

THIS MORTGAGE ("Security Instrument") is given on March 22, 1995. The mortgagor is John E. Shedd, Jr. and Veronica Shedd (collectively "Mortgagor"). This Security Instrument is given to Bank of Northern Illinois, N.A., which is organized and existing under the laws of the United States, and whose address is 1313 Delany Road, Gurnee, Illinois 60031 ("Bank"). John Shedd, Jr. and Veronica Shedd owe(s) Bank the principal sum of Thirty Seven Thousand Sixty Two and 98/100 Dollars (U.S. \$37,062.98) as evidenced by a certain Agreement and Stipulation entered in case no. 89 L 12540 filed in the Circuit Court of Cook County by John Shedd, Jr., Veronica Shedd, Thomas Pross, Jayco Insulation Products, Inc. and Bank of Northern Illinois, N.A. on July 31, 1991 and debt obligations referred to therein ("Note"). This Security Instrument is also given pursuant to the provisions of that certain Agreement for Application of Funds Held In Bank of Northern Illinois, N.A. Account Number 15002748 and for Collateral Substitution dated as of December 2, 1994. This Security Instrument secures to Bank: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications thereof; (b) the payment of all other sums, with interest, advanced under paragraph 8 to protect the security of this Security Instrument; (c) the performance of Mortgagor's covenants and agreements under this Security Instrument and the Note; and (d) all expenses and charges, legal or otherwise, including reasonable attorneys' fees paid or incurred by the Bank in realizing upon or protecting the property pledged hereunder or the indebtedness secured hereunder whether or not formal legal action has been commenced. For this purpose, Mortgagor does hereby mortgage, grant and convey to Bank the real property located in Cook County, Illinois described on Exhibit A.

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property, and all building materials, appliances and goods of every nature whatsoever now or hereafter located in, on, or used, or intended to be used in connection with the Property, including, but not limited to those for the purposes of supplying or distributing heat, cooling, electricity, gas, water, air and light; fire prevention and extinguishing apparatus; security and access control apparatus; plumbing, bath tubs, water heaters, water closets, sinks, ranges, stoves, refrigerators, dishwashers, disposals, washers, dryers, awnings, storm windows, storm doors, screens, blinds, shades, curtains and curtain rods, attached mirrors, cabinets, panelling and attached floor coverings 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 Security Instrument. All of the foregoing and the real property described on exhibit A is referred to in this Security Instrument as the "Property."

MORTGAGOR COVENANTS that Mortgagor is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Mortgagor warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

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Mortgagor and Bank covenant and agree as follows:

- 1. PAYMENT OF PRINCIPAL AND INTEREST; PREPAYMENT AND LATE CHARGES.** Mortgagor shall promptly pay, or cause to be paid, when due the principal and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.
- 2. FUNDS FOR TAXES AND INSURANCE.** Mortgagor shall pay when due (a) all yearly taxes and assessments which may attain priority over this Security Instrument; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (d) yearly mortgage insurance premiums, if any, and deliver evidence of the payment of the same to Bank immediately upon such payment.
- 3. APPLICATION OF PAYMENTS.** All payments received by Bank shall be applied: first, to late charges due under the Note; second, to amounts payable under paragraph 2; third to all costs and expenses incurred by Bank in enforcing the terms of the Note and/or this Mortgage, including reasonable attorneys fees, whether or not suit has been filed; fourth, to interest due; and last, to principal due.
- 4. CHARGES; LIENS.** Mortgagor shall pay or cause to be paid all taxes, assessments, charges, liens, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Mortgagor shall pay these obligations directly to the person owed payment, shall promptly furnish to Bank all notices of amounts to be paid under this paragraph, and shall promptly furnish to Bank receipts evidencing the payments.

Mortgagor shall promptly discharge any lien which has priority over the Security Instrument unless Mortgagor: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Bank; (b) contests in good faith the lien by, or defends against the enforcement of the lien in, legal proceedings which in the Bank'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 Bank subordinating the lien to this Security Instrument. If Bank determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Bank may give Mortgagor a notice identifying the lien. Mortgagor shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

In addition, except as permitted by federal law, Mortgagor shall not allow any lien inferior to this Security Instrument to be perfected against the Property without Bank's prior written permission.

- 5. HAZARD OR PROPERTY INSURANCE.** Mortgagor 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 hazard for which Bank requires insurance. This insurance shall be maintained in the amounts and for the periods that Bank requires. The insurance carrier providing the insurance shall be chosen by Mortgagor subject to Bank's approval which shall not be unreasonably withheld. If Mortgagor fails to maintain coverage described above, Bank may at Bank's option, obtain coverage to protect Bank's rights in the Property in accordance with paragraph 8.

