

(G) Interest subject to the mortgage: Fee Simple.

(H) Amount of original indebtedness:

Original Indebtedness: \$345,000.00

(I) Both the legal description of the mortgaged real estate and the common address or other information sufficient to identify it with reasonable certainty:

A tract of land located in a part of the Northeast Quarter of Section 19, Township 27 North, Range 4 East of the Fourth Principal Meridian, Stockton Township, Jo Daviess County, Illinois, the boundary of which is more particularly described as follows: Commencing at the East Quart Corner of Section 19, township 27 North, Range 4 East of the Fourth Principal Meridian ; thence South 90 degrees 00 minutes 00 seconds West, along the East-West Quarter line of said Section 19, a distance of 1761.08 feet; thence North 09 degrees 38 minutes 00 seconds West, along the centerline of South Rush Creek Road a distance of 1054.82 feet then North 10 degrees 15 minutes 25 seconds West, along said centerline, a distance of 250.16 feet to the point of beginning; thence continuing North 10 degrees 15 minutes 25 seconds West, along said centerline, a distance of 294.70 feet to a point of curve; thence continuing along said centerline, along a curve concave to the right, an arc length of 462.77 feet to a point of tangency; said curve having a radius of 554.93 feet a central angle of 47 degrees 46 minutes 50 seconds, and whose long chord bears North 13 degrees 38 minutes 02 seconds East, 449.48 feet from the last described course; thence North 37 degrees 31 minutes 25 seconds East, along said centerline, a distance of 630.54 feet; thence south 82 degrees 35 minutes 40 seconds West, 860.59 feet; thence South 05 degrees 02 minutes 25 seconds East, 1114.32 feet; thence North 84 degrees 20 minutes 25 seconds East, 323.00 feet to the point of beginning, said tract containing 11.837 acres or less as particularly shown on a survey by Paul C. Brashaw dated June 2, 1990.

COMMONLY KNOWN AS: 3114 S. Rush Creek Rd.
Stockton , Illinois 61085

TAX PARCEL NUMBER: 17-000-225-00

(J) Statement as to defaults: Mortgagees have not paid the monthly installments of principal, taxes, interest and insurance for October 26, 2006, through the present; the principal balance due on the Note and the Mortgage is \$345,000.00, plus interest, costs, advances and fees. Interest accrues pursuant to the note.

(K) Name of present owner(s) of said premises: William A. Stout and Rose V. Stout

(L) Names of other persons who are joined as defendants and whose interest in or lien on the mortgaged real estate is sought to be terminated and alleged to be subordinate and inferior to the mortgage of the Plaintiff:

Not applicable

(M) Names of persons who executed the Note, Assumption Agreement(s), or Personal Guarantee:

William A. Stout and Rove V. Stout

Please note that no personal deficiency will be sought against any party who has received a Chapter 7 discharge.

(N) Mortgagees have abandoned the property and are allowing the property to fall in a state of disrepair.

(O) Capacity in which Plaintiff brings this foreclosure: Plaintiff is the legal holder of the indebtedness or the servicing agent for the legal holder of the indebtedness. Furthermore, if applicable, an assignment of mortgage was recorded as follows:

Assignment recorded as Document Number: n/a

(P) Facts in support of a redemption period shorter than the longer of 7 months from the date the mortgagor or, if more than one, all the mortgagors have been served with summons or by publication or have otherwise submitted to the jurisdiction of the court, or 3 months from the entry of the judgment of foreclosure, whichever is later, if sought:

The redemption period shall be determined pursuant to 735 ILCS 5/15-1603.

(Q) Statement that the right of redemption has been waived by all owners of redemption: There has been no executed waiver of redemption by all owners of redemption, however Plaintiff alleges that it is not precluded from accepting such a waiver of redemption by the filing of this complaint.

(R) Facts in support of request for attorney's fees and of costs and expenses, if applicable: The subject mortgage provides for payment of attorney fees, court costs, and expenses in the event of a default under the mortgage.

(S) Facts in support of a request for appointment of mortgagee in possession or for appointment of a receiver, and identity of such receiver, if sought: Unless otherwise alleged, Plaintiff will pray for said relief after the filing of the instant foreclosure action by separate petition if such relief is sought.

(T) Offer to the mortgagor in accordance with Section 15-1402 to accept title to the real estate in satisfaction of all indebtedness and obligations secured by the mortgage without judicial sales, if sought; No allegation of an offer is made however Plaintiff alleges that it is not precluded from making or accepting such offer by the filing of the instant foreclosure action.

(U) Names or names of defendants whose right to possess the mortgaged real estate, after the confirmation of a foreclosure sale, are sought to be terminated and, if not elsewhere stated, the facts in support thereof:

Not applicable

4. Plaintiff avers that in addition to persons designated by name herein and the Unknown Defendants herein before referred to, there are other persons, and /or non-record claimants who are interested in this action and who have or claim some right, title, interest or lien in, to or upon the real estate, or some part thereof, in this Complaint described, including by not limited to the following:

Unknown Owners and Non-Record Claimants, if any.

That the name of each of such persons is unknown to Plaintiff and on diligent inquiry cannot be ascertained, and all such persons are therefore made party defendants to this action by the name and description of UNKNOWN OWNERS and NON-RECORD CLAIMANTS.

REQUEST FOR RELIEF

WHEREFORE, THE PLAINTIFF REQUESTS:

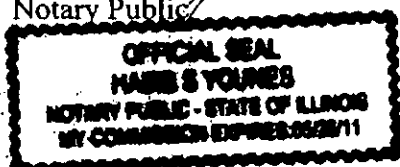
- (i) A judgment of foreclosure and sale.
- (ii) An order granting a shortened redemption period..
- (iii) A personal judgment for deficiency, if applicable and sought, and only against parties who have not received a Chapter 7 bankruptcy discharge.
- (iv) An order granting possession, if sought.
- (v) An order placing the mortgagee in possession or appointing a receiver, if sought.
- (vi) A judgment for attorney's fees, costs and expenses, if sought.
- (vii) For the Appointment of a Selling Officer, if deemed appropriate by this court.
- (vii) Such other and further relief as the Court deems just.

