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DEPT-01 RECORDING \$45.50
T#0014 TRAN 1043 02/13/97 15:22:00
#3793 = JW *97-104477
COOK COUNTY RECORDER

**PREPARED BY AND
WHEN RECORDED RETURN TO:**

Mary C. Muehlstein
Pedersen & Houpt
161 North Clark Street
Suite 3100
Chicago, Illinois 60601

AMENDED AND RESTATED MORTGAGE

THIS MORTGAGE (the "Mortgage") is made on FEB. 12, 1997, by and among Hans W. Morsbach and Katherine S. Morsbach (the "Mortgagors"), and ASSOCIATED BANK CHICAGO, a national banking association, whose address is 200 East Randolph Drive, Chicago, Illinois 60601 (the "Mortgagee"). This Mortgage amend and restates in its entirety that certain Mortgage dated as of July 1, 1995 and made by the Mortgagors in favor of the Mortgagee.

The Mortgagors MORTGAGE AND WARRANT to the Mortgagee real property and all the buildings, structures and improvements on it, described in the attached Exhibit A (the "Premises").

The Premises shall also include all of the Mortgagors' right, title and interest in and to the following:

1st AMERICAN TITLE order # CC1031007

- (1) All easements, rights-of-way, licenses, privileges and hereditaments.
- (2) Land lying in the bed of any road, or the like, opened, proposed or vacated, or any strip or gore, adjoining the Premises.
- (3) All machinery, apparatus, equipment, fittings, fixtures, and articles of personal property of every kind and nature whatsoever located now or in the future in or upon the Premises and used or useable in connection with any present or future operation of the Premises (all of which is called "Equipment"). It is agreed that all Equipment is part of the Premises and appropriated to the use of the real estate and, whether affixed or annexed or not, shall for the purposes of this Mortgage unless the Mortgagee shall otherwise elect, be deemed conclusively to be real estate and mortgaged and warranted to the Mortgagee.

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- (4) All mineral, oil, gas and water rights, royalties, water and water stock, if any.
- (5) All awards or payments including interest made as a result of: the exercise of the right of eminent domain, the alteration of the grade of any street, any loss of or damage to any building or other improvement on the Premises, any other injury to or decrease in the value of the Premises, any refund due on account of the payment of real estate taxes, assessments or other charges levied against or imposed upon the Premises, and the reasonable attorney fees, costs and disbursements incurred by the Mortgagee in connection with the collection of any such award or payment.
- (6) All of the rents, issues, income and profits of the Premises under present or future leases, or otherwise.

The Premises are unencumbered except for encumbrances in favor of Mortgagee, and encumbrances for real estate taxes not yet due and payable ("Permitted Encumbrances"). If the Premises are encumbered by Permitted Encumbrances, the Mortgagors shall perform all obligations and make all payments as required by the Permitted Encumbrances. The Mortgagors shall provide copies of all writings pertaining to Permitted Encumbrances, and the Mortgagee is authorized to request and receive that information from any other person without the consent or knowledge of the Mortgagors.

THE DEBT: This Mortgage secures the following (the "Debt"):

(a) the indebtedness evidenced by an Amended and Restated Secured Promissory Note (the "Promissory Note") executed by Mortgagors to the Mortgagee dated as of February 12, 1997, in the principal amount of Eight Hundred Thousand (\$800,000), a copy of which is attached hereto as Exhibit B and any extensions, modifications, renewals or refinancing thereof;

(b) all obligations of Mortgagors under the Amended and Restated Assignment of Leases and Rents dated February 12, 1997 from Mortgagors to Mortgagee (the "Assignment of Leases and Rents");

(c) the performance of the promises and agreements contained in this Mortgage, and sums expended by the Mortgagee in connection therewith (this Mortgage, the Promissory Note, the Assignment of Leases and Rents and all documents described therein, as amended or restated, are collectively referred to as the "Loan Documents");

(d) any and all other indebtedness, obligations and liabilities of Mortgagors and any other guarantors to the Mortgagee whether now existing or hereafter arising, due or to become due, direct, indirect or contingent, joint or several or joint and several, however created or evidenced, including any sums paid or incurred by the Mortgagee pursuant to paragraphs 3, 5, 6, 7, 11 or 13 hereof; and all costs and expenses, including attorneys' fees and court costs, incurred in connection with the enforcement of the Loan Documents.

