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COOK COUNTY RECORDER

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MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on **JANUARY 24, 1995**. The mortgagor is **DAVID J. KELLY AND CAROL R. KELLY, HIS WIFE, AS JOINT TENANTS ("Borrower")**. This Security Instrument is given to **COLE TAYLOR BANK**, which is organized and existing under the laws of the State of Illinois, and whose address is 5001 West 10th St., Burbank, IL 60459 ("Lender"). Borrower owes Lender the principal sum of **SEVENTY FIVE THOUSAND DOLLARS AND NO/100TH DOLLARS (U.S. \$75,000.00)**. This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provided for monthly payments, with the full debt, if not paid earlier, due and payable on **JANUARY 1, 1996**. This Security Instrument secures to Lender (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extension and modifications of the Note, (b) any advances made by the Mortgagor to the Mortgagor, or the mortgagor in title, for any purpose, at any time before the release and cancellation of this Security Instrument, but at no time shall this Security Instrument secure advances on account of said original Note together with such additional advances, in a sum in excess of **SEVENTY FIVE THOUSAND DOLLARS AND NO/100THS DOLLARS (U.S. \$75,000.00)**, provided that nothing herein contained shall be considered as limiting the amount that may be secured hereby when advanced to protect the security of or in accordance with covenants contained in the Security Instrument; (c) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (d) the performance of the mortgagor's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following described property located in Cook County, Illinois:

THE SOUTH 1/2 OF THAT PART LYING SOUTH OF THE NORTH 1/4 PART OF THE EAST 1/2 OF THE NORTH 1/2 OF THE EAST 1/2 OF THE NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF FRACTIONAL SECTION 14, TOWNSHIP 36 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN : 28-14-109-051

which has the address of: **15920 N. HAWLIN
MARKHAM, ILLINOIS**

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EXHIBIT

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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. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

REPRESENTED WARRANTS: that Borrower 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. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS: Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note, and any prepayment and late charges due under the Note. Borrower shall promptly perform all of Borrower's obligations under this Security Instrument.

2. **Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by lender, 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") for: (a) yearly taxes and assessments which may attach prior to or on the Property, as a lien on the Property; (b) yearly bonded payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums, if any; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to lender, in accordance with the provisions of paragraph 9. In lieu of the payment of mortgage insurance premiums. These Funds are called "Escrow Funds." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for borrower's escrow account under the Federal Real Estate Settlement Procedures Act of 1974, amended from time to time, 12 U.S.C. Section 2604 at sup. ("RESPA"), unless another law that applies to the Funds sets a lower amount. If no, lender may, at any time, collect and hold Funds in an amount not to exceed the lender amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimation of expenditures of future Escrow Funds or otherwise in accordance with applicable law.

The Funds shall be held in an trust unless where deposits are insured by a federal agency, instrumentality, or entity including lender. If lender is such an institution or in any Federal Home Loan Bank, lender shall apply the Funds to pay the Escrow Funds. Lender may not charge Borrower for holding and applying the funds, annually analyzing the escrow account, or verifying the Escrow Funds, unless lender pays Borrower interest on the Funds and applicable law permits lender to make such a charge. However, lender may require Borrower to pay an annual charge for an independent real estate tax reporting system used by lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement to make an applicable law required instrument is made, lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and lender may agree to waive, however, the interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purposes for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by lender exceed the amount permitted to be held by applicable law, lender shall release to Borrower the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by lender at any time is not sufficient to pay the Escrow Funds when due, lender may notify Borrower in writing, and, in such case, Borrower shall pay to lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, lender shall promptly refund to Borrower any Funds held by lender. If, under paragraph 21, lender shall acquire or sell the Property, lender, prior to the acquisition or sale of the Property, shall apply any Funds held by lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

3. **Application of Payments.** Unless applicable law provides otherwise, all payments received by lender under paragraphs 1 and 2 shall be applied: First, to any prepayment charges due under the Note, second, to amounts payable under paragraph 2; third, to interest; fourth, to principal due; and last, to any late charges due under the Note.

4. **Charges on Property.** Borrower shall pay all taxes, assessments, charges, fines and important liens attributable to the Property which may attach prior to this Security Instrument, and bonded payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to lender all notices of amounts to be paid under this paragraph. If Borrower makes those payments directly, Borrower shall promptly furnish to lender receipts evidencing the payments.

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

5. Hazard or Property Insurance. Borrower shall keep the improvements now existing or hereafter created on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, to which lender requires insurance. This insurance shall be maintained in the amount and for the periods that lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, lender may, at lender's option, obtain coverage to protect lender's rights in the Property in accordance with paragraph 7.

All insurance policies and renewals shall be acceptable to lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If lender requires, Borrower shall promptly give to lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and lender. Lender may make proof of loss if not made promptly by Borrower.

