

LOAN MODIFICATION AGREEMENT

(Pursuant to the Terms of the Balloon Note)

76544965 DALL LD

Loan No. 001-1159464

This Loan Modification Agreement is dated the 12th day of November, 1997, between Barbara M. Walz, Barbara J. Walz n/k/a Barbara J. Martinez and Salvador Martinez hereinafter referred to as Borrower, and LIBERTY FEDERAL BANK, the Lender.

WHEREAS, Liberty Federal Bank has loaned to the Borrower the sum of Twenty Five Thousand and no/100---Dollars (\$25,000.00) as evidenced by a certain Balloon Note and Mortgage executed by Borrower on the 21st day of March 1997 which Mortgage was duly recorded in the public records of the State of Illinois, County of Cook, as Document No. 97205875 on the 25th day of March, 1997, copies of said Note and Mortgage being attached hereto as Exhibits A and B and hereby incorporated as a part of this agreement; and

WHEREAS, said Mortgage operates as and has been recorded as a first mortgage lien on the property which is legally described as set forth in the Mortgage on the attached Exhibit B; and

WHEREAS, said Mortgage continues to be a valid first mortgage lien and Borrower affirm that no other mortgage or lien of any kind has been recorded against the property described as set forth in the Mortgage on the attached Exhibit B; and

WHEREAS, the Borrower finds it necessary and does hereby request a modification of the Note and Mortgage for purposes of increasing the loan amount and extending the due date and modifying such other terms of the loan as Borrower and Lender may agree; and

WHEREAS, Lender is willing to modify the terms of the Note and Mortgage as is set forth hereinafter; and

WHEREAS, the parties are in agreement:

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, Borrowers and Lender hereby agree as follows:

1. As of the date of this document, the unpaid balance of the indebtedness due from Borrower to Lender including all principal and interest and other charges due thereunder is the sum of Twenty Four Thousand Four Hundred Ninety Three and 55/100 ---Dollars (\$24,493.55). Borrower requests and Lender agrees to increase the principal loan amount to Sixty Thousand and no/100 -----Dollars (\$60,000.00), (the "increased principal amount").

2. Borrower promises to pay to Lender the increased principal amount stated above together with interest at the rate of 8.25% per annum until paid and that the same shall be payable Four Hundred Seventy Three and 07/100--- Dollars (\$473.07) per month beginning on the 1st day of December 1997 and each month thereafter until the Balloon Maturity Date as defined hereinafter, along with sums sufficient to pay taxes and such other sums as may be required under the Note and Mortgage.

3. Borrower acknowledges that the terms of the original Note provided for the payment of all unpaid principal outstanding on a date certain with all accrued and unpaid interest or other charges thereon. BORROWER ACKNOWLEDGES AND AGREES THAT THIS MODIFICATION AGREEMENT PROVIDES FOR A BALLOON PAYMENT AND ON THE MATURITY DATE A SUBSTANTIAL PORTION OF THE PRINCIPAL

PAGE ONE OF TWO

MAIL TO: LIBERTY FEDERAL BANK  
5700 N. LINCOLN AVE  
CHICAGO, ILL 60659

BOX 383-CTI

12

AMOUNT OF THIS NOTE WILL REMAIN UNPAID AFTER APPLICATION OF THE MONTHLY PAYMENTS ABOVE REQUIRED. NOTHING SET FORTH HEREIN SHALL BE CONSTRUED TO EXTEND THE TERM OF THE LOAN AS EXPRESSLY PROVIDED HEREIN

4. The increased principal amount outstanding pursuant to the Mortgage, Note and this Instant Modification Agreement, together with all accrued and unpaid interest and other charges shall be due and payable without notice or grace on the 1st day of November, 2002. (the "Balloon Maturity Date").

5. Borrower having reviewed the foregoing items of the Instant Loan Modification Loan Agreement acknowledges their correctness and agrees to be bound by the terms as stated above. In addition, Borrower agrees that as except expressly modified herein all of the other terms of the Note, Mortgage, and other documents signed by Borrower shall remain in full force and effect and are hereby reaffirmed by the Borrower.

