

MORTGAGE

Prepared by:

[* _____*]

[* _____*]

Telephone: [* _____*]

After Recording, Return to:

[* _____*]

[* _____*]

[* _____*],

[* _____*]

[* _____*]

This mortgage ("Security Instrument") is given on [* _____*]. The mortgagor is John Smith, a single person, referred to as "Borrower". This Security Instrument is given to Bank, a corporation organized under the laws of the State of [* _____*], whose address is 123 Mortgage Street, Mortgage Town, Mortgage County County, Illinois 12345, and who is referred to as "Lender".

Borrower owes Lender the principal amount of No/100 Dollars (\$[* _____*]). This debt is evidenced by Borrower's note ("Note"), dated the same as this Security Instrument, which provides for [* _____*] monthly payments, with the full debt, if not paid earlier, due and payable on [* _____*].

This Security Instrument secures to Lender:

- (a) The repayment of the debt the Note evidences, with interest, and all renewals, extensions and modifications;
- (b) The payment of all other amounts, with interest, advanced under Section VII to protect the security of this Security Instrument; and
- (c) The performance of Borrower's covenants and agreements under this Security Interest and the Note.

For this purpose, Borrower's mortgage grants and conveys to Lender the following-described "Property":

As described in Exhibit "[* _____*]", which is attached hereto and incorporated

herein by reference,

together with all the improvements now or to be erected on the property and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits. All replacements and additions will also be covered by this Security Instrument.

Borrower covenants that Borrower lawfully owns the estate conveyed here 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.

Borrower and Lender covenant and agree as follows:

SECTION I. PAYMENT OF PRINCIPAL AND INTEREST; PREPAYMENT AND LATE CHARGES

Borrower must promptly pay when due the principal of and interest on the debt the Note evidences and any prepayment and late charges due under the Note.

SECTION II. FUNDS FOR TAXES AND INSURANCE

Subject to applicable law or Lender's written waiver, Borrower must pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, an amount ("Funds") equal to one-twelfth of: (a) yearly taxes and assessments that may attain priority over this Security Instrument; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (d) yearly mortgage insurance premiums, if any. These items are called "Escrow Items." Lender may estimate the Funds due on the basis of current data and reasonable estimate of future Escrow Items.

The Funds must be held in an institution the deposits or accounts of which are insured or guaranteed by a federal or state agency (including Lender if Lender is such an institution). Lender must apply the Funds to pay the Escrow Items. Lender may not charge for holding and applying the Funds, analyzing the account, or verifying the escrow items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing that interest will be paid on the Funds. Unless an agreement is made or applicable law requires interest to be paid, Lender is not required to pay Borrower any interest or earnings on the Funds. Lender must 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 the amounts this Security Agreement secures.

If the amount of the Funds the Lender holds, together with the future monthly payments of Funds payable prior to the due dates of the Escrow items exceeds the amount required to pay the Escrow Items when due, the excess must be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly payment of Funds. If the amount of the funds Lender holds is not sufficient to pay the Escrow Items when due, Borrower must pay to Lender

any amount necessary to make up the deficiency in one or more payments as Lender requires.

On payment in full of all amounts secured by this Security Instrument, Lender must promptly refund to Borrower any Funds Lender holds. If under Section XVIII, the Property is sold or acquired by Lender, Lender must apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds Lender holds at the time of application as credit against the amounts this Security Agreement secures.

SECTION III. APPLICATION OF PAYMENTS

Unless applicable law provides otherwise, all payments Lender receives under Sections I and II will be applied: first, to late charges due under the Note; second, to prepayment charges due under the Note; third, to amounts payable under Section II; fourth, to interest dues; and last, to principal due.

SECTION IV. CHARGES; LIENS

Borrower must pay all taxes, assessments, charges, fines, and impositions attributable to the Property that may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower must pay these obligations in the manner provided in Section II, or if not paid in that manner, Borrower must pay them on time directly to the person owed payment. Borrower must promptly furnish to Lender all notices of amounts to be paid under this section. If Borrower makes these payments directly, Borrower must promptly furnish to Lender receipts evidencing the payments. Borrower must promptly discharge any lien that has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings that in the Lender's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the property; 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 that may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower must satisfy the lien or take one or more of the actions stated above within [* _____*] days of the giving of notice.

SECTION V. HAZARD INSURANCE

Borrower must keep the improvements now existing or to be erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards for which Lender requires insurance. This insurance must be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance will be chosen by Buyer subject to Lender's approval, which may not be withheld unreasonably.

All insurance policies and renewals must be acceptable to Lender and must include a standard mortgage clause. Lender will have the right to hold the policies and renewals. If Lender requires, Borrower must promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower must 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 must be applied to the restoration and repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration is not economically feasible or Lender's security would be lessened, the insurance proceeds will be applied to the amounts this Security Instrument secures, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within [* _____*] 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 the proceeds to repair or restore the Property or to pay amounts this Security Instrument secures, whether or not then due. The [* _____*] day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal may not extend or postpone the due date of the monthly payments referred to in Sections I and II or change the amount of the payments. If under Section XVIII, Lender acquires the Property, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition will pass to Lender to the extent of the amounts this Security Instrument secures prior to the acquisition.

SECTION VI. PRESERVATION AND MAINTENANCE OF PROPERTY LEASEHOLDS

The Borrower may not destroy, damage, or substantially change the Property, allow the Property to deteriorate, or commit waste. If this Security Instrument is on a leasehold, Borrower must comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title will not merge unless Lender agrees to the merger in writing.

SECTION VII. PROTECTION OF LENDER'S RIGHTS IN THE PROPERTY MORTGAGE INSURANCE

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 to enforce laws or regulation), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any amounts a lien secures that has priority over this Security Instrument, appearing in court, paying reasonable attorney's fees, and entering on the Property to make repairs. Although Lender may take action under this section, Lender is not required to do so.

Any amounts Lender disburses under this Section VII will become additional debt of Borrower that this Security Instrument will secure. Unless Borrower and Lender agree to other terms of payment, these amounts will bear interest from the date of disbursement at the Note rate and will be payable, with interest, on notice from Lender to Borrower requesting payment.

If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower will pay the premiums required to maintain the insurance in effect until

such time as the requirement for the insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.

SECTION VIII. INSPECTION

Lender or Lender's agent may make reasonable entries on and inspections of the Property. Lender must give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

SECTION IX. 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 assigned and will be paid to Lender.

In the event of a total taking of the Property, the proceeds will be applied to the amounts 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, unless Borrower and Lender otherwise agree in writing, the amounts this Security Instrument secures will be reduced by the amount of the proceeds multiplied by the total of the amounts secured immediately before the taking, divided by the fair market value of the Property immediately before the taking. Any balance must be paid to Borrower.

If Borrower abandons the Property, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within [* _____*] days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at Lender's option, either to the restoration or repair of the Property or to the amounts this Security Instrument secures, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal will not extend or postpone the due date of the monthly payments referred to in Sections I and II or change the amount of those payments.

SECTION X. BORROWER NOT RELEASED; FORBEARANCE BY LENDER NOT A WAIVER

Extension of the time for payment or modification of amortization of the amounts secured by this Security Instrument granted by Lender to any successor in interest of Borrower will not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender will not be required to commence proceedings against any successor in interest or refuse to extend the time for payment or otherwise modify amortization of the amounts secured by this Security Instrument because of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy will not be a waiver of or preclude the exercise of any right or remedy.

SECTION XI. SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY

COSIGNERS

The covenants and agreements of this Security Instrument bind and benefit the successors and assigns of Lender and Borrower, subject to the provision of Section XVI. Borrower's covenants and agreements will be joint and several. Any Borrower who cosigns this Security Instrument but does not execute the Note: (a) is cosigning 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 amounts of 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 the Borrower's Consent.

SECTION XII. LOAN CHARGES

If the loan this Security Instrument secures is subject to a law that sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge will be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any amounts already collected from Borrower that 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.

SECTION XIII. LEGISLATION AFFECTING LENDER'S RIGHTS

If the enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Security Instrument unenforceable according to its terms, Lender, at Lender option, may require the immediate payment in full of all sums secured by this Security Instrument and may invoke any remedies permitted by Section XVIII. If Lender exercises this option, Lender must take steps specified in the second paragraph of Section XVI.

SECTION XIV. NOTICES

Any notice to Borrower this Security Instrument provides must be given by delivering it or by mailing it by first-class mail unless applicable law requires use of another method. The notice must be directed to the Property address or any other address Borrower designates by notice to Lender. Any notice to Lender must be given by first-class mail to Lender's address stated here or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument will be deemed to have been given to Borrower or Lender when given as provided in this section.

SECTION XV. GOVERNING LAW; SEVERABILITY

Illinois law governs this Security Instrument. If any provision or clause of this Security Instrument or the Note conflicts with applicable law, the conflict may not affect other provisions of this Security Instrument or the Note that 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.

SECTION XVI. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

If all or any part of the Property or any interest in it is sold or transferred (or 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 Lender's option, require immediate payment in full of all amounts secured by this Security Instrument. However, this option may not be exercised by Lender if its exercise is prohibited by law as of the date of this Security Instrument.

If Lender exercises this option, Lender must give Borrower notice of acceleration. The notice must provide a period of not less than [* _____*] days from the date the notice is delivered or mailed within which Borrower must pay all amounts this Security Instrument secures. If Borrower fails to pay these amounts prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

SECTION XVII. BORROWER'S RIGHT TO REINSTATE

If Borrower meets certain conditions, Borrower will have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) [* _____*] days before the sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all amounts that then would be due under this Security Instrument and the Note had no acceleration occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorney's fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the property, and Borrower's obligation to pay the amounts secured by this Security Instrument and the obligation secured here remain fully effective as if no acceleration had occurred. However, this right to reinstate will not apply in the case of acceleration under Sections XIII or XVI.

SECTION XVIII. ACCELERATION; REMEDIES

Lender must 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 Sections XIII and XVI unless applicable law provides otherwise). The notice must specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than [* _____*] 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 amounts secured by this Security Instrument and sale of the Property. The notice must further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at Lender's option may require immediate payment in full of all amounts secured by this Security Instrument

without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender will be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, reasonable attorney's fees and the costs of title evidence.

If Lender invokes the power of sale, Lender must give notice of sale to Borrower in the manner provided in Section XIV. Lender must publish and post notice of sale, and the Property must be sold in the manner prescribed by law. Lender or Lender's designee may purchase the Property at any sale. The proceeds of the sale will be applied in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable attorney's fees; (b) to all amounts this Security Instrument secures; and (c) any excess to the person or persons legally entitled to it.

SECTION XIX. LENDER IN POSSESSION

On acceleration under Section XVIII, or abandonment of the Property, Lender (by judicially appointed receiver) will be entitled to enter on, take possession of and manage the Property and to collect the rents of the Property, including those past due. Any rents collected by Lender or the receiver must be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds, and reasonable attorney's fees, and then to the amounts this Security Instrument secures.

SECTION XX. RELEASE

On payment of all amounts this Security Instrument secures, Lender must prepare and file a discharge of this Security Instrument without charge to Borrower.

BORROWER

John Smith

State of Illinois)
) ss.
County of [* _____ *])

I, the undersigned, a Notary Public in and for the County and State aforesaid, certify that John Smith, 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 and delivered the instrument as his free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this _____ day of _____,
[* _____*].

Notary Public