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The Mortgagors promise and agree as follows:

1. PAYMENT OF DEBT; PERFORMANCE OF OBLIGATIONS. The Mortgagors shall promptly pay when due, whether by acceleration or otherwise, the Debt for which the Mortgagors are liable, and shall promptly perform all obligations to which the Mortgagors have agreed under the terms of this Mortgage and any Loan Documents evidencing the Debt.
2. TAXES. The Mortgagors shall pay, when due, and before any interest, collection fees or penalties shall accrue, all taxes, assessments, fines, impositions, and other charges which may become a lien prior to this Mortgage. Should the Mortgagors fail to make such payments, the Mortgagee may, at its option and at the expense of the Mortgagors, pay the amounts due for the account of the Mortgagors. Upon the request of the Mortgagee, the Mortgagors shall immediately furnish to the Mortgagee all notices of amounts due and receipts evidencing payment. The Mortgagors shall promptly notify the Mortgagee of any lien on all or any part of the Premises and shall promptly discharge any unpermitted lien or encumbrance.
3. CHANGE IN TAXES. In the event of the passage of any law or regulation, state, federal or municipal, subsequent to the date of this Mortgage in any manner changing or modifying the laws now in force governing the taxation of mortgages or debts secured by mortgages, or the manner of collecting such taxes, the Debt shall become due and payable immediately at the option of the Mortgagee.
4. INSURANCE. Until the debt is fully paid the Mortgagors shall keep the Premises and the present and future buildings and other improvements on the Premises, constantly insured for the benefit of the Mortgagee, without any reduction in coverage based on the Mortgagors' acts, (i) against fire and such other hazards and risks customarily covered by the standard form of extended coverage endorsement available in the State of Illinois, including risks of vandalism and malicious mischief, (ii) with so-called "liquor liability" insurance with a combined single limit of not less than \$2,000,000 against all claims that may be made with respect to the Premises as a result of any activity involving liquor, spirits or alcohol used for consumption, and (iii) with flood insurance if the Premises are situated in an area designated as a flood risk area by the Director of the Federal Emergency Management Agency or as otherwise required by the Flood Disaster Protection Act of 1973 and regulations issued under it, and such other appropriate insurance as the Mortgagee may require from time to time. All insurance policies and renewals must be acceptable to Mortgagee, must provide for payment to the Mortgagee in the event of loss, must require thirty (30) days notice to the Mortgagee in the event of nonrenewal or cancellation, and must be delivered to the Mortgagee. Should the Mortgagors fail to insure or fail to pay the premiums on any insurance or fail to deliver the policies or certificates or renewals to the Mortgagee then the Mortgagee at its option may have the insurance written or renewed and pay the premiums for the account

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of the Mortgagors. In the event of loss or damage, the Mortgagee may (a) declare the Debt to be immediately due and payable, and (b) avail itself of all remedies provided by law. In any case all proceeds of the insurance shall be paid to the Mortgagee alone. No loss or damage shall itself reduce the Debt. The Mortgagee is authorized to adjust and compromise a loss without the consent of the Mortgagors, to collect, receive and receipt for any proceeds in the name of the Mortgagee and the Mortgagors and to endorse any Mortgagors' name upon any check in payment of proceeds. The proceeds shall be applied first toward reimbursement of all costs and expenses of the Mortgagee in collecting the proceeds and then toward payment of the Debt or any portion of it, whether or not then due or payable, or the Mortgagee at its option may apply the proceeds, or any part to the repair or rebuilding of the Premises provided that Mortgagors are not then or at any time during the course of restoration of the Premises in default under this Mortgage and has complied with all requirements for application of the proceeds to restoration of the Premises as Mortgagee, in its sole discretion, may establish.

5. RESERVES FOR TAXES AND INSURANCE. The Mortgagors shall, if requested by the Mortgagee, pay to the Mortgagee, at the time of and in addition to the scheduled installments of principal or interest due under the Debt, a sum equal to (a) the amount estimated by the Mortgagee to be sufficient to enable it to pay, at least thirty (30) days before they become due and payable, all taxes, assessments and other similar charges levied against the Premises, plus (b) the amount of the annual premiums on any policies of insurance required to be carried by the Mortgagors divided by (c) the number of installments due each year. These sums may be commingled with the general funds of the Mortgagee, and no interest shall be payable on them nor shall these sums be deemed to be held in trust for the benefit of the Mortgagors. Upon notice at any time, the Mortgagors will, within ten (10) days, deposit such additional sum as may be required for the payment of increased taxes, assessments, charges or premiums.

