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This document prepared by
and return after recording to:
Mark W. Hianik
Wildman, Harrold, Allen
& Dixon
225 West Wacker Drive
Chicago, Illinois 60606

96885406

. DEPT-01 RECORDING \$37.50
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. COOK COUNTY RECORDER

Bank of Montreal
111 West Monroe Street, 23rd Floor
Chicago, Illinois 60690

MORTGAGE AGREEMENT

Permanent Index No. 05-21-131-013

THIS MORTGAGE AGREEMENT, dated the 18th day of November, 1996, is between Charles W. Reed and Pamela J. Reed, his wife, whose address is 535 Willow Road, Winnetka, Illinois 60093 ("Borrower") and the Bank of Montreal, having an office at 111 West Monroe Street, 23rd Floor, Chicago, Illinois 60690 ("Lender")

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Definitions

1. "I," "me," "mine" and "myself" shall mean each person listed above as Borrower. "You" and "yours" means the Bank of Montreal or any other owner of the Mortgage Loan Note.
2. "Mortgage Property" means the property described in Exhibit A attached hereto and by this reference incorporated herein, and known by the address 535 Willow Road, Winnetka, Illinois 60093 (the "Premises") and all other property, rights, interests or payments in which I am giving you a mortgage under the terms of this Mortgage Agreement.

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Loan

On the same date as this Mortgage Agreement, I have signed a mortgage loan note to you for Four Hundred Ninety Thousand and No/100 Dollars (\$490,000.00) plus interest, as evidence of the mortgage loan which you have made to me (the "Mortgage Loan

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ENCLOSURE FILE order # CW95410 1m/

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Note"). I agree to repay the loan in accordance with the terms of the Mortgage Loan Note, including any renewals, extensions or modifications thereof.

Adjustable Interest Rate

The term of the Mortgage Loan Note is divided into six periods of 60 months each (called "Adjustment Periods"). The interest rate for the Mortgage Loan Note may be adjusted at five-year intervals. From the date of this Note through November 29, 2001, the interest rate shall be seven and one-half percent (7.5%) per year. On November 30, 2001 and on every fifth anniversary after that date until the principal and interest have been paid in full, the interest rate adjustment, if any, for the following Adjustment Period shall take effect.

The adjusted interest rate applicable for each Adjustment Period after the first Adjustment Period shall be the FHA Rate for the first Adjustment Period, adjusted to reflect the movement, in reference to the date of the loan, of the contract interest rate on the purchase of the previously-occupied homes in the Office of Thrift Supervision's (the "OTS") most recent monthly national average mortgage rate index for all major lenders computed as of 120 days before the end of each Adjustment Period.

You will figure the applicable interest rate for each Adjustment Period as follows:

1. 120 days before the end of each Adjustment Period you will compare the OTS index then in effect with the OTS index in effect on the date the Mortgage Loan Note was signed.
2. If the later OTS index has increased you may adjust the interest rate for the following Adjustment Period by increasing the initial FHA Rate by the same percentage increase by which the OTS index has increased. In no event shall the interest exceed two and one-half percentage points (2.5%) above the interest rate in effect for the current Adjustment Period or five percentage points (5.0%) above the initial FHA Rate.
3. If the later OTS index has decreased you must adjust the interest rate for the following Adjustment Period by decreasing the initial FHA Rate by the same percentage decrease by which the OTS index has decreased. In no event shall the interest decrease exceed two and one-half

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percentage points (2.5%) below the interest rate in effect for the current Adjustment Period or five percentage points (5.0%) below the initial FHA Rate.

Security

I hereby convey, mortgage and warrant to you the Premises, including any property which is now or in the future may be attached to or used in the operation of any building on the Premises and all replacements of such property, but not including my furniture. This property is known as "fixtures" and includes, but is not limited to, furnaces, radiators, plumbing and heating pipes, bathroom fixtures, kitchen cabinets, stoves, shrubbery and trees. I also convey and assign any money, awards, or payments I am entitled to receive if all or part of the property or the right to use it is taken by a government agency or other lawful authority, including awards or payments for changes of the grades of streets or for any other changes resulting in a decrease in value of the Premises.

Waiver of Homestead

I hereby waive all right of homestead exemption with respect to the Premises.

Ownership of Premises

I guarantee to you that I am the sole owner of the Premises and that I have the legal right to give you a first mortgage on it. I also guarantee to you title to the Premises.