I, Sam Fakhouri, being first duly sworn on oath depose and say that I have read the above and foregoing complaint for foreclosure and that I am aware of the contents thereof and the matters set forth herein are true in substance and fact.


Sam Fakhouri

Subscribed and sworn to before me
me this 26th day of June 2007.


Notary Public



Lw Offices of Joseph Younes
120 W Madison Street Suite 1405
Chicago Illinois 60602-4128
(312)372-1122
Ardc No. 6186679

Nack Richardson & Nack
106 N. Main St.
P.O. Box 336
Galena, Illinois 62935
(815)777-1218

WHEN RECORDED MAIL TO:

Paul Shelton
Shelton Law Group, LLC
1010 Jorie Blvd Suite 144
Oakbrook, IL 60523

328261
JO DAVIESS COUNTY RECORDER
STATE OF ILLINOIS
June 2 06 9:34 AM
DATE TIME

This instrument was prepared by: Paul Shelton

Rental Housing Support Program
\$10 State Surcharge Paid
Date: 6-2-06

(Space Above This Line For Recording Date)

MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on April 25th, 2006

The mortgagors are WILLIAM A. STOUT and ROSE V. STOUT, husband and wife, ("Borrowers"); this Security Instrument is given to SAM FAKHOURI, whose address is 1820 Ridge Road Homewood, Illinois 60430 ("Lender").

Borrower owes Lender the principal sum of THREE HUNDRED FORTY-FIVE THOUSAND dollars (U.S \$ 345,000.00) This debt is evidenced by Borrower's Demand 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 October 25, 2006 or upon sale of the property.

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 Jo Davies County, Illinois:

A tract of land located in a part of the Northeast Quarter of Section 19, Township 27 North, Range 4 East of the Fourth Principal Meridian, Stockton Township, Jo Daviess County, Illinois, the boundary of which is more particularly described as follows: Commencing at the East Quarter Corner of Section 19, Township 27 North, Range 4 East of the Fourth Principal Meridian; thence South 90 degrees 00 minutes 00 seconds West, along the East-West Quarter line of said Section 19, a distance of 1761.08 feet; thence North 09 degrees 38 minutes 00 seconds West, along the centerline of South Rush Creek Road a distance of 1054.82 feet thence North 10 degrees 15 minutes 25 seconds West, along said centerline, a distance of 250.16 feet to the point of beginning; thence continuing North 10 degrees 15 minutes 25 seconds West, along said centerline, a distance of 294.70 feet to a point of curve; thence continuing along said centerline, along a curve concave to the right, an arc length of 462.77 feet to a point of tangency, said curve having a radius of 554.93 feet a central angle of 47 degrees 46 minutes 50 seconds, and whose long chord bears North 13 degrees 38 minutes 02 seconds East, 449.48 feet from the last described course; thence North 37 digress 31 minutes 25 seconds East, along said centerline, a distance of 630.54 feet; thence South 82 degrees 35 minutes 40 seconds West, 860.59 feet; thence South 05 degrees 02 minutes 25 seconds East, 1144.32 feet; thence North 84 degrees 20 minutes 25 seconds East, 323.00 feet to the point of beginning, said tract containing 11.837 acres more or less as particularly shown on a Survey by Paul C. Brashaw dated June 2, 1990.

TAX ID #: 17-000-225-00

PROPERTY ADDRESS: 3114 S. Rush Creek Road Stockton, Illinois 61085

("Property Address")

Init. [redacted] Init. [redacted] Init. _____ Init. _____ Inti. _____ Inti. _____

Loan Number: sk006001

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 the 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 ("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 for 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 Section 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 use 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 funds 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,

Init [redacted] Init [redacted] Init _____ Init _____ Init _____ Init _____

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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 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 the 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 21 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 occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonable withheld, or unless extenuating circumstances exist which are beyond Borrower's control. 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 judgment 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, as provided in paragraph 18, 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

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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 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 if 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 inspections 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 a 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 condemnor 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

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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 the 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 connection 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 by 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 end the provisions of the 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 in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full or all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 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 Borrower.

18. **Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before 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 sums which then would be due under this Security Instrument and the note as if no acceleration had 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 attorneys' 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 sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

19. **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

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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 in 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 should be made. The notice will also contain any other information required by applicable law.

20. 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 Substance 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 20, "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 20, "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.:

21. 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 the 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 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

22. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument to Borrower. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under applicable law.

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

24. 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. [Check applicable box(es)]

- Adjustable Rate Rider
- Graduated Payment Rider
- Balloon Rider
- V.A. Rider
- Condominium Rider
- Planned Unit Development Rider
- Rate Improvement Rider
- Other(s) [specify]
- 1-4 Family Rider
- Biweekly Payment Rider
- Second Home Rider

Init [redacted] Init [redacted] Init _____ Init _____ Init _____ Init _____

Loan Number: sk006001

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:



William A. Stout



Rose V. Stout

(Seal)

(Seal)

State of Illinois,

DuPage

County as:

I, *LISA C. VITEK*

, a Notary Public in and for said county and state do hereby certify that

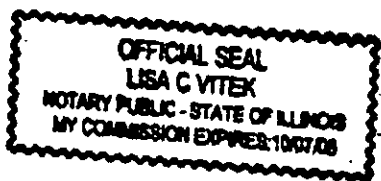
William A. Stout and Rose V. Stout, Husband and Wife, personally known to me to be the same person(s) whose

name(s) subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed and delivered the said instrument as free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal, this *25th* day of *April*, *2006*.