Notwithstanding payment of any sums by the Mortgagors to the Mortgagee under the terms of this paragraph, the Mortgagee shall have no obligation to pay any taxes, assessments, premiums, or other similar charges relating to or levied against the Premises. The obligation of the Mortgagors to pay taxes, assessments, charges, and insurance premiums is not affected or modified by the arrangements set out in this paragraph. Payment by the Mortgagee on any one or more occasions of all or any portion of the taxes, assessments, premiums, or other similar charges relating to or levied against the Premises shall not be construed as obligating the Mortgagee to pay any taxes, assessments, premiums, or other similar charges on any other occasion. If the Mortgagee elects to pay any taxes, assessments, or other similar charges, it shall not be required to do so at any time prior to the date on which penalties, interest, and/or collection fees begin to accrue. If the Mortgagee elects to pay any premium on any policy of insurance required to be carried by the Mortgagors, it may do so at any time prior to cancellation of the policy.

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In the event of foreclosure of this Mortgage, any of the moneys then remaining on deposit with the Mortgagee or its agent shall be applied against the Debt prior to the commencement of foreclosure proceedings. The obligation of the Mortgagors to pay taxes, assessments, charges or insurance premiums is not affected or modified by the arrangements set out in this section. Any default by the Mortgagors in the performance of the provisions of this section shall constitute a default under this Mortgage. The Mortgagee shall not request the reserves provided for in this section as long as there is no default by the Mortgagors under this Mortgage and the Mortgagors retain title to the Premises.

6. WASTE. The Mortgagors shall keep the Premises in good repair, shall not commit or permit waste on the Premises nor do any other act causing the Premises to become less valuable. Non-payment of taxes and cancellation of insurance shall each constitute waste. The Mortgagors consent to the appointment of a receiver under this statute should the Mortgagee elect to seek such relief. Should the Mortgagors fail to effect any necessary repairs, the Mortgagee may at its option and at the expense of the Mortgagors make the repairs for the account of the Mortgagors. The Mortgagors shall use and maintain the Premises in conformance with all applicable laws, ordinances and regulations. The Mortgagee or its authorized agent shall have the right to enter upon and inspect the Premises at all reasonable times.

7. ALTERATIONS, REMOVAL. No building, structure, improvement, fixture or personal property constituting any part of the Premises shall be removed, demolished or substantially altered without the prior written consent of the Mortgagee.

8. PAYMENT OF OTHER OBLIGATIONS. The Mortgagors shall also pay all other obligations which may become liens or charges against the Premises for any present or future repairs or improvements made on the Premises, or for any other goods, services, or utilities furnished to the Premises and shall not permit any lien or charge of any kind securing the repayment of borrowed funds (including the deferred purchase price for any property) to accrue and remain outstanding against the Premises.

9. ASSIGNMENT OF LEASES AND RENTS. As additional security for the Debt, the Mortgagors assign to the Mortgagee all oral or written leases, and the rents, issues, income and profits under all leases or licenses of the Premises, present and future. This assignment shall be operative in the event of default and during any foreclosure or other proceeding taken to enforce this Mortgage, and during any redemption period. The Mortgagors will comply with all terms of all leases.

10. ASSIGNMENT OF INTEREST AS TENANT OR PURCHASER. If the Mortgagors' interest in the Premises is that of a tenant or a purchaser, the Mortgagors also assign, mortgage and warrant to the Mortgagee, as additional security for the Debt, all of the Mortgagors' right, title and interest in and to any leases, land contracts or other agreements by

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which the Mortgagors are leasing or purchasing any part or all of the Premises, including all modifications, renewals and extensions and all of the Mortgagors' right, title or interest in any purchase options contained in any lease or other agreement. The Mortgagors agree to pay each installment of rent, principal and interest required to be paid by it under the lease, land contract or other agreement when each installment becomes due and payable whether by acceleration or otherwise. The Mortgagors further agree to pay and perform all of their other obligations under the lease, land contract or other agreement.