Unless lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to repair or replacement of the property damaged. If the restoration or repair is economically feasible and lender's security is not impaired. If the restoration or repair is not economically feasible or lender's security would be impaired, the insurance proceeds shall be applied to the amount secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from lender that the insurance carrier has offered to settle a claim, then lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay monies incurred by this Security Instrument, whether or not then due. This 30 day period will begin when the notice is given.

Unless lender and Borrower 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 21 the property is acquired by lender, Borrower's right to any insurance proceeds and proceeds resulting from damage to the Property prior to the acquisition shall pass to lender to the extent of the amount secured by this Security Instrument immediately prior to the acquisition.

6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Households. Borrower shall occupy, sublet, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of acquisition, unless lender otherwise agrees in writing, which consent shall not be unreasonably withheld. A serious external or circumstantial event, which are beyond Borrower's control, including but not limited to, damage or impairment of the Property, allow the Property to deteriorate, or a court order on the Property, Borrower shall be in default if any tortfeasor action or proceeding, whether civil or criminal, in respect to, in lender's good faith judgment could result in tortfeasors of the Property or otherwise materially impair the lien created by this Security Instrument or lender's security interest. Borrower may cure such a default and reinstatement, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to lender for failed to provide lender with any material information in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this security instrument is on a household, Borrower shall comply with all the provisions of the loan. If Borrower acquires fee title to the Property, the household and the loan title shall not merge unless and until agreed to in writing.

7. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then lender may do and pay for whatever is necessary to protect the value of the Property and lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorney's fees and entering on the property to make repairs. Although lender may take action under this paragraph 7, lender does not have to do so.

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Any amount disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the $12\frac{1}{2}\%$ rate and shall be payable, with interest, upon notice from Lender to Borrower respecting payment.

8. **Mortgage Insurance.** If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to add the coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loan reserve in lieu of mortgage insurance. Lender reserves payment may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loan reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

9. **Inspection.** Lender or its agent may make reasonable entry upon and inspect and/or take possession of the borrower's residence. Lender shall give Borrower notice at the time of a party to an inspection reasonably causes 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 any reason in lieu of condemnation, are hereby assigned and shall be paid to Lender.

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

If the property is abandoned by Borrower, or if, after notice by Lender to Borrower that the conditions obtain to make an award or other claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to satisfaction or repair of the property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, no application of proceeds to principal shall extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

11. **Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

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 Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who executes this Security Instrument but does not execute the Note: (a) in co-signing this Security Instrument only to mortgage, grant and convey the Borrower's interest in the property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

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

14. **Notice.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designated by notice to lender. Any notice to lender shall be given by first class mail to lender at address stated herein or any other address lender designated by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or lender when given as provided in this paragraph.

15. **Governing Law; Severability.** This Security Instrument shall be governed by Federal law and the law of the jurisdiction in which the Property is located. 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 end the provisions of this Security Instrument and the Note are declared to be severable.

16. **Borrower's Copy.** Borrower shall be given one conformed copy of the Note and of this Security Instrument.

17. **Transfer of the 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 if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person without lender's prior written consent, lender may, at its option, require immediate payment in full of all sums owed by this Security Instrument. However, this option shall not be exercised by lender if, exercising it, prohibited by Federal law as of the date of this Security Instrument, lender also shall not exercise this option if: (a) borrower causes to be submitted to lender information required by lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) lender reasonably determines that lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to lender.

If lender exercises this option, lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which borrower must pay all sums owed by this Security Instrument. If Borrower fails to pay those sums prior to the expiration of this period, lender may invoke any remediation permitted by this Security Instrument without further notice or demand on Borrower.

To the extent permitted by applicable law, lender may charge a reasonable fee as a condition to lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to lender that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless lender releases Borrower in writing.

18. **Borrower's Right to Reinstate.** If borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument placed instead at any time prior to the expiration of: (a) 60 days (or such other period as applicable law may specify for reinstatement) but no later than the date of the property parcel to any court of state contained in this Security Instrument; or (b) entry of a judgment ordering this Security Instrument. Those conditions are that Borrower: (a) pay lender all sums which they would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cure any default of any other covenants or agreements; (c) pay all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorney's fees; and (d) taken such action as lender may reasonably require to assure that the lien of this Security Instrument, lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations incurred hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

19. **Sale of Note; Change of Loan Servicer.** The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new loan servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

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20. **Hazardous Substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower 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 in 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.