My Commission Expires:


Notary Public



April 25th, 2006

DEMAND NOTE

3114 S Rush Creek Road Stockton, IL 61085

1. BORROWER'S PROMISE TO PAY

Borrower is William A Stout and Rose V Stout. In return for a loan that I have received, we promise to pay U.S. \$345,000.00, (This amount is called "principal"), plus interest, to the order of the Lender. The Lender is:

SAM FAKHOURI

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of principal has been paid. I will pay interest at a yearly rate of 5.0%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay the balance of the principal upon demand, but not sooner than 6 months from the date of execution. monthly payments will be applied to interest before principal. If, on, October 25th, 2006 I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "maturity date." *Please note that there is a contract to extend the time for payment of this note after maturity.*

(B) Amount of Monthly Payments

My monthly payment will be interest only payment in the amount of (Not applicable)

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When I make a prepayment, I will tell the Note Holder in writing that I am doing so. I may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no changes in the due date or in the amount of my monthly payments unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then :

(I) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (II) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be \$100.00.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is delivered or mailed to me.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorney's fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class to me at the Property Address above or a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payments of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

Transfer of the Property or a Beneficial Interest in Borrower.

If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 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 Borrower.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED

[Redacted Signature]

Date 7-25-06

WILLIAM A. STOUT

[Redacted Signature]

Date 7-25-06

ROSE V. STOUT

Date _____

THIS CASE IS SET FOR PROGRESS CALL BEFORE

JUDGE Kelly

ON _____ THE 8 DAY OF

November, 20 07.

ALL PARTIES OR THEIR COUNSEL ARE TO BE
PRESENT BEFORE THE COURT AT THIS PROGRESS
CALL AT 10:30 M. FAILURE TO APPEAR
WILL RESULT IN DISMISSAL OR DEFAULT.

SHARON A WAND, CLERK OF CIRCUIT COURT

IN AND FOR JO DAVIESS COUNTY, ILLINOIS

BY _____

DEPUTY CLERK

IN THE CIRCUIT COURT OF THE 15TH JUDICIAL CIRCUIT
JO DAVIESS COUNTY, ILLINOIS

SAM FAKHOURI,)
)
Plaintiff,)
)
vs.) NO. 07 CH 34
)
WILLIAM A. STOUT and ROSE V. STOUT,)
Unknown Owners and Non-record Claimants,)
)
Defendants.)

VERIFIED AMENDED COMPLAINT TO FORECLOSE MORTGAGE

NOW COMES the Plaintiff, SAM FAKHOURI, by and through his attorneys, LAW OFFICES OF JOSEPH YOUNES and NACK RICHARDSON & NACK, complaining of the defendants herein and, pursuant to 735 ILCS 5/15-1101, states as follows:

1. Plaintiff files this Complaint to Foreclose the mortgage, trust deed or other conveyance in the nature of a mortgage (hereinafter called "Mortgage") hereinafter described, and joins the persons named in the caption as "Defendants", as parties hereto.
2. Attached as "EXHIBIT A" is a true copy of the Mortgage, Demand Note and Agreement.
3. Information concerning said Mortgage:
 - (A) Nature of the instrument: Mortgage, Demand Note and Agreement
 - (B) Date of the Mortgage: April 26, 2006
 - (C) Name of mortgagor(s):
Sam Fakhouri
 - (D) Name of the mortgagees:
William A. Stout and Rose V. Stout
 - (E) Date and Place of Recording or Registering:
June 2, 2006
Office of the Recorder of Deeds of Jo Daviess County, Illinois
 - (F) Identification of Recording : Document No. 328621

FILED

NOV 19 2007

CLERK OF THE
COURT
JO DAVIESS COUNTY, ILLINOIS

(G) Interest subject to the mortgage: Fee Simple.

(H) Amount of original indebtedness:

Original Indebtedness: \$345,000.00

(I) Both the legal description of the mortgaged real estate and the common address or other information sufficient to identify it with reasonable certainty:

A tract of land located in a part of the Northeast Quarter of Section 19, Township 27 North, Range 4 East of the Fourth Principal Meridian, Stockton Township, Jo Daviess County, Illinois, the boundary of which is more particularly described as follows: Commencing at the East Quart Corner of Section 19, township 27 North, Range 4 East of the Fourth Principal Meridian ; thence South 90 degrees 00 minutes 00 seconds West, along the East-West Quarter line of said Section 19, a distance of 1761.08 feet; thence North 09 degrees 38 minutes 00 seconds West, along the centerline of South Rush Creek Road a distance of 1054.82 feet then North 10 degrees 15 minutes 25 seconds West, along said centerline, a distance of 250.16 feet to the point of beginning; thence continuing North 10 degrees 15 minutes 25 seconds West, along said centerline, a distance of 294.70 feet to a point of curve; thence continuing along said centerline, along a curve concave to the right, an arc length of 462.77 feet to a point of tangency; said curve having a radius of 554.93 feet a central angle of 47 degrees 46 minutes 50 seconds, and whose long chord bears North 13 degrees 38 minutes 02 seconds East, 449.48 feet from the last described course; thence North 37 degrees 31 minutes 25 seconds East, along said centerline, a distance of 630.54 feet; thence south 82 degrees 35 minutes 40 seconds West, 860.59 feet; thence South 05 degrees 02 minutes 25 seconds East, 1114.32 feet; thence North 84 degrees 20 minutes 25 seconds East, 323.00 feet to the point of beginning, said tract containing 11.837 acres or less as particularly shown on a survey by Paul C. Brashaw dated June 2, 1990.