All insurance policies and renewals shall be acceptable to Bank and shall include a Standard Mortgage Clause and Lenders Loss Payable Clause. Bank shall have the right to hold the policies and renewals. If Bank requires, Mortgagor shall promptly give to Bank all receipts of paid premiums and renewal notices. In the event of loss, Mortgagor shall give prompt notice to the insurance carrier and Bank. Bank may make proof of loss if not made promptly by Mortgagor.

Unless Bank and Mortgagor 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 Bank's security is not lessened. If the restoration or repair is not economically feasible or Bank's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Mortgagor. If Mortgagor abandons the Property, or does not answer within 30 days of notice from Bank that the insurance carrier has offered to settle a claim, then Bank may collect the insurance proceeds. Bank 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.

Unless Bank and Mortgagor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 18 the Property is acquired by Bank, Mortgagor's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Bank to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

- 6. PRESERVATION AND MAINTENANCE OF PROPERTY.** Mortgagor shall not destroy, damage or substantially change the Property, allow the Property to deteriorate or commit waste.
- 7. CHANGE IN USE.** Mortgagor shall not seek, agree to or make a change in the use of the Property or its zoning classification, unless Bank has agreed in writing to the change. Mortgagor shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property.
- 8. PROTECTION OF BANK'S RIGHTS IN THE PROPERTY.** If Mortgagor fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Bank's rights in the Property (such as a proceeding in

COREY MILLER
INVESTORS TITLE GUARANTEE, INC.

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bankruptcy, probate, for condemnation or to enforce laws or regulations), then Bank may do and pay for whatever is necessary to protect the value of the Property and Bank's rights in the Property. Bank'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 Bank may take action under this paragraph 8, Bank does not have to do so.

Any amounts disbursed by Bank under this paragraph 8 shall become additional debt of Mortgagor secured by this Security Instrument. Unless Mortgagor and Bank agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Bank to Mortgagor requesting payment.

9. **INSPECTION.** Bank or its agent may make reasonable entries upon and inspections of the Property. Bank shall give Mortgagor notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

10. **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 Bank.

In the event of a total or partial 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 Mortgagor.

If the Property is abandoned by Mortgagor, or if, after notice by Bank to Mortgagor that the condemnor offers to make an award or settle a claim for damages, Mortgagor fails to respond to Bank within 30 days after the date the notice is given, Bank 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.

Unless Bank and Mortgagor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to herein or change the amount of such payments.

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

12. **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 Bank and Mortgagor. Mortgagor's covenants and agreements shall be joint and several. Any Mortgagor who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Mortgagor's interest in the Property under the terms of this Security Instrument; and (b) agrees that Bank and any other Mortgagor may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Mortgagor's consent.

13. **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 limits, 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 Mortgagor which exceeded permitted limits will be refunded to Mortgagor. Bank may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Mortgagor. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. **NOTICES.** Any notice to Mortgagor provided for in this Security Instrument shall be given in writing 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 Mortgagor designates by notice to Bank in writing. Any notice to Bank shall be given by first class mail to Bank's address stated herein or any other address Bank designates by notice to Mortgagor. Any notice provided for in this Security Instrument shall be deemed to have been given to Mortgagor when given by personal delivery or two (2) days after mailing.

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

16. **TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN MORTGAGOR.** If all or any part of the premises or, in the event the premises is held in a land trust, the beneficial interest of the trust holding title thereto is sold, transferred, conveyed, assigned or alienated (which shall include the execution of any form of installment agreements for deed or beneficial interest), by Mortgagor or the beneficiaries without the Mortgagor's prior written consent, Mortgagor may, at Mortgagor's option, declare all the sums secured by this Mortgage to be immediately due and payable.

17. **HAZARDOUS SUBSTANCES.** Mortgagor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Mortgagor shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Mortgagor shall promptly give Bank written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Mortgagor has actual knowledge. If Mortgagor learns or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Mortgagor shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 17, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic pesticides or herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 17, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

18. **ACCELERATION; REMEDIES.** Bank shall give notice to Mortgagor prior to acceleration following Mortgagor's breach of any covenant or agreement in this Security Instrument or in the Note or the occurrence of a Default or Demand under the Note (but not prior to acceleration under paragraph 16 unless applicable law provides otherwise), or a default in any document given to secure said Note. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 14 days from the date the notice is given to Mortgagor by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property. If any default under this Security Instrument, the Note, or any document given to secure said Note is not cured on or before the date specified in the notice, Bank at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Bank shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 18, including, but not limited to, reasonable attorneys' fees and costs of title evidence, whether or not a formal legal action has been commenced.

19. **BANK IN POSSESSION; ASSIGNMENT OF RENTS AND LEASES.** Upon acceleration under paragraph 18 or abandonment of the Property and at any time prior to the expiration of any period of redemption following judicial sale, Bank (in person, by agent or by judicially appointed

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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. Any rents collected by Bank 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 attorneys' fees, and then to the sums secured by this Security Instrument.