IN WITNESS WHEREOF the parties have set their hand and seal this 12th day of November 1997.

LIBERTY FEDERAL BANK

BORROWERS:

BY: [Signature]  
Assistant Vice President

By: [Signature]  
Barbara J. Walz n/k/a Barbara J. Martinez

Secretary

By: [Signature]  
Barbara M. Walz

By: [Signature]  
Salvador Martinez

CONSENT AND ACKNOWLEDGEMENT OF GUARANTOR

The undersigned (the "Guarantors") as the Guarantors of the Note referred to above, hereby consent to and approve the foregoing Loan Modification Agreement of Mortgage Note and hereby reaffirm all of Guarantor's obligations with respect to the Note and their guaranty of payment of the Note which shall remain in full force and effect.

Dated: Effective as of November 12, 1997

[Signature]  
Barbara J. Walz n/k/a Barbara J. Martinez

[Signature]  
Barbara M. Walz

[Signature]  
Salvador Martinez

EXHIBIT A

NOTE  
L#001-1159464

U.S. \$25,000.00

Chicago, Illinois  
MARCH 21, 1997

FOR VALUE RECEIVED, the undersigned ("Borrower") promises to pay LIBERTY FEDERAL BANK, or order, the principal sum of TWENTY FIVE THOUSAND AND NO 100 ----- Dollars (U.S. \$25,000.00) with interest on the unpaid principal balance from the date of this Note, until paid, at the rate of EIGHT AND ONE QUARTER (8.25%) percent per annum. Principal and interest shall be payable at 5700 North Lincoln Avenue, Chicago, Illinois 60659, or such other place as the Note holder may designate, in consecutive monthly installments of TWO HUNDRED FORTY TWO AND 54 100 ----- Dollars (U.S. \$242.54), on the First day of each month beginning MAY 1, 1997. Interest shall be paid in arrears and computed on a three hundred sixty (360) day year, on actual number of days in a month. Such monthly installments shall continue until the entire indebtedness evidenced by this Note is fully paid, except that any remaining indebtedness, if not sooner paid, shall be due and payable on \*See Below

If any monthly installment under this Note is not paid when due and remains unpaid after a date specified by a notice to Borrower, the entire principal amount outstanding and accrued interest thereon shall at once become due and payable at the option of the Note holder. The date specified shall be no less than thirty days from the date such notice is mailed. The Note holder may exercise this option to accelerate during any default by Borrower regardless of any prior forbearance. If suit is brought to collect this Note, the Note holder shall be entitled to collect all reasonable costs and expenses of suit, including, but not limited to, reasonable attorneys' fees.

Borrower shall pay to the Note holder a late charge of five percent (5%) of any monthly installment not received by the Note holder within Fifteen (15) days after the installment is due. If any installment under this Note remains past due for Thirty (30) calendar days or more, the outstanding principal balance of this Note shall bear interest during the period in which the undersigned is in default at a rate of Prime plus six percent (6%) per annum, or if such increased rate of interest may not be collected from the undersigned under applicable law, then at the maximum increased rate of interest, if any, which may be collected from the undersigned under applicable law. Prime is defined as the highest prime lending rate as published from time to time in the Money Section of the Wall Street Journal. In the event The Wall Street Journal shall cease to publish such Prime Rate, the interest rate of the most comparable rate selected by Holder shall be an acceptable substitute therefore.

Borrower may prepay the principal amount outstanding in whole or in part. The Note holder may require that any partial prepayments (i) be made on the date monthly installments are due and (ii) be in the amount of that part of one or more monthly installments which would be applicable to principal. Any partial prepayment shall be applied against the principal amount outstanding and shall not postpone the due date of any subsequent monthly installments or

PAGE ONE OF TWO

change the amount of such installments, unless the Note holder shall otherwise agree in writing.

Presentment, notice of dishonor, and protest are hereby waived by all makers, sureties, guarantors and endorsers hereof. This Note shall be the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their successors and assigns.