Borrower shall promptly give lender 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 Borrower has actual knowledge. If Borrower 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, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile organic materials containing acetone or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

Borrower hereby releases and waives any future claims against lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and the lender is indemnified and held harmless against any and all claims, losses, liabilities, damages, penalties, and expenses which lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, operation, manufacture, storage, disposal, release or threatened release occurring prior to Borrower's ownership or interest in the Property, whether or not the same was or should have been known to Borrower. The provisions of this section of the Mortgage, including the obligation to indemnify, shall survive the payment of the Note and the satisfaction and recovery of the lien of this Mortgage and shall not be affected by lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

NON-UNIFORM COVENANTS. Borrower and lender further covenant and agree as follows:

21. **Acceleration Remedies.** Lender may give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument, but not prior to acceleration under paragraph 17 unless applicable law provides otherwise. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 10 days from the date the notice is given to Borrower, 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. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, lender 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. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorney's fees and costs of title evidence.

22. **Release.** Upon payment of all sums secured by this Security Instrument, lender shall release this Security Instrument without charge to Borrower. Borrower shall pay any recording costs.

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

24. **Riders to this Security Instrument.** If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. (Check applicable box(es))

Adjustable Rate Rider Condominium Rider 1-4 Family Rider
 Graduated Payment Rider Planned Unit Development Rider Biweekly Payment Rider
 Balloon Rider Rate Improvement Rider Second Home Rider
 Other(s) [Specify]

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25. **Construction loan.** This Security Interest constitutes a "contract for mortgage" within the meaning of section 9-112 (1)(c) of the Illinois Uniform Commercial Code. If none or all of the proceeds of the loan are to be used to construct or complete construction of any improvement on the property, the improvements shall be completed no later than the maturity date of the loan for each such state as lender may reasonably determine, and borrower shall pay in full all costs and expenses in connection with the work. Lender, at its option, may disburse loan proceeds under such terms and conditions as lender may deem necessary to insure that the interest created by this Security Interest shall have priority over all possible liens, including those of material suppliers and workmen. Lender may require, among other things, that disbursement requests be supported by receipted bills, expense affidavits, waivers of lien, construction progress reports, and such other documentation as lender may reasonably request.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in pages 1 through 6 of this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

Witness:

DAVID J. KELLY

Witness:

CAROL H. KELLY

STATE OF ILLINOIS,

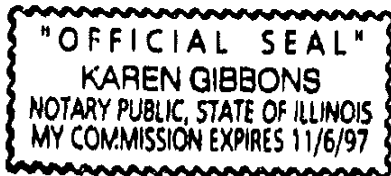
Cook

County of:

I, THE UNDERSIGNED, a Notary Public in and for said county and state, do hereby certify that DAVID J. KELLY AND CAROL H. KELLY, HIS WIFE, AS JOINT TENANTS, personally known to me to be the same person(s) whose name(s) subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that THEY signed and delivered the said instrument as THEIR free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal, this 24th day of JANUARY, 1995

My Commission expires:



Karen Gibbons

NOTARY PUBLIC

This instrument was prepared by
8/1/95
[Signature]

COLE TAYLOR BANK
5501 WEST 79TH STREET
HURBANE, IL 60959
ATTN: LULIA L. ESCAMILLA



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ADJUSTABLE RATE RIDER

THIS ADJUSTABLE RATE RIDER is made this 24TH day of JANUARY, 1995, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") and Assignment of Rent, of the same date signed by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to CHIEF TAYLOR BANK (the "Lender") of the same date and covering the property described in the Security Instrument and Assignment of Rent and located at 15520 S. HAMLIN, MARIETTA, ILLINOIS 60436.

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT.


ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:


A. INTEREST RATE AND MONTHLY PAYMENT CHANGES

Interest from JANUARY 24, 1995 shall be based at 1.90 above the Prime Rate as published by the Wall Street Journal on the 25th of the month preceding the change date. Said interest shall be adjusted every calendar quarter. The mortgage interest may increase or decrease based upon the change of the stated Prime Rate. Interest shall be payable monthly commencing on FEBRUARY 1, 1995 for a period of 12 months. Said monthly installments shall continue until the entire indebtedness evidenced by the note is paid in full except that any remaining indebtedness, if not paid sooner, shall be due and payable on or before the 1ST day of JANUARY, 1996.

It is understood, agreed and assumed that the interest on each disbursement shall be computed and shall be payable from the actual date on which such disbursement or respective advance of the proceeds of the loan, evidenced by the note secured by the Security Instrument and Assignment of Rent, was made by the bank from time to time during the progress of the construction of the building situated upon the premises herein described all in conformity with the rules and regulations of the bank applicable to, governing and controlling loans currently in force or which may be adopted hereafter in said respect. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider.


..... (SEAL)
DAVID J. KELLY


..... (SEAL)
CAROL H. KELLY

Construction/Individual
1/95

INITIALS

INITIALS

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