Payment of Real Estate Taxes

If requested by you, I will deposit with you a sum of money to establish an escrow account from which you will pay future real estate taxes on the Premises. At all times there must be enough money in the escrow account to pay the real estate taxes one month before they become due. I will make a new deposit to this account every month along with my monthly payment on the loan principal and interest as specified in the Mortgage Loan Note. My monthly deposits shall be 1/12th of the annual real estate taxes as estimated by you. I agree that your estimates may allow for possible future increases in the real estate taxes. Whenever you decide the amount in the escrow account will be too small to pay real estate taxes when they become due, I agree to make whatever lump sum payment you request and/or to increase my monthly deposit. If I am in default and you become owner of the Premises or sell it at a public sale, you may use the balance left in the escrow to pay the real estate taxes, or you may use this balance to reduce what I owe you. When I have paid what I owe you in full, you will refund to me whatever money is in the escrow account at that time.

I further agree to pay when due all taxes, assessments, sewer rents

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and water rates that are not being paid by you from my escrow account. I will promptly show you receipts for these payments. If I do not pay these taxes, rents, rates, charges or assessments when they are due, you may do so, and I will repay you immediately.

If you do not request me to deposit a sum of money with you for the purpose of establishing an escrow account, I agree to pay when due all taxes, including real estate taxes, assessments, sewer rents and water rates. I will promptly show you receipts for these payments if you request it. If I do not pay these taxes, rents, rates, charges or assessments when they are due, you may do so, and I will repay them immediately.

Late Charge

If I am more than 15 days late in making any payment due to you under the Mortgage Loan Note, I will pay a late charge to you of two cents for each dollar overdue, to cover your expenses for handling late payments.

Insurance

I agree to keep the buildings on the Premises insured at all times against risks by fire and any other risks you may require. All policies will be for at least the amounts and time periods that you specify. Each policy will contain the usual extended coverage endorsement. (A "Homeowner's Policy" will satisfy the extended-coverage requirements.) If the Premises are located in an area with a high risk of flooding, I will insure them against flood damage if insurance is available under the National Flood Insurance Act of 1968. All policies will name you as the First Mortgagee, which means you will receive payment made on any insurance claims. I agree to show you any of these policies whenever you ask to see them. I agree to pay all insurance premiums when due. If I do not, you may make the payment for me, and I will repay you immediately. If you receive payment of a claim, you may choose to let me use the money to repair the damage, or you may use the money to repair what I owe you. If I am in default under this Agreement, all insurance policies which I have purchased in connection with the Premises and the unearned premiums on such policies shall be assigned to you as further security for the amount I owe you. I will notify you of any damage to the buildings on the Premises by fire or other casualty.

Repair and Alterations

I will keep the buildings on the Premises in good repair and I will not make major changes in them, tear them down or move them without first getting your consent in writing. If any of the fixtures

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are destroyed or removed, I will replace them with other fixtures of the same quality and condition which are free of any mortgages.

Government Regulations

If any government authority issues regulations, order or notices of violations about the use or condition of the Premises, I will correct the violations and comply with the orders or regulations within a reasonable time.

Sale or Transfer of Premises

If I sell or transfer ownership of or further encumber the Premises, you have the right to demand that I repay what I owe you in full, with interest up to the date of the sale or transfer.

Default

If any of the following events occur, I will be in default:

1. If any payment required by this Mortgage Agreement or the Mortgage Loan Note is not made within 30 days after it is due.
2. If I violate any other term or condition of this Mortgage Agreement or the Mortgage Loan Note.
3. If the Premises are threatened with destruction or demolition.
4. If I sell or transfer the Premises without your written consent.
5. If the Premises are no longer used as my principal residence.
6. If I am in default under that certain Bridge Loan Note of even date made by me in favor of you in the original principal amount of Sixty-Eight Thousand and No/100 Dollars (\$68,000.00) (the "Bridge Loan Note") or that certain Second Mortgage Agreement of even date made by me in favor of you securing the same (the "Second Mortgage").

Consequences of Default

If I default:

1. You may demand immediate payment of all unpaid amounts under the Mortgage Loan Note, whether originally due at that time or not.
2. I will immediately vacate the Premises upon demand by you. You may seek to evict me if I do not immediately vacate.

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3. The listing of these consequences of default in no way stops you from using any other rights you may have by law.
4. You shall have all remedies available to you under the Bridge Loan Note and the Second Mortgage.

Sale of Mortgage Property After Default

If I default and I do not pay what I owe you when you demand payment, you will have the right to sell the Mortgage Property. This is called foreclosing the mortgage. You may use what you receive from the sale to repay what I owe you, after first paying the foreclosure expenses and your reasonable attorneys' fees. If what you receive is not enough to pay off the entire amount I owe you, I will still have to pay you the difference. If the sale brings in more money than is needed to pay your expenses and my debt to you, the surplus will be available to pay any other debts of mine which are secured by the Mortgage Property and which may be paid at that time. Any money left over will be paid to me. If you foreclose, you may have a receiver appointed to take care of the Mortgage Property for you until the sale. At the foreclosure sale, you may sell the Mortgage Property as one parcel.