COMMONLY KNOWN AS: 3114 S. Rush Creek Rd.
Stockton , Illinois 61085

TAX PARCEL NUMBER: 17-000-225-00

(J) Statement as to defaults: Mortgagees have not paid the monthly installments of principal, taxes, interest and insurance for October 26, 2006, through the present; the principal balance due on the Note and the Mortgage is \$345,000.00, plus interest, costs, advances and fees. Interest is calculated in the following amounts:

4/25/06 to 10/24/06 (5% as stated in paragraph 2 of Demand Note)	\$8,625.00
10/25/06 to 4/25/07 (35% as stated in Agreement for extension)	\$45,000.00
4/25/07 to 10/1/07 (5% as stated in paragraph 2 of Demand Note)	\$ 7,423.80

Interest continues to accrue at te rate of 5% pursuant to the note.

(K) Name of present owner(s) of said premises: William A. Stout and Rose V. Stout

(L) Names of other persons who are joined as defendants and whose interest in or lien on the mortgaged real estate is sought to be terminated and alleged to be subordinate and inferior to the mortgage of the Plaintiff:

Not applicable

(M) Names of persons who executed the Note, Assumption Agreement(s), or Personal Guarantee:

William A. Stout and Rove V. Stout

Please note that no personal deficiency will be sought against any party who has received a Chapter 7 discharge.

(N) Mortgagees have abandoned the property and are allowing the property to fall in a state of disrepair.

(O) Capacity in which Plaintiff brings this foreclosure: Plaintiff is the legal holder of the indebtedness or the servicing agent for the legal holder of the indebtedness. Furthermore, if applicable, an assignment of mortgage was recorded as follows:

Assignment recorded as Document Number: n/a

(P) Facts in support of a redemption period shorter than the longer of 7 months from the date the mortgagor or, if more than one, all the mortgagors have been served with summons or by publication or have otherwise submitted to the jurisdiction of the court, or 3 months from the entry of the judgment of foreclosure, whichever is later, if sought:

The redemption period shall be determined pursuant to 735 ILCS 5/15-1603.

(Q) Statement that the right of redemption has been waived by all owners of redemption: There has been no executed waiver of redemption by all owners of redemption, however Plaintiff alleges that it is not precluded from accepting such a waiver of redemption by the filing of this complaint.

(R) Facts in support of request for attorney's fees and of costs and expenses, if applicable: The subject mortgage provides for payment of attorney fees, court costs, and expenses in the event of a default under the mortgage.

(S) Facts in support of a request for appointment of mortgagee in possession or for appointment of a receiver, and identity of such receiver, if sought: Unless otherwise alleged, Plaintiff will pray for said relief after the filing of the instant foreclosure action by separate petition if such relief is sought.

(T) Offer to the mortgagor in accordance with Section 15-1402 to accept title to the real estate in satisfaction of all indebtedness and obligations secured by the mortgage without judicial sales, if sought; No allegation of an offer is made however Plaintiff alleges that it is not precluded from making or accepting such offer by the filing of the instant foreclosure action.

(U) Names or names of defendants whose right to possess the mortgaged real estate, after the confirmation of a foreclosure sale, are sought to be terminated and , if not elsewhere stated, the facts in support thereof:

Not applicable

4. Plaintiff avers that in addition to persons designated by name herein and the Unknown Defendants herein before referred to, there are other persons, and /or non-record claimants who are interested in this action and who have or claim some right, title, interest or lien in, to or upon the real estate, or some part thereof, in this Complaint described, including by not limited to the following:

Unknown Owners and Non-Record Claimants, if any.


That the name of each of such persons is unknown to Plaintiff and on diligent inquiry cannot be ascertained, and all such persona are therefore made party defendants to this action by the name and description of UNKNOWN OWNERS and NON-RECORD CLAIMANTS.

REQUEST FOR RELIEF


WHEREFORE, THE PLAINTIFF REQUESTS:


- (i) A judgment of foreclosure and sale.
- (ii) An order granting a shortened redemption period..
- (iii) A personal judgment for deficiency, if applicable and sought, and only against parties who have not received a Chapter 7 bankruptcy discharge.
- (iv) An order granting possession, if sought.
- (v) An order placing the mortgagee in possession or appointing a receiver, if sought.
- (vi) A judgment for attorney's fees, costs and expenses, if sought.
- (vii) For the Appointment of a Selling Officer, if deemed appropriate by this court.
- (vii) Such other and further relief as the Court deems just.

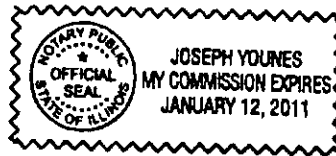
I, Sam Fakhouri, being first duly sworn on oath depose and say that I have read the above and foregoing complaint for foreclosure and that I am aware of the contents thereof and the matters set forth herein are true in substance and fact.


Sam Fakhouri

Subscribed and sworn to before me
me this 16th day of Nov., 2007.



Notary Public 



Lw Offices of Joseph Younes
120 W Madison Street Suite 1405
Chicago Illinois 60602-4128
(312)372-1122
Ardc No. 6186679

Nack Richardson & Nack
106 N. Main St.
P.O. Box 336
Galena, Illinois 62935
(815)777-1218

WHEN RECORDED MAIL TO:

Paul Shelton
Shelton Law Group, LLC
1010 Jorie Blvd Suite 144
Oakbrook, IL 60523

EXHIBIT A

This instrument was prepared by: Paul Shelton

(Space Above This Line For Recording Date)

MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on April 25th, 2006
The mortgagor is

WILLIAM A. STOUT and ROSE V. STOUT

("Borrower").

This Security Instrument is given to

SAM FAKHOURI

whose address is 1820 Ridge Road Homewood, Illinois 60430

("Lender"). Borrower owes Lender the principal sum of **THREE HUNDRED FORTY-FIVE THOUSAND** dollars (U.S \$ 345,000.00) This debt is evidenced by Borrower's Demand 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 October 25, 2006 or upon sale of the property.