Any notice to Borrower provided for in this Note shall be given by mailing such notice by certified mail addressed to Borrower at the Property Address stated below, or to such other address as Borrower may designate by notice to the Note holder. Any notice to the Note holder shall be given by mailing such notice by certified mail, return receipt requested, to the Note holder at the address stated in the first paragraph of this Note, or at such other address as may have been designated by notice to Borrower.

The indebtedness evidenced by this Note is secured by a Mortgage, dated MARCH 21, 1997, and reference is made to the Mortgage for rights as to acceleration of the indebtedness evidenced by this Note.

\* THE PRINCIPAL BALANCE OUTSTANDING HEREON TOGETHER WITH ALL ACCRUED AND UNPAID INTEREST THEREON SHALL BE DUE AND PAYABLE WITHOUT NOTICE OR GRACE ON APRIL 1, 2002.

THIS IS A BALLOON NOTE AND ON THE MATURITY DATE A SUBSTANTIAL PORTION OF THE PRINCIPAL AMOUNT OF THIS NOTE WILL REMAIN UNPAID AFTER APPLICATION OF THE MONTHLY PAYMENTS ABOVE REQUIRED.

Initials: Bj M

2428 W. CARMEN AVE.

CHICAGO, ILLINOIS 60625-2606

Barbara J. Walz n/k/a Barbara J. Martinez  
BARBARA J. WALZ  
n/k/a BARBARA J. MARTINEZ  
Salvador Martinez  
SALVADOR MARTINEZ

EXHIBIT B

MORTGAGE

Loan #001-1159464

THIS MORTGAGE ("Security Instrument") is given on MARCH 21, 1997. The Mortgagor is Barbara M. Walz and Barbara J. Walz n k a Barbara J. Martinez ("Borrowers"). This Security Instrument is given to Liberty Federal Savings Bank, which is organized and existing under the laws of United States of America, and whose address is 5700 N. Lincoln Avenue, Chicago, Illinois 60659 ("Lender"). Borrower owes Lender the principal sum of Twenty Five Thousand and no 100 Dollars -----(U.S. \$25,000.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on APRIL 1, 2002. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 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, Borrower does hereby mortgage, grant and convey to Lender the following described property located in COOK county, Illinois:

LOT 43 IN RICHARD RUSKS SUBDIVISION OF LOT 3 IN BOWMAN'S FIRST SUBDIVISION AND LOTS 11 AND 12 IN TOWN OF BOWMANVILLE IN THE EAST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 12, TOWNSHIP 40 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

THIS IS NOT HOMESTEAD PROPERTY

PERMANENT TAX INDEX NUMBER: 13-12-403-036-000

which has the address of 2428 W. CARMEN AVE. CHICAGO, ILLINOIS 60625

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 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.

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

BY 

("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (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 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items". 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 as amended from time to time, 12 U.S.C. Sec. 2601 *et seq.* ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose 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 Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, 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 a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that 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 purpose 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 sums held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for 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 Items when due, Lender may so 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 due; fourth, to principal due; and last, to any late charges due under the Note.

**4. Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this security instrument, and leasehold 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 these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

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 the 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 operate 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, 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 erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be

maintained in the amounts 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 restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender'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 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 these 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 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 20 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

**6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds.** Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgement could result in forfeiture 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 reinstate 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 (or 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 leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger 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 action 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 7, Lender does not have to do so.

Any amounts 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 Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting 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 obtain 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 loss reserve in lieu of mortgage insurance. Loss reserve payments 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 loss 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 entries upon and inspection of the Property. Lender shall give Borrower 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 Lender.

In the event of the 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 multiplied 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 condemner offers to make an award or settle a 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 restoration 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, 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 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 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.

**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 collection 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 Borrower which exceeded permitted limits 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. **Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it 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 designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates 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 therein 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,

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 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 the Borrower.

18. **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 a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change on 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 shall be made. The notice will also contain any other information required by applicable law.

