

MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on this 10th day of September, 1997. The mortgagor is: Capital Property Development, Inc. ("Borrower"). This Security Instrument is given to: John D. Zdzien, whose address is 1758 W. Cortland Avenue, Chicago, Illinois 60622 ("Lender").

Borrower owes Lender a certain principal sum as evidenced by Borrower's note dated August 13, 1997 ("Note").

This Security Instrument secures to Lender: (a) the repayment of a portion of the debt evidenced by the Note limited to the principal amount of Fifty Thousand Dollars (\$50,000.00), with interest and all renewals, extensions and modifications; (b) the payment of all other sums, with interest, advanced under paragraph 6 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, and solely to the extent of the amount of debt referenced above, Borrower does hereby mortgage, grant and convey to Lender the following described property located in Cook County, Illinois:

THE SOUTH 43.60 FEET OF THE NORTH 99.27 FEET OF THE FOLLOWING DESCRIBED PROPERTY TAKEN AS A TRACT: LOTS 12, 13, 14, 15 AND 16 IN BLOCK 16 IN OGDENS ADDITION TO CHICAGO IN THE NORTHEAST 1/4 IN SECTION 8, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS; ALSO LOTS 1 AND 2 IN SUBDIVISION BY ALICE FLEMING TRUSTEES OF LOTS 9, 10 AND 11 IN BLOCK 16 OF OGDENS ADDITION TO CHICAGO OF THE NORTHEAST 1/4 OF SECTION 8, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

which has the address commonly known as 463 - 465 North Green Street, Chicago, Illinois 60614 ("Property Address"); PIN# 17-08-253-023; 012 and 011.

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."

BORROWER COVENANTS 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 the encumbrances of record, and the first mortgage on the property held by Prairie Bank.

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.
2. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraph 1 shall be applied: first, to any prepayment charges due under the Note; second, to amounts payable as interest due; third to principal due; and last, to any late charges due under the Note.
3. **Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument. 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 the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operates to prevent the enforcement of the lien; or (c) secures 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 attain priority over this Security Instrument, other than the first mortgage held by Prairie Bank, 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.
4. **Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, for which Lender requires insurance.
5. **Preservation, Maintenance and Protection of the Property.** Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property, other than to rehabilitate and improve the Property, and otherwise increase the market value of the Property.
6. **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, 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 attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this Paragraph, Lender does not have to do so. Any amounts disbursed by Lender under this paragraph 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 note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

7. **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 Lender.

8. **Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by the 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.

9. **Successors and Assigns Bound.** 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 13. Borrower's covenants and agreements shall be joint and several. Any Borrower 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 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.

10. **Loan Charges.** If the performance or fulfillment of any provision hereof or any other agreement between the Lender and the undersigned shall result in Loan Charges exceeding the limit for such charges prescribed by law, then the amount of charges shall be reduced to the maximum rate that may lawfully be charged or collected by the Lender.

11. **Notices.** Unless applicable law requires a different method, any notice that must be given under this Mortgage will be given by personal delivery or by first class mail to Borrower at the Property Address above or at a different address if notice is given to Lender by Borrower. Any notice that must be given to the Lender under this Mortgage will be given by mailing it by first class mail to the Lender at the address stated herein, or at a different address if notice is given to Borrower of the address.

12. **Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law 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 the Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of the Security Instrument and the Note are declared to be severable.

13. **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 secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 60 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

14. **Hazardous Substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property, other than as necessary for the normal operation of the business on the Property and any maintenance required to the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law.

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

15. **Acceleration; Remedies.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in the Security Instrument. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 60 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. 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 the Security Instrument without further demand and may foreclose this Security Instrument by judicial proceedings. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 15, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

16. **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 recordation costs.

17. **Subordination.** The Lender hereby subordinates to the Loan made by Prairie Bank (as hereinafter defined) all its Security Interest in and to the Real Property (and all personal property and contract rights related thereto) and Lender documents, the Note and to all Security Interests held by Lender, whether the Lender's Security Interest or Interests exist now or are acquired. Without


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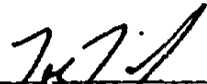
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limiting the foregoing, the Second Mortgage, Lender's Security Interest and Lender's Note are all hereby subordinated to the Loan Documents of Borrower in favor of Prairie Bank, including but not limited to, the Mortgage Security Agreement and other Loan Documents which evidence or secure the Loan.

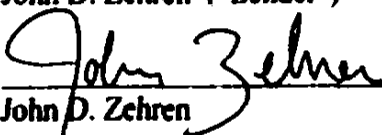
BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

BY: CAPITAL PROPERTY DEVELOPMENT, INC. ("Borrower")


By: Bassam Haj Yousef
Its: President

Attest: 
Joseph Ziwkovic
Its: Secretary

Dated: 9/10/97

By: John D. Zehren ("Lender")

John D. Zehren

Dated: 9/10/97

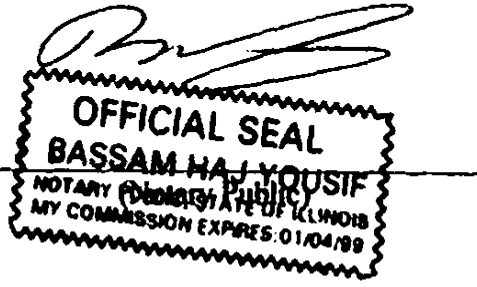
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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Bassam Hajjous, a Notary Public in and for said county and state do hereby certify that John B. Zehren 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 he signed and delivered the said instrument as free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal, this 10 day of September, 1997.

My Commission expires:



CAVEZA & COMPANY P.C.
415 N. LA SALLE ST # 603
CHICAGO, IL 60610

MAIL TO: