power herein given.

16. In case the premises, or any part thereof, shall be taken by eminent domain or condemnation, the Mortgagee is hereby empowered to collect and receive all compensation which may be paid for any property taken or for damages to any property not taken and all compensation so received shall be forthwith applied to the Mortgagee as it may elect, to the immediate reduction of the indebtedness secured hereby, or to the repair and restoration of any property so damaged, provided that any excess over the amount of the indebtedness shall be delivered to the Mortgagee or their assigns.

15. In case the premises, or any part thereof, shall be taken by eminent domain or condemnation, the Mortgagee is hereby empowered to collect and receive all compensation which may be paid for any property taken or for damages to any property not taken and all compensation so received shall be forthwith applied to the Mortgagee as it may elect, to the immediate reduction of the indebtedness secured hereby, or to the repair and restoration of any property so damaged, provided that any excess over the amount of the indebtedness shall be delivered to the Mortgagee or their assigns.

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