19. **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 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.

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 19, "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 solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 19, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

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

20. **Acceleration; Remedies.** Lender shall 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 30 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 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 20, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

21. **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.

22. **Waiver of Homestead.** Borrower waives all right of homestead exemption in the Property.

23. **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.

Adjustable Rate Rider       Condominium Rider       1-4 Family Rider  
 Graduated Payment Rider       Planned Unit Development Rider       Bi-weekly Payment Rider  
 Balloon Rider       Rate Improvement Rider       Second Home Rider  
 Other(s) (specify), Assignment of Rents, Waiver of Right of Redemption

24. **Uniform Commercial Code.** This Mortgage constitutes a Security Agreement under the Uniform Commercial Code of the state in which the Premises are located (herein called the "Code") with respect to any part of the Premises which may or might now or hereafter be or be deemed to be personal property, fixtures or property other than real estate including but not limited to all personal property and fixtures in connection with the Premises, any Equipment, Inventory, Intangibles, Fixtures, Documents and Instruments as defined in the Code including all proceeds and products thereof, all insurance and condemnation proceeds, all building materials, all construction and architectural contracts and all plans and specifications; all of the terms, provisions, conditions and agreements contained in this Mortgage pertain and apply to the Collateral as fully and to the same extent as to any other property comprising the Premises; and the following provisions of this Section 24 shall not limited the generality or applicability of any other provision of this Mortgage but shall be in addition thereto:

a) The Mortgagor (being the Debtor as that term is used in the Code) is and will be the true and lawful owner of the Collateral, subject to no liens, charges or encumbrances other than the lien hereof and Permitted Encumbrances.

b) The Collateral is to be used by the Mortgagor solely for business purposes, being installed upon the Premises for Mortgagor's own use, or as the equipment and furnishings furnished by Mortgagor, as landlord, to tenants of the Premises.

c) The Collateral will be kept at the real estate comprised in the Premises, and will not be removed therefrom without the consent of the Noteholder (being the Secured party as that term is used in the code) by Mortgagor or an other person; and the Collateral may be affixed to such real estate but will not be affixed to any other real estate.

d) The only persons having any interest in the Premises are the Mortgagor, its beneficiaries and the Noteholder.

e) There is no Financing Statement covering any of the Collateral or any proceeds thereof is on file in any public office except pursuant hereto; and Mortgagor will at its own cost and expense upon demand, furnish to the Noteholder such further information and will execute and deliver to the Noteholder such financing statement and other documents in form satisfactory to the Noteholder and will do all such acts and things as the Noteholder may at any time or from time to time reasonably request or as may be necessary or appropriate to establish and maintain a perfected security interest in the collateral as security for the Note, subject to no adverse liens or encumbrances; and the Mortgagor will pay the cost of filing the same or filing or recording such financing statements or other documents, and this instrument, in all public offices wherever filing or recording is deemed by the Noteholder to be necessary or desirable.

f) Upon the occurrence of any Event of Default hereunder (regardless of whether the Code has been enacted in the jurisdiction where rights or remedies are asserted) and at any time thereafter (such default not having previously been cured), the Noteholder at its option may declare the Note immediately due and payable, and

thereupon Noteholder shall have the remedies of the secured party under the Code

g. The remedies of the Noteholder hereunder are cumulative and the exercise of any one or more of the remedies provided for herein or under the Code shall not be construed as a waiver of any of the other remedies of the Noteholder, including having the Collateral deemed part of the realty upon any foreclosure thereof so long as any part of the Note remains unsatisfied

h. The terms and provisions contained in this Section 24 shall, unless the context otherwise requires, have the meanings and be construed as provided in the Code

25. Books and Records; Financial Statements. Mortgagor will keep and maintain books of records and account relating to the Land and operation thereof, including the leases relating to the Land, which books of record and account shall, at all reasonable times, be open to the inspection of Noteholder and its accountants and other duly authorized representatives of Noteholder. Mortgagor shall enter in such books of record and account full, true and correct entries in accordance with generally accepted accounting principles of all dealings and transactions relative to the Land therein

