

JUNIOR MORTGAGE

THIS INDENTURE is dated this 6th day of July, 1998, and is made between Walter H. Kihm, Jr., and Audrey S. Kihm, husband and wife, herein referred to as "Mortgagors," and Friedman & Levee, an Illinois Partnership, its assigns or successors in interest, herein referred to as "Mortgagee,"

WITNESSETH

THAT WHEREAS, the Mortgagors are justly indebted to the Mortgagee, upon the Guaranty of a Promissory Note of even date herewith, in the principal sum of One Million Three Hundred Thousand Dollars [\$1,300,000.00], payable and delivered to the Mortgagee, in and by which Guaranty of the Promissory Note the Mortgagors promise to pay the said principal sum and interest at the rate and in installments as provided in said Promissory Note and Guaranty, with a final payment of the balance due on the last day of November, 1999, and all of said principal and interest are made payable at such place as the holders of the Promissory Note and Guaranty may from time to time, in writing appoint, and in the absence of such appointment, then at the office of the Mortgagee at 520 Lake Cook Road, Suite 600, Deerfield, Illinois 60015.

NOW, THEREFORE, the Mortgagors to secure the payment of said principal sum of money and said interest in accordance with the terms, provisions, and limitations of the Promissory Note and Guaranty, and the performance of the covenants and agreements herein contained, by the Mortgagors to be performed, and also in consideration of the disbursement of money in the amount of the Promissory Note and sum of One Dollar in hand paid, the receipt whereof is hereby acknowledged, do by these presents CONVEY and WARRANT unto the Mortgagee, and the Mortgagee's successors and assigns, the following described Real Estate and all of their estate, right, title and interest therein, situate, lying and being in the City of Evanston, County of Cook and State of Illinois, to wit:

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Property of Cook County Clerk's Office

LEGAL DESCRIPTION

LOT 2 IN SHERIDAN - INGLESIDE SUBDIVISION, BEING A SUBDIVISION IN THE SOUTH PART OF QUILMETTE RESERVE IN TOWNSHIP 42 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED OCTOBER 3, 1996, AS DOCUMENT NUMBER 96-753742, IN COOK COUNTY, ILLINOIS.

Permanent Index Number for this property: 05-35-404-005,

COMMONLY KNOWN AS 587 INGLESIDE PLACE, EVANSTON, IL

which, with the property hereinafter described, is referred to herein as the "premises,"

TOGETHER with all improvements, tenements, easements, fixtures, and appurtenances thereto belonging, and all rents, issues and profits thereof for so long and during all such times as Mortgagors may be entitled thereto (which are pledged primarily and on a parity with said real estate and not secondarily) and all apparatus, equipment or articles hereinafter placed in the premises by the Mortgagors or their successors or assigns shall be considered as constituting part of the real estate.

TO HAVE AND TO HOLD the premises unto the Mortgagee, and the Mortgagee's successors and assigns, forever, for the purposes, and upon the uses herein set forth, free from all rights and benefits under and by virtue of the Homestead Exemption Laws of the State of Illinois, which said rights and benefits the Mortgagors do hereby expressly release and waive.

Mortgagor shall pay before any penalty attaches all general taxes, and shall pay special taxes, special assessments, water charges, sewer service charges and other charges against the premises when due, and shall upon written request furnish to Mortgagee duplicate receipts therefor.

Security Agreement. This Junior Mortgage shall be construed as a mortgage of a fee simple interest in real property and it shall also constitute a "Security Agreement" within the meaning of, and shall create a security interest under, the Uniform Commercial Code as adopted in the state in which the Mortgaged Property is located (the "UCC"), in the Fixtures and Personalty.

Security Interest. Mortgagor hereby grants to Mortgagee a security interest under the UCC in the Fixtures and Personalty and Mortgagee shall have all rights with respect thereto afforded to it by the UCC, in addition to, but not in limitation of, the other rights afforded to Mortgagee by the other Loan Documents.

Compliance with Laws. Mortgagor will promptly and faithfully comply with, conform to and obey all present and future laws, ordinances, rules, regulations and requirements of every duly constituted governmental authority or agency and of every Board of Fire Underwriters having jurisdiction, or similar body exercising similar functions, which may be applicable to Mortgagor or to the Mortgaged Property, or any part thereof.