If the Mortgagors default in the payment of any installment of rent, principal, interest or in the payment or performance of any other obligation under the lease, land contract or other agreement, the Mortgagee shall have the right, but not the obligation, to pay the installment or installments and to pay or perform the other obligations on behalf of and at the expense of the Mortgagors. On receipt by the Mortgagee from the landlord or seller under the lease, land contract or other agreement of any written notice of default by the Mortgagors, the Mortgagee may rely on the notice as cause to take any action it deems necessary or reasonable to cure a default even if the Mortgagors question or deny the existence or nature of the default.

11. SECURITY AGREEMENT. This Mortgage also constitutes a security agreement within the meaning of the Illinois Uniform Commercial Code ("UCC") and the Mortgagors grant to the Mortgagee a security interest in any Equipment and other personal property included within the definition of Premises. Accordingly, the Mortgagee shall have all of the rights and remedies available to a secured party under the UCC. Upon the occurrence of an event of default under this Mortgage, the Mortgagee shall have, in addition to the remedies provided by this Mortgage, the right to use any method of disposition of collateral authorized by the UCC with respect to any portion of the Premises subject to the UCC.

12. REIMBURSEMENT OF ADVANCES. If the Mortgagors fail to perform any of their obligations under this Mortgage, or if any action or proceeding is commenced which materially affects Mortgagee's interest in the Premises (including but not limited to a lien priority dispute, eminent domain, code enforcement, insolvency, bankruptcy or probate proceedings), then the Mortgagee at its sole option may make appearances, disburse sums and take any action it deems necessary to protect its interest (including but not limited to disbursement of reasonable attorney's fees and entry upon the Premises to make repairs). Any amounts disbursed shall become additional Debt, shall be immediately due and payable upon notice from the Mortgagee to the Mortgagors, and shall bear interest at the highest rate permitted under any instrument evidencing any of the Debt.

13. DUE ON TRANSFER. If all or any part of the Premises or any interest in the Premises is transferred without the Mortgagee's prior written consent, it may, at its sole option, declare the Debt to be immediately due and payable.

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14. NO ADDITIONAL LIEN. The Mortgagors covenant not to execute any mortgage, security agreement, assignment of leases and rentals or other agreement granting a lien against the interest of the Mortgagors in the Premises, without the prior written consent of the Mortgagee, and then only when the document granting that lien expressly provides that it shall be subject to the lien of this Mortgage for the full amount secured by this Mortgage, and shall also be subject and subordinate to any then existing or future leases affecting the Premises.

15. EMINENT DOMAIN. Notwithstanding any taking under the power of eminent domain, alteration of the grade of any road, alley, or the like, or other injury or damage to or decrease in value of the Premises by any public or quasi-public authority or corporation, and so long as the Mortgagee does not declare the Debt to be immediately due and payable, the Mortgagors shall continue to pay the Debt in accordance with the terms of the Loan Documents until any award or payment shall have been actually received by the Mortgagee. By executing this Mortgage, the Mortgagors assign the entire proceeds of any award or payment and any interest to the Mortgagee. The proceeds shall be applied first toward reimbursement of all costs and expenses of the Mortgagee, including reasonable attorney fees of the Mortgagee in collecting the proceeds and then toward payment of the Debt whether or not then due or payable, or the Mortgagee, at its option, may apply all or any part of the proceeds to the alteration, restoration or rebuilding of the Premises, subject to such conditions as the Mortgagee, in its sole discretion, may prescribe.

16. ENVIRONMENTAL PROVISIONS. The Mortgagors agree to indemnify, defend and hold the Mortgagee harmless from and against any and all loss, cost (including attorney fees), liability and damage whatsoever, including all foreseeable and unforeseeable consequential damages, directly or indirectly arising out of the presence, use, generation, storage or disposal of Hazardous Materials or similarly dangerous contaminants in, on, under or, in the proximate vicinity of the Mortgaged Premises and the cost of any required or necessary repair, cleanup or detoxification and the preparation of any closure or other required plans, incurred by the Mortgagee by reason of any violation of any applicable statute or regulation for the protection of the environment which occurs or has occurred upon the Mortgaged Premises, or by reason of the imposition of any governmental lien for the recovery of environmental cleanup costs expended by reason of such violation. It is expressly understood and agreed that to the extent that the Mortgagee is strictly liable under any such statute, the Mortgagors' obligation to the Mortgagee under this indemnity shall likewise be without regard to fault on the part of the Mortgagors with respect to the violation of law which results in liability to the Mortgagee. The provisions of this Section 16 shall survive the repayment of the indebtedness hereby secured, cancellation of the Note, release of the Mortgage and all other indication of termination of the relationship between the Mortgagors and the Mortgagee.