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 **Jo Davies County, Illinois:**

See attached Legal Description

TAX ID #: 17-000-225-00

PROPERTY ADDRESS: 3114 S. Rush Creek Road Stockton, Illinois 61085

("Property Address");

Init. [redacted] Init. [redacted] Init. _____ Inti. _____ Inti. _____

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 the Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised 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 ("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 for 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 Section 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 use 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 funds 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,

Init  Init  Init _____ Init _____ Init _____ Init _____

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 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 the 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 21 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 occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. 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 judgment 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, as provided in paragraph 18, 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

Init [redacted] Init [redacted] Init _____ Init _____ Init _____ Init _____

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 Lender, if mortgage insurance coverage (in the amount an 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 if 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 inspections 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 on condemnation, are hereby assigned and shall be paid to Lender.

In the event of a 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 condemnor 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

Init [redacted] Init [redacted] Init _____ Init _____ Init _____ Init _____

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 the 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 connection 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 by 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 end the provisions of the 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 in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full or all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 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 Borrower.

18. **Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before 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 sums which then would be due under this Security Instrument and the note as if no acceleration had 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 attorneys' 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 sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

19. **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

Init [redacted] Init [redacted] Init _____ Init _____ Init _____ Init _____

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 in 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 should be made. The notice will also contain any other information required by applicable law.

20. 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 Substance 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 20, "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 20, "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.:



21. 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 the 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 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

22. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument to Borrower. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under applicable law.

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

24. 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. [Check applicable box(es)]

- | | | |
|--|---|---|
| <input type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> 1-4 Family Rider |
| <input type="checkbox"/> Graduated Payment Rider | <input type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> Biweekly Payment Rider |
| <input type="checkbox"/> Balloon Rider | <input type="checkbox"/> Rate Improvement Rider | <input type="checkbox"/> Second Home Rider |
| <input type="checkbox"/> V.A. Rider | <input type="checkbox"/> Other(s) [specify] | |

Init  Init  Init _____ Init _____ Init _____ Init _____

Loan Number: sk006001

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:

[Redacted signature]

William A. Stout

[Redacted signature]

Rose V. Stout

(Seal)

(Seal)

State of Illinois,

I, *LISA C. VITEK*

County ss:

, a Notary Public in and for said county and state do hereby certify that

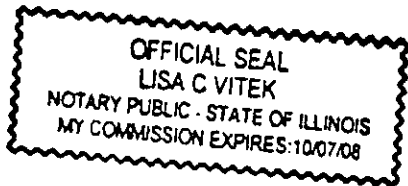
, personally known to me to be the same person(s) whose name(s) subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed and delivered the said instrument as free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal, this *25th* day of *April*, *2006*.

My Commission Expires:

[Redacted signature]

Notary Public



April 25th, 2006

DEMAND NOTE

3114 S Rush Creek Road Stockton, IL 61085

1. BORROWER'S PROMISE TO PAY

Borrower is William A Stout and Rose V Stout. In return for a loan that I have received, we promise to pay U.S. \$345,000.00, (This amount is called "principal"), plus interest, to the order of the Lender. The Lender is:

SAM FAKHOURI

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of principal has been paid. I will pay interest at a yearly rate of 5.0%.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay the balance of the principal upon demand, but not sooner than 6 months from the date of execution. monthly payments will be applied to interest before principal. If, on, October 25th, 2006 I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "maturity date." *Please note that there is a contract to extend the time for payment of this note after maturity.*

(B) Amount of Monthly Payments

My monthly payment will be interest only payment in the amount of (Not applicable)

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When I make a prepayment, I will tell the Note Holder in writing that I am doing so. I may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no changes in the due date or in the amount of my monthly payments unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then :

(I) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (II) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be \$100.00.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is delivered or mailed to me.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorney's fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class to me at the Property Address above or a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payments of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

Transfer of the Property or a Beneficial Interest in Borrower.

If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.



If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 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 Borrower.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED

[Redacted Signature]

Date 4-25-06

WILLIAM A. STOUT

[Redacted Signature]

Date 4-25-06

ROSE V. STOUT

Date _____

AGREEMENT BETWEEN SAM FAKHOURI AND WILLIAM AND ROSE STOUT

THE FOLLOWING SETS FORTH THE TERMS AND CONDITIONS OF THE AGREEMENT BETWEEN SAM FAKHOURI (REFERRED TO AS "SAM") AND WILLIAM AND ROSE STOUT, REFERRED TO AS THE "STOUTS").

WHEREAS SAM IS A REAL ESTATE INVESTOR IN THE STATE OF ILLINOIS.

WHEREAS THE STOUTS ARE OWNERS OF REAL ESTATE LOCATED AT 3114 S RUSH CREEK IN STOCKTON, IL ("RUSH CREEK") AND PURCHASERS OF A PROPERTY LOCATED AT 1275 CHADBOURNE DRIVE IN LAKE SUMMERSET, IL ("CHADBOURNE").

THE PARTIES AGREE TO THE FOLLOWING:

SAM SHALL LOAN TO THE STOUTS THE SUM OF THREE HUNDRED THOUSAND DOLLARS (\$300,000.00) TO ALLOW THE STOUTS TO EFFECTUATE THE PURCHASE OF CHADBOURNE. THE STOUTS SHALL EXECUTE A MORTGAGE AND DEMAND NOTE EVIDENCING THE LOAN AND SHALL PAY THE LOAN BACK WITH INTEREST IN TOTAL SUM OF THREE HUNDRED FORTY-FIVE THOUSAND DOLLARS (\$345,000.00) WITHIN SIX (6) MONTHS, AS SECURED BY THE NOTE AND MORTGAGE. THE MORTGAGE SHALL BE RECORDED AGAINST THE RUSH CREEK PROPERTY.

SAMS DUTIES

SAM SHALL PROVIDE THE CERTIFIED FUNDS TO EFFECTUATE THE PURCHASE OF CHADBOURNE AFTER ONE (1) DAYS NOTICE, CLOSING CURRENTLY SET FOR WEDNESDAY, APRIL 26, 2006.

SAM SHALL ALLOW AN EXTENSION OF THE LOAN IF SAM IS PROVIDED WITH 30 DAYS WRITTEN NOTICE BEFORE THE NOTE IS DUE. THE TERMS OF THE EXTENSION SHALL BE THE SAME AS THE ORIGINAL LOAN (THE STOUTS TO EXECUTE A NEW DEMAND NOTE AND MORTGAGE), EXCEPT THAT THE RATE SHALL BE THIRTY-FIVE PERCENT (35%), CALCULATED ON THE OUTSTANDING PRINCIPAL AND INTEREST.

SAM SHALL NOT TAKE ANY ACTIONS TO FORECLOSE THE MORTGAGE ON RUSH CREEK UNTIL AFTER THE SIX (6) MONTH PERIOD HAS ENDED OR AFTER THE TWELVE (12) MONTH PERIOD IF SAID FIRST MORTGAGE AND NOTE ARE EXTENDED.

STOUTS DUTIES

THE STOUTS AGREE TO THE FOLLOWING:

THE STOUTS SHALL TAKE EVERY STEP POSSIBLE TO PROCURE A REFINANCING LOAN ON RUSH CREEK AND A REFINANCE LOAN ON CHADBOURNE IN ORDER TO PAY OFF THE LOAN FROM SAM WITHIN THE SIX (6) MONTH EXPIRATION DATE OF THE MORTGAGE AND DEMAND NOTE.

THE STOUTS SHALL USE THE SERVICES OF TRUST ONE MORTGAGE CORPORATION TO OBTAIN THE LOAN AND SHALL PAY NO LESS THAN A THREE PERCENT (3%) MORTGAGE BROKER'S FEE TO OBTAIN THE LOAN. THE STOUTS WILL FULLY COOPERATE WITH TRUST ONE MORTGAGE CORPORATION TO FACILITATE THE REFINANCE PROCESS.

THE STOUTS SHALL PAY THE SUM OF SIX HUNDRED FIFTY DOLLARS (\$650.00) TO PAUL L. SHELTON FOR CLOSING THE PURCHASE OF RUSH CREEK AND THE SUM OF THREE THOUSAND FIVE HUNDRED DOLLARS (\$3,500.00) TO THE SHELTON LAW GROUP, LLC AS AND FOR THE CREATION OF THE DOCUMENTS, THE NEGOTIATION OF THE LOAN WITH SAM, PROCURING OF THE INVESTOR TO PROVIDE THIS LOAN, AND FOR CLOSING OF THE REFINANCE LOANS. PAYMENT IS DUE AT CLOSING FOR THE CLOSING FEE AND UPON THE REFINANCING AND/OR PAYMENT OF THE LOAN, WHICHEVER IS LATER FOR THE LATER FEE.

IF, WITHIN 30 DAYS OF THE DUE DATE OF THE NOTE, THE STOUTS FAIL TO GIVE NOTICE TO EXTEND THE TIME ON THE NOTE, THEY SHALL PAY THE AMOUNT DUE WITHIN THE REQUISITE 6 MONTH PERIOD AS SET FORTH IN THE MORTGAGE AND DEMAND NOTE.

IF, WITHIN 30 DAYS OF THE DUE DATE OF THE MORTGAGE AND DEMAND NOTE AMOUNT, THE STOUTS GIVE NOTICE TO EXTEND, THEY SHALL THEN:

EXECUTE ANOTHER MORTGAGE AND DEMAND NOTE IN THE AMOUNT OF THE PRINCIPAL AND INTEREST DUE PLUS THIRTY-FIVE PERCENT PER ANNUM PRORATED FOR 6 MONTHS.

CONTINUE TO SEEK REFINANCING TO PAY OFF THE MORTGAGE DEBT, AND CONTINUE TO OPERATE UNDER THE TERMS OF THIS AGREEMENT.

CONFIDENTIALITY

THE PARTIES AGREE TO KEEP THIS AGREEMENT, I.E. EACH AND EVERY TERM OF THIS AGREEMENT CONFIDENTIAL AND SHALL NOT DISCLOSE THIS AGREEMENT TO ANYONE BUT THE PRINCIPALS OF TRUST ONE, PAUL SHELTON AND ELIZABETH AMATO, THE STOUTS, AND SAM.

THE PARTIES MAY MUTUALLY AGREE TO MODIFY THIS AGREEMENT IN WRITING ONLY AT ANY TIME.

AGREED TO:

DATE: 4-26-06

[Redacted Signature]

[Redacted Signature]

WILLIAM A STOUT

SAM FAKHOURI

[Redacted Signature]

ROSE V. STOUT

STATE OF ILLINOIS
IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT
JO DAVIESS COUNTY

SAM FAKHOURI,)
Plaintiff,)
vs.)
WILLIAM A. STOUT and ROSE V.)
STOUT, Unknown Owners and)
Nonrecord Claimants,)
Defendants.)

No. 07-CH-34

FILED

OCT 03 2007

MOTION TO MAKE COMPLAINT
MORE DEFINITE AND CERTAIN
AND FOR ADDITIONAL TIME
TO ANSWER



CLERK OF THE CIRCUIT COURT OF
THE FIFTEENTH JUDICIAL CIRCUIT
JO DAVIESS COUNTY ILLINOIS

WILLIAM A. STOUT and ROSE V. STOUT, Defendants in the above-captioned cause, by ELLIS & ELLIS and VINCENT, ROTH & TOEPFER, their attorneys, hereby move the Court to require the Plaintiff to make his Complaint more definite and certain by providing the information required in 735 ILCS §5/15-1504(a)(2)(J), including precise date of default, the current unpaid principal balance, the per diem interest accruing, and a statement of all costs thus far incurred in prosecuting his claim, within fourteen (14) days from the hearing on this Motion. Defendants have previously sought to elicit this information from Plaintiff by telephone and letter to counsel.

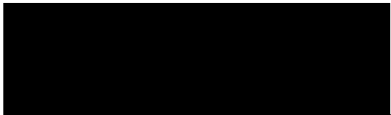
Defendants further move the Court that they be given an additional fourteen (14) days to answer or otherwise plead to the Complaint following the date established for Plaintiff to provide the information required in the preceding paragraph.

WILLIAM A STOUT
and ROSE V. STOUT,
Defendants

ELLIS & ELLIS
Suite 600 Talcott Building
321 West State Street
Rockford, Illinois 61101

By 

STEPHEN A. ELLIS



MARY VINCENT

VINCENT, ROTH & TOEPFER
125 East Main Street
Post Office Box 685
Warren, Illinois 61087

STATE OF ILLINOIS
WINNEBAGO COUNTY }

SS

PROOF OF SERVICE

MARY D. MAGNUSON, being first duly sworn, deposes and says that she deposited a copy of the attached Motion to Make Complaint More Definite and Certain and for Additional Time to Answer, in the United States Mail, with postage fully prepaid, at the City of Rockford, enclosed in an envelope plainly addressed to the following:

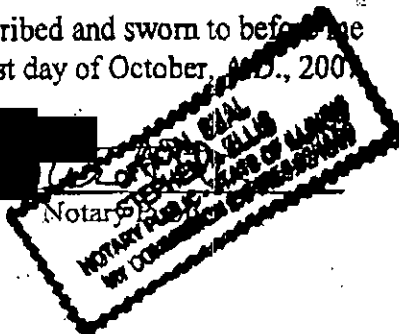
Joseph Younes, Esq
720 West Madison Street
Suite 1405
Chicago, Illinois 60602-4128

Nack, Richardson & Nack
Post Office Box 336
Galena, Illinois 62935

at the above addresses on the 1st day of October, 2007.

[REDACTED]
MARY D. MAGNUSON

Subscribed and sworn to before me
this 1st day of October, A.D., 2007



STATE OF ILLINOIS
IN THE CIRCUIT COURT OF THE 15TH JUDICIAL CIRCUIT
JO DAVIESS COUNTY

SAM FAKHOURI,)
)
Plaintiff,) *In Chancery*
)
vs.) CASE NO.2007 CH-34
)
WILLIAM A. STOUT, et al.,)
)
Defendants.)

FILED

APR 14 2008

PLAINTIFF'S OBJECTION TO
DEFENDANTS' AFFIRMATIVE DEFENSES

CLERK OF THE CIRCUIT COURT OF
THE 15TH JUDICIAL CIRCUIT
JO DAVIESS COUNTY, ILLINOIS

NOW COMES the Plaintiff, by and through his attorneys, LAW OFFICES OF JOSEPH YOUNES, and objects to Defendants' Affirmative Defenses filed on March 27, 2008, and in support thereof states as follows:

1. This matter was previously set for trial on March 7, 2008.

2. On March 5, 2008, this Honorable Court granted Defendants a continuance to April 14, 2008 and further advised Defendants' attorney that no further continuances would be granted.

3. On March 27, 2008, three weeks after the matter was re-set for trial, and two and one half weeks prior to trial, Defendants' attorney filed and served Defendants' Answer, in which three Affirmative Defenses are plead. Said filing was made without leave of court and over four months after filing of the Verified Amended Complaint.

4. That Defendants' have raised alleged affirmative defenses not previously plead and Plaintiff has had no opportunity in which to conduct discovery relating to these matters.


5. That it would be prejudicial to the Plaintiff to allow Defendants to plead new affirmative defenses at this late stage, particularly since Plaintiff has had no opportunity to conduct discovery relative to said allegations.

WHEREFORE, the Plaintiff, by and through his attorneys, LAW OFFICES OF JOSEPH YOUNES, prays that this Honorable Court strike Defendant's

Affirmative Defenses filed on March 27, 2008
without leave of court and for such further relief
as this Honorable Court deems proper.

Respectfully Submitted,

BY:



Joseph Younes

Atty No 6186679
LAW OFFICES OF JOSEPH YOUNES
Attorneys for Plaintiff
120 W. Madison St. - Suite 1405
Chicago, Illinois 60602
312/372-1122

STATE OF ILLINOIS
IN THE CIRCUIT COURT OF THE 15TH JUDICIAL CIRCUIT
JO DAVIESS COUNTY

SAM FAKHOURI,)
)
Plaintiff,) *In Chancery*
)
vs.) CASE NO.2007 CH-34
)
WILLIAM A. STOUT, et al.,)
)
Defendants.)

FILED

APR 14 2008

PLAINTIFF'S ANSWERS TO
DEFENDANTS' AFFIRMATIVE DEFENSES

CLERK THE CIRCUIT COURT OF
THE 15TH JUDICIAL CIRCUIT
JO DAVIESS COUNTY ILLINOIS

NOW COMES the Plaintiff, by and through his attorneys, LAW OFFICES OF JOSEPH YOUNES, and in response to Defendants' Affirmative Defenses filed on March 27, 2008, states as follows:

FIRST AFFIRMATIVE DEFENSE

1. Deny that immediately prior to loan said property was the principal residence of Defendants.
2. Deny that said Act applied.
- 3-8. Deny.