The Mortgagor shall deliver to the Mortgagee, at the place where interest is thereon payable, financial and operating statements of the Premises, monthly, quarterly and for each fiscal year, within ninety (90) days after the end of each fiscal year. Such financial and operating statements shall consist of a balance sheet, operating statement, and copies of bank reconciliations and statements, all in reasonable detail as may be reasonably requested by Mortgagee. Further, Mortgagor shall furnish Mortgagee with a proposed annual operating budget for each fiscal year of the Mortgagor within 90 days prior to the end of the prior fiscal year. The financial statements and all other financial and operating statements shall be prepared by a certified public accountant and certified to Mortgagee by the Mortgagor, as to their truth and accuracy. If the statements furnished by the Mortgagor shall not be prepared in accordance with generally accepted income tax reporting procedures consistently applied, or if Mortgagor fails to furnish the same when due, Mortgagee may audit or cause to be audited the books of Mortgagor, by an independent certified accountant, at Mortgagor's expense, and the costs of such audit shall be added to the outstanding principal balance of the Note secured hereby and shall bear interest at the Default Rate set forth in the Note until paid, and payable upon demand. In the event of such an audit, Mortgagor shall cause the books and records of the Mortgagor to be made available to Mortgagee for such audit purposes.

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.

Witnesses:

*Barbara M. Walz*  
BARBARA M. WALZ

*Barbara J. Walz N/K/A Barbara J. Martinez*  
BARBARA J. WALZ N/K/A BARBARA J. MARTINEZ

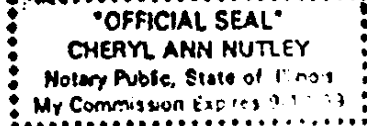
[Space Below This Line For Acknowledgement]

STATE OF ILLINOIS }  
                                  } SS.  
COUNTY OF COOK }

I, *Cheryl Ann Nutley*, a Notary Public in and for said county and state, do hereby certify that BARBARA M. WALZ AND BARBARA J. WALZ N K A BARBARA J. MARTINEZ personally appeared before me and are known or proved to me to be the persons who, being informed of the contents of the foregoing instrument, has executed same, and acknowledged said instrument to be their free and voluntary act and deed and that they executed said instrument for the purposes and uses therein set forth

Witness my hand and official seal this 7th day of MARCH, 1997.

My Commission Expires



*[Signature]*  
Notary Public (Seal)

RIDER

L#001-1159464

THIS MORTGAGE RIDER ("Rider") is made this 21ST day of MARCH, 1997, and is incorporated into and shall be deemed to amend and supplement a Mortgage in the amount of \$25,000.00 dated on even date herewith, executed by the undersigned ("Borrower") to LIBERTY FEDERAL BANK ("Lender") secured by a Mortgage dated on even date herewith.

In addition to the agreements and provisions made in said Mortgage, both Borrower(s) and Lender further agree as follows:

WHEREAS, the property hereby conveyed under this mortgage will not be used by the borrowers as their primary residence,

WHEREAS, the Borrower(s) own said property for the purpose of investment, and

WHEREAS, said property consists of a 2 unit apartment building with each unit containing 4 rooms, 2 bedrooms and 2 baths.

THEREFORE, the Borrower(s) do hereby waive any and all rights of redemption from sale under any order or decree foreclosing this mortgage.

The Borrower(s) further agree to keep and maintain books of records and accounts relating to the operation of the property, including all rents, leases and expenses, which said books of record and account shall at all reasonable times be open to inspection by the Lender. Within ninety (90) days after the end of each fiscal year, Borrower(s) will deliver to Lender a statement of income and expenses for the property, setting forth the figures for the previous fiscal year, all in reasonable detail and certified as complete and correct by Borrower(s).

Barbara M. Walz  
BARBARA M. WALZ

Barbara J. Walz  
N/A/ Barbara J. Martinez  
BARBARA J. WALZ n/a BARBARA J. MARTINEZ