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For purposes of this mortgage, "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.) and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local governmental law, ordinance, rule or regulation.

17. EVENTS OF DEFAULT/ACCELERATION. Mortgagors shall be in default under this Mortgage upon the happening of any of the following events or the existence of any one of the following conditions:

- (a) failure of payment of any of the Debt secured hereby when due or failure to perform any promise made in this Mortgage;
- (b) any misrepresentation made by or on behalf of Mortgagors in this Mortgage or in any Loan Document furnished to the Mortgagee by Mortgagors in connection with the Premises;
- (c) breach of any warranty made by or on behalf of Mortgagors in this Mortgage;
- (d) any event which results in the acceleration of the maturity of any indebtedness of Mortgagors to any other party under any loan agreement or any undertaking by Mortgagors of any kind;
- (e) the creation of any encumbrance upon the Premises or any property of Mortgagors or making of any levy, judicial seizure or attachment thereof or thereon;
- (f) any loss, theft, damage or destruction of the property of the Mortgagors not adequately insured;
- (g) death, dissolution, termination of existence, or insolvency of Mortgagors;
- (h) appointment of a receiver for any part of the property of Mortgagors, or the making of any assignment for the benefit of creditors by Mortgagors or the initiation of any proceeding under the bankruptcy laws by or against Mortgagors;
- (i) the Mortgagee, with respect to the Debt or any security given in connection therewith, deems itself insecure for any reason whatsoever.

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Upon (a) the occurrence of any of the Events of Default set forth above, (b) demand, if permitted under the terms of any of the Debt, or (c) default under or violation of the terms of any of the Debt, the Mortgagors shall be in default under this Mortgage, and the Mortgagee shall thereafter be entitled to exercise its remedies under this Mortgage or as otherwise provided by law or agreement.

18. REMEDIES UPON DEFAULT. Upon default under this Mortgage by the Mortgagors, the Mortgagee is authorized to commence foreclosure proceedings against the Premises through judicial proceedings or by advertisement, at the option of the Mortgagee, and to sell the Premises at public auction pursuant to law, and out of the proceeds to retain all sums due the Mortgagee, including the costs of the sale and reasonable attorney's fees, rendering any surplus to the Mortgagors. The Premises may be sold in one parcel as an entirety or in such parcels, manner and order as Mortgagee may elect. By executing this Mortgage, the Mortgagors waive, in the event of foreclosure of this Mortgage or the enforcement by the Mortgagee of any other rights and remedies in this Mortgage, any right otherwise available in respect to marshalling of assets which secure the Debt or to require the Mortgagee to pursue its remedies against any other such assets. The Mortgagors waive all rights to a hearing prior to sale in connection with any foreclosure of this Mortgage by advertisement and all notice requirements except as set forth in any applicable state statute providing for foreclosure by advertisement. The Mortgagors waive any and all rights to redemption from sale under any order or decree of foreclosure of this mortgage on behalf of the Mortgagors, and all persons beneficially interested therein, and each and every person acquiring any interest in or title to the premises subsequent to the date of this mortgage. The foregoing waiver of right of redemption is made pursuant to the provisions of Section 15-1601(b) of "Public Act No. 84-1462" effective July 1, 1987, as amended (735 ILCS, 5/15-1601).

19. REPRESENTATIONS BY MORTGAGORS. The Mortgagors represent that (a) the execution and delivery of this Mortgage and the performance of the obligations it imposes do not violate any law, do not conflict with any agreement by which they are bound, and do not require the consent or approval of any governmental authority or any third party; (b) this Mortgage is a valid and binding agreement, enforceable according to its terms; and (c) all balance sheets, profit and loss statements, and other financial statements furnished to the Mortgagee are accurate and fairly reflect the financial condition of the organizations and persons to which they apply on their effective dates, including contingent liabilities of every type, which financial condition has not changed materially and adversely since those dates.