Upon Bank's request, Mortgagor shall assign to Bank all leases of the Property and all security deposits made in connection with leases of the Property. Upon the assignment, Bank shall have the right to modify, extend or terminate the existing leases and to execute new leases, in Bank's sole discretion. As used in this paragraph 19, the word "Lease" shall mean "sublease" if this Security Instrument is on a leasehold.

Mortgagor absolutely and unconditionally assigns and transfers to Bank all the rents and revenues ("Rents") of the Property, regardless of to whom the Rents of the Property are payable. Mortgagor authorizes Bank or Bank's agents to collect the Rents, and agrees that each tenant of the Property shall pay the Rents to Bank or Bank's agents. However, Mortgagor shall receive the Rents until (i) Bank has given Mortgagor notice of default pursuant to paragraph 18 of this Security Instrument and (ii) Bank has given notice to the tenant(s) that the Rents are to be paid to Bank or Bank's agent. This assignment of Rents constitutes an absolute assignment and not an assignment for additional security only.

If Bank gives notice of breach to Mortgagor: (i) all Rents received by Mortgagor shall be held by Mortgagor as trustee for the benefit of Bank only, to be applied to the sums secured by this Security Instrument; (ii) Bank shall be entitled to collect and receive all of the Rents of the Property; (iii) Mortgagor agrees that each tenant of the Property shall pay all Rents due and unpaid to Bank or Bank's agents upon Bank's written demand to the tenant; (iv) unless applicable law provides otherwise, all Rents collected by Bank or Bank's agents shall be applied first to the costs of taking control of and managing the Property and collecting the Rents, including, but not limited to, attorneys' fees, receiver's fees, premiums on receiver's bonds, repair and maintenance costs, insurance premiums, taxes, assessments and other charges on the Property, and then to the sums secured by this Security Instrument; (v) Bank, Bank's agents or any judicially appointed receiver shall be liable to account for only those Rents actually received; and (vi) Bank shall be entitled to have a receiver appointed to take possession of and manage the Property and collect the Rents and profits derived from the Property without any showing as to the inadequacy of the Property as security.

If the Rents of the Property are not sufficient to cover the costs of taking control of and managing the Property and of collecting the Rents, any funds expended by Bank for such purposes shall become indebtedness of Mortgagor to Bank secured by this Security Instrument pursuant to paragraph 8.

Bank, or Bank's agents or a judicially appointed receiver, shall not be required to enter upon, take control of or maintain the Property before or after giving notice of default to Mortgagor. However, Bank, or Bank's agents or a judicially appointed receiver, may do so at any time when a default occurs. Any application of Rents shall not cure or waive any default or invalidate any other right or remedy of Bank. This assignment of Rents of the Property shall terminate when all the sums secured by this Security Instrument are paid in full.

20. **RELEASE.** Upon payment of all sums secured by this Security Instrument, Bank shall release this Security Instrument without charge to Mortgagor. Mortgagor shall pay any recordation costs.

21. **WAIVER OF HOMESTEAD.** Mortgagor waives all right of homestead exemption in the Property.

22. **BUSINESS PURPOSE.** This Security Instrument is given to secure the business obligations of the borrower under the Note and is for a business purpose, and therefore is exempt from any disclosure requirements applicable to consumer transactions under state or federal law.

BY SIGNING BELOW, Mortgagor accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Mortgagor and recorded with it.

John E. Shedd, Jr.
John E. Shedd, Jr., individually

DEPT-01 RECORDING \$27.50
T#0009 TRAN 9368 09/27/95 13:32:00
#8555 # AH *--95--655678
COOK COUNTY RECORDER
DEPT-10 PENALTY \$24.00

STATE OF ILLINOIS)
) SS.
COUNTY OF DuPage)

I, Tammy Guzman, a Notary Public in and for said County, in the State aforesaid, do hereby certify that John E. Shedd, Jr., personally known to me to be the same person whose name is 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/her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 25 day of August, 1995

Tammy Guzman
NOTARY PUBLIC

COMMISSION EXPIRES:



Veronica Shedd
Veronica Shedd, individually

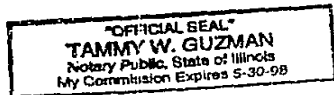
STATE OF ILLINOIS)
) SS.
COUNTY OF DuPage)

I, Tammy Guzman, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Veronica Shedd, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed, sealed and delivered the said instrument as his/her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 25 day of August, 1995

Tammy Guzman
NOTARY PUBLIC

COMMISSION EXPIRES:



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EXHIBIT A

LEGAL DESCRIPTION OF PREMISES

Lot 26 in Hunting Hills of Inverness of the property of Arthur T. McIntosh and Company, being a subdivision of parts of Sections 20 and 21, Township 42 North, Range 10 East of the Third Principal Meridian, according to the plat thereof recorded September 16, 1984 as Document 19246281 in Cook County, Illinois

PIN: 02-21-100-045

378 GRAYFRIARS LANE
INVERNESS, IL

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