Termination of Employment

If at any time and for any reason whatsoever, I am no longer employed by you as a Grade MI employee or above (hereinafter called an "Eligible Employee"), you have the right to demand payment of the entire amount I owe you, including interest to the date of payment; provided, however, that such demand may not be made within 90 days following termination of my status as an Eligible Employee of the Bank of Montreal. In addition, if I am demoted, you may require me to prepay that portion of the amount I owe you which is in excess of the amount which I am then entitled to borrow under the Bank of Montreal Employee Loan Program; provided, however, that such demand may not be made until two years following my demotion or until the Final Payment Date, whichever is earlier.

Suits

If you are sued in any legal action which concerns this Mortgage Agreement or if you have to defend your rights to the Mortgage Property, I agree to repay your expenses (including reasonable lawyers' fees) with interest at the maximum legal rate. This Mortgage Agreement is your security for these expenses, plus interest, as if they were part of my original debt to you.

Statement of Amount Due

Within 5 days of a request from you, I will state in writing the amount I believe to be the unpaid balance I owe you and whether or

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not I believe I have any offsetting claims or defenses against the payment of the amount due.

Inspection of Property

You may from time to time inspect the Mortgage Property at any reasonable time.

Right to Assign

You have the right to assign this Mortgage Agreement and your rights to the Mortgage Property to another lending institution or person without my consent.

Nature of Property

The Premises are improved only by a one or two family residence.

Nature of Mortgage Agreement

This Mortgage Agreement is a purchase money mortgage. I am signing this Mortgage Agreement in exchange for the loan which you have given me for the purpose of purchasing the Premises.

More Than One Signer

If more than one person signs this Mortgage Agreement, each signer will be fully responsible for complying with its terms.

Who Is Covered by Agreement

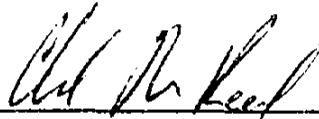
My legal representatives, my executors, administrators and heirs will all be responsible for carrying out by agreement the terms of this Mortgage Agreement.

Amending Agreement

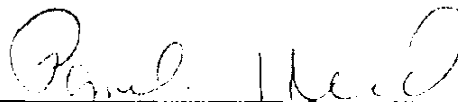
This Mortgage Agreement contains the full understanding between you and me and may only be changed in writing.

Governing Law;
Severability

This Mortgage Agreement shall be governed by and interpreted under the law of the State where the Mortgage Property is located. If any paragraph, clause or provision of this Mortgage Agreement or the Mortgage Loan Note is construed or interpreted by a court of competent jurisdiction to be void, invalid or unenforceable, such decision shall affect only those paragraphs, clauses or provisions so construed or interpreted and shall not affect the remaining paragraphs, clauses and provisions of this Mortgage Agreement or the Mortgage Loan Note.



Charles W. Reed



Pamela J. Reed

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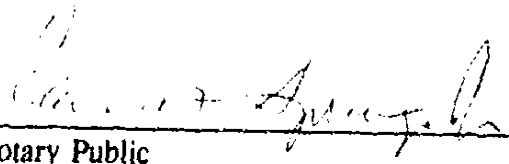
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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

On this 18th day of November, 1996, before me personally came Charles W. Reed and Pamela J. Reed, his wife, to me known to be the individuals described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free and voluntary acts for the purposes set forth therein.



Notary Public

OFFICE OF
CLERK OF COURT
COOK COUNTY
ILLINOIS

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EXHIBIT A

LEGAL DESCRIPTION

THAT PART LYING NORTH OF THE NORTH LINE OF WILLOW STREET AND SOUTH OF A LINE DRAWN PARALLEL TO AND 112 FEET NORTH OF THE NORTH LINE OF WILLOW STREET OF THE FOLLOWING DESCRIBED PROPERTY:

THE WEST 65 FEET MEASURED FROM THE EAST LINE OF POPLAR STREET OF THE SOUTH 1/2 OF BLOCK 67 IN WINNETKA, A SUBDIVISION OF THE NORTHEAST 1/4 OF SECTION 20 AND THE NORTH FRACTIONAL 1/2 OF SECTION 21, TOWNSHIP 42 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMONLY KNOWN AS: 535 Willow Road
Winnetka, Illinois 60093

PERMANENT INDEX NO.: 05-21-131-013

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