20. NOTICES. Notice from one party to another relating to this Mortgage shall be deemed effective if made in writing (including telecommunications) and delivered to the recipient's telex number or facsimile number or address set forth below by any of the following means: (a) hand delivery, (b) registered or certified mail, postage prepaid, with return receipt requested, (c) first class or express mail, postage prepaid, (d) Federal Express,

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Purolator Courier or like overnight courier service, or (e) facsimile, telex or other wire transmission with request for assurance of receipt in a manner typical with respect to communication of that type. Notice made in accordance with this paragraph shall be deemed delivered upon receipt if delivered by hand or wire transmission, 3 business days after mailing if mailed by first class, registered or certified mail, or one business day after mailing or deposit with an overnight courier service if delivered by express mail or overnight courier. Any notice which either party hereto may desire or be required to give to the other party shall be addressed to:

MORTGAGOR

Hans W. Morsbach
and Katherine S. Morsbach
5745 South Harper Avenue
Chicago, Illinois 60601

MORTGAGEE

Associated Bank Chicago
200 East Randolph Drive
Chicago, Illinois 60601
Attention: Ross Carlson

with a copy to:

Pedersen & Houpt
161 North Clark Street
Suite 3100
Chicago, Illinois 60601
Attention: Mary C. Muehlstein

or at such other place as either party hereto may by notice in writing designate as a place for service of notice. This notice provision shall be inapplicable to any judicial or non-judicial proceeding where Illinois law governs the manner and timing of notices in foreclosure or receivership proceedings.

21. WAIVER OF JURY TRIAL. THE MORTGAGEE AND THE MORTGAGORS, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS MORTGAGE OR ANY RELATED INSTRUMENT OR AGREEMENT, OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS MORTGAGE, OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTIONS OF EITHER OF THEM. NEITHER THE MORTGAGEE NOR THE MORTGAGORS SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS

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SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY EITHER THE MORTGAGEE OR THE MORTGAGORS EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY BOTH OF THEM.

22. MISCELLANEOUS. If any provision of this Mortgage is in conflict with any statute or rule of law or is otherwise unenforceable for any reason whatsoever, then the provision shall be deemed null and void to the extent of such conflict or unenforceability and shall be deemed severable from but shall not invalidate any other provisions of this Mortgage. No waiver by the Mortgagee of any right or remedy granted or failure to insist on strict performance by the Mortgagors shall affect or act as a waiver of any right or remedy of the Mortgagee, nor affect the subsequent exercise of the same right or remedy by the Mortgagee for any subsequent default by the Mortgagors, and all rights and remedies of the Mortgagee are cumulative. These promises and agreements shall bind and these rights shall be to the benefit of the parties and their respective heirs, successors and assigns.


This Mortgage shall be governed by Illinois law except to the extent it is preempted by federal law or regulation.

WITNESS:

MORTGAGORS:



Hans W. Morsbach



Katherine S. Morsbach

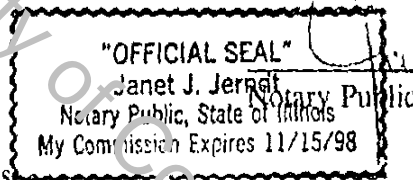
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ACKNOWLEDGMENTS

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, Janet Jerrdt, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Hans W. Morsbach, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed, sealed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 12th day of February, 1997.

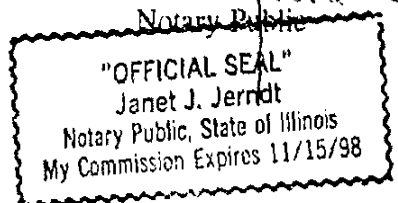


My Commission Expires:

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, Janet Jerrdt, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Katherine S. Morsbach, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that she signed, sealed and delivered the said instrument as her free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 12th day of February, 1997.



My Commission Expires:

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EXHIBIT "A"

Legal Description of Real Estate

LOT 21 AND LOT 22 IN REYNOLD'S SUBDIVISION OF THE EAST 5 ACRES OF LOT 14 IN THE CANAL TRUSTEE'S SUBDIVISION OF THE EAST 1/2 OF SECTION 29, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Street Address: 2610 to 2612 N. Halsted Street, Chicago, Illinois 60614

PIN: 14-29-407-087
14-29-407-088