Repair. Mortgagor will keep the Mortgaged Property in good order and condition and make all necessary or appropriate repairs, replacements and renewals thereof and will use its best efforts to prevent any act or thing which might impair the value or usefulness of the Mortgaged Property, and Mortgagor will obtain the written consent of Mortgagee.

Insurance. Mortgagor will maintain insurance upon the Mortgaged Property against loss by fire and such other hazards, casualties and contingencies as are normally and usually covered by extended coverage policies in effect in the locality where the Mortgaged Property is situated and such other risks as may be specified by Mortgagee, from time to time, in amounts and with insurers reasonably acceptable to Mortgagee, but not less than the lesser of (a) the amount of the Indebtedness, or (b) 110% of the replacement value of the Buildings, Fixtures and Personalty. Mortgagor shall cause each insurance policy issued in connection therewith to provide (and the insurer issuing such policy to certify to Mortgagee) that (i) loss payments will be payable to Mortgagee as its interest may appear.

Inspection. Mortgagor will permit Mortgagee, at all reasonable times, to inspect the Mortgaged Property for any reasonable purpose.

Hold Harmless. Mortgagor will employ legal counsel acceptable to the Mortgagee and Mortgagor will defend and hold Mortgagee harmless from any action, proceeding or claim affecting the Mortgaged Property, or the validity of the Note or the Loan Documents. Mortgagor shall appear in and defend (or pay the reasonable expenses of Mortgagee to defend, if Mortgagor elects to allow Mortgagee to handle such defense) any action or proceeding purporting to affect the security of this Mortgage and/or the rights and/or powers of Mortgagee hereunder, and Mortgagor shall pay all costs and expenses (including costs of evidence of title and attorneys' fees) in any action or proceeding in which Mortgagee may so appear and/or any suit brought by Mortgagee to foreclose this Mortgage, to enforce any obligations secured by this Mortgage, and/or to prevent the breach hereof. Mortgagor's obligations under hereunder shall survive payment of the Indebtedness.

False Representation. If any representation or warranty made by Mortgagor or others in, under or pursuant to the Note, this Mortgage, or the other Loan Documents, shall prove to have been

false or misleading in any material respect as of the date on which such representation or warranty was made then the Note will be deemed in default.

Due on Sale. If, without the prior written consent of Mortgagee, there is (i) sale, transfer, agreement for deed, conveyance, assignment, hypothecation or encumbrance, whether voluntary or involuntary, of all or part of the Mortgaged Property or any interest therein, or (ii) any sale, assignment, pledge, encumbrance or transfer to a third party of all or any portion of the stock or ownership interest in Mortgagor then the entire balance hereunder and all related costs shall be immediately due and owing to mortgagee.

Remedies. If an Event of Default shall occur Mortgagee may, at its option, exercise one or more or all of the following remedies:

Acceleration. Declare the unpaid portion of the indebtedness to be immediately due and payable, without further notice or demand (each of which hereby is expressly waived by Mortgagor), whereupon the same shall become immediately due and payable.

Entry on Mortgaged Property. Enter upon the Mortgaged Property and take possession thereof and of all books, records, and accounts relating thereto.

Operation of Mortgaged Property. Hold, lease, operate or otherwise use or permit use of the Mortgaged Property, or any portion thereof, in such manner, for such time and upon such terms as Mortgagee may deem to be in its best interest (making such repairs, alterations, additions and improvements thereto, from time to time, as Mortgagee shall deem necessary or desirable) and collect and retain all earnings, rents, profits or other amounts payable in connection therewith.

Enforcement of Mortgage. Mortgagee, with or without entry, personally or by its agents or attorneys, insofar as applicable may: (a) sell the Mortgaged Property and all estate, right, title and interest, claim and demand therein, and right of redemption thereof, to the extent permitted by and pursuant to the procedures provided by law, at one or more sales, and at such time and place upon such terms and after such notice thereof as may be required or permitted by law; (b) institute proceedings for the complete or partial foreclosure of this Mortgage; or (c) take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Note or in this Mortgage, (without being required to foreclose this Mortgage) or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other

appropriate legal or equitable remedy or otherwise as Mortgagee shall elect.

Foreclosure and Private Sale. Sell the Mortgaged Property, in whole or in part, (a) under the judgement or decree of a court of competent jurisdiction, or (b) at public auction (if permitted by the laws of the jurisdiction in which the Mortgaged Property is situated) in such manner, at such time or times and upon such terms as Mortgagee may determine, or as provided by law; and/sell the Personalty and/or the Fixtures, in whole or in part, at one or more public or private sales, in such manner, at such time or times and upon such terms as Mortgagee may determine, or as provided by law.

Additional Rights and Remedies. With or without notice, and without releasing Mortgagor from any Indebtedness or Obligations, and without becoming a mortgagee in possession, Mortgagee shall have the right to cure any breach or default of Mortgagor and, in connection therewith, to enter upon the Mortgaged Property and to do such acts and things as Mortgagee deem necessary or desirable to protect the security hereof and to exercise any other remedy specifically granted under the other Loan Documents or now or hereafter existing in equity, at law, by virtue of statute or otherwise, including the rights described below.

Further Assurances. Mortgagor, upon the reasonable request of Mortgagee, will execute, acknowledge and deliver such further instruments and do such further acts as may be necessary, desirable or proper to perfect liens and carry out more effectively the purpose of the other Loan Documents, to facilitate the assignment or transfer of the Note and the other Loan Documents, and to subject the liens of the other Loan Documents, any property intended by the terms thereof to be covered thereby, and any renewals, additions, substitutions, replacements or betterment thereto. Upon any failure by Mortgagor to execute and deliver such instruments, certificates and other documents on or before seven (7) days after receipt of written request thereof, Mortgagee may make, execute and record any and all such instruments, certificates and Mortgagor irrevocably appoints Mortgagee the agent and attorney-in-fact of Mortgagor to do so.

No Representations by Mortgagee. By accepting or approving anything required to be observed, performed or fulfilled or to be given to Mortgagee, pursuant to the other Loan Documents, including, but not limited to, any officer's certificate, survey, appraisal or insurance policy, Mortgagee shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance or approval thereof shall not constitute any warranty or representation with respect thereto by Mortgagee.

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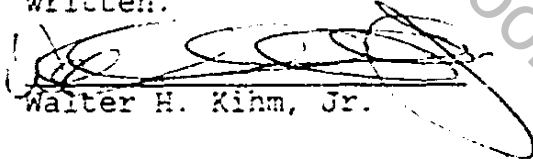
Headings. The article headings and the section and subsection captions are inserted for convenience or reference only and shall in no way alter or modify the text of such articles, sections and subsections.

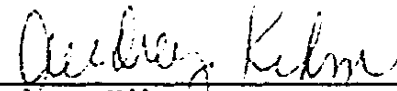
In the event the Mortgagee files suit to enforce any of the conditions and covenants contained herein or if Mortgagee requires immediate payment in full due to mortgagors' default by failing to make any monthly payment when due or fails to perform any other obligations contained herein resulting in the foreclosure of this Mortgage by judicial proceeding, then Mortgagee shall be entitled to recover from Mortgagor its reasonable attorneys and costs, including title fees, recording fees and litigation and court costs.

The name of record owners are Walter H. Kihm, Jr., and Audrey Kihm.

This Junior Mortgage consists of Six (6) pages.

WITNESS the hand and seal of Mortgagors the day and year below written.

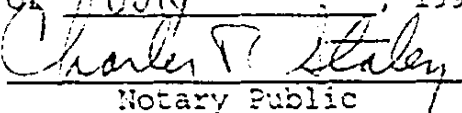

Walter H. Kihm, Jr.

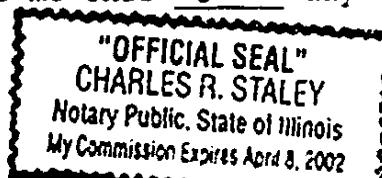

Audrey Kihm

State of Illinois)
County of Cook)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Walter H. Kihm, Jr., and Audrey Kihm, personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed, sealed and delivered the said instrument as their free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Subscribed and Sworn to before me this 6th day
of July, 1997.


Notary Public



ADDRESS OF PROPERTY:

587 INGLESIDE PLACE
Evanston, Illinois

RETURN TO: Box 15/M. Owens
TICOR TITLE INSURANCE
203 N. LaSALLE, STE. 4400 1390
CHICAGO, IL 60601
RE: N24-24944-14

~~AFTER RECORDING, MAIL TO:~~

Prepared by:
Friedman & Levee
C/O Edward Cohen
Alvin W. Block & Assoc.
33 N. LaSalle, 30th floor
Chicago, IL 60602