WHEREFORE, the Plaintiff, prays that the

Defendants' Affirmative Defense be denied, stricken or otherwise disallowed, and judgment be entered in favor of Plaintiff.

SECOND AFFIRMATIVE DEFENSE

1. Deny that Paul Shelton was asked to represent Defendants.
2. Deny that Paul Shelton acted as Defendants' attorney.
3. Deny.
4. Deny.
5. Deny.


WHEREFORE, the Plaintiff, prays that the Defendants' Affirmative Defense be denied, stricken or otherwise disallowed, and judgment be entered in favor of Plaintiff.

THIRD AFFIRMATIVE DEFENSE

2. Deny.
3. Deny.
4. Deny.
5. Deny.

WHEREFORE, the Plaintiff, prays that the Defendants' Affirmative Defense be denied, stricken or otherwise disallowed, and judgment be entered in favor of Plaintiff.

Respectfully Submitted,

BY: 
Joseph Younes

Atty No 6186679
LAW OFFICES OF JOSEPH YOUNES
Attorneys for Plaintiff
120 W. Madison St. - Suite 1405
Chicago, Illinois 60602
312/372-1122

STATE OF ILLINOIS
IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT
JO DAVIESS COUNTY

FILED
MAR 27 2008

SAM FAKHOURI,)
)
Plaintiff,)
)
v.)
)
WILLIAM A. STOUT and ROSE V. STOUT,)
Unknown Owners and Nonrecord Claimants,)
)
Defendants.)



No. 2007-CH-34

ANSWER TO AMENDED COMPLAINT TO FORECLOSE MORTGAGE

WILLIAM A. STOUT and ROSE V. STOUT, Defendants in the above-captioned cause, by VINCENT, ROTH & TOEPFER, P.C., by Ronald J. Leinen, one of the attorneys for the Defendants, answer the Amended Complaint for Foreclosure of Mortgage as follows:

1. They neither admit nor deny the allegations in Paragraph 1.
2. They admit that documents titled Mortgage, Demand Note and Agreement are attached as an Exhibit to the Amended Complaint; they deny such documents are true copies of such documents, in part because the copies appear different from those attached to the Plaintiff's Verified Complaint to Foreclose Mortgage, previously filed in this matter.
3. They deny that the Mortgage, Demand Note and Agreement attached to the Amended Complaint are true copies; they admit the allegations of Paragraph 3(A), (C), (D), (G), (K), (L), (M), (U) appear to be consistent with the copies of the Mortgage, Demand Note and Agreement attached to the Amended Complaint.
4. They deny the allegations of Paragraph 3(B), (E), (F), (H), (I), (J), (N), (O), (P), (Q), (R), (S), (T) and demand strict proof thereof.
5. They neither admit nor deny the allegations in Paragraph 4.

WHEREFORE, Defendants pray for judgment dismissing Plaintiff's claims with prejudice and at Plaintiff's cost, and for such other and further relief, legal or equitable, to which Defendants may be entitled.

FIRST AFFIRMATIVE DEFENSE

1. Prior to and on April 25, 2006, the property alleged to secure the Loan made by Plaintiff to Defendants, located at 3114 S. Rush Creek Rd., Stockton, Illinois, was the principal residence of Defendants.
2. As a result, the Loan, at the time of its origination, was subject to the provisions of the High Risk Home Loan Act, 815 ILCS 137/1 et. seq. (hereinafter referred to as the "Act").
3. At no time prior to making the Loan did the Plaintiff verify the Defendants' ability to repay the loan, as required by Section 20 of the Act.
4. Plaintiff failed to act in good faith in all relations with the Defendants, and Plaintiff engaged in deceptive sales efforts in connection with the making of the Loan, in violation of Section 25 of the Act.
5. At no time prior to the making of the Loan did Plaintiff make the disclosure to Defendants required by Section 95 of the Act.
6. At no time before the Plaintiff filed this foreclosure action did the Plaintiff deliver to Defendants the notice of the right to cure the default, as required by Section 105 of the Act.
7. Plaintiff required Defendants to enter into a confidentiality agreement in connection with the Loan, an act of subterfuge in violation of Section 145 of the Act.
8. The Plaintiff's violation of the Act was knowing, and thus also constitutes a violation of the Consumer Fraud and Deceptive Business Practices Act (815 ILCS 440/505).

WHEREFORE, Defendants pray for judgment dismissing Plaintiff's claims with prejudice and at Plaintiff's cost, and for such other and further relief, legal or equitable, to which Defendants may be entitled.

SECOND AFFIRMATIVE DEFENSE

1. Prior to entering into the Loan agreement with Plaintiff, Defendants asked Paul Shelton if he would represent them in connection with the Loan, as well as in connection with the Defendants' purchase of a parcel of real estate in Winnebago County occurring at the same time.
2. Paul Shelton told the Defendants that he would handle the matters for them, thus entering into an attorney-client relationship with the Defendants for both transactions.

3. At no point subsequent to such representation by Mr. Shelton did he inform the Defendants that he was no longer representing them in the Loan transaction with Plaintiff.
4. Mr. Shelton in fact was acting as the agent for Plaintiff and not for Defendants in connection with the Loan transaction.
5. As a result, Plaintiff, through his agent Mr. Shelton, made a material fraudulent misrepresentation, known by Plaintiff and/or his agent to be false at the time it was made, and intended to induce reliance by Defendants, which misrepresentation in fact did induce justifiable reliance by Defendants, to their detriment.

WHEREFORE, Defendants pray for judgment dismissing Plaintiff's claims with prejudice and at Plaintiff's cost, and for such other and further relief, legal or equitable, to which Defendants may be entitled.


THIRD AFFIRMATIVE DEFENSE

1. As set forth in the Plaintiff's Verified Amended Complaint for Foreclosure, Plaintiff is seeking a judgment of at least \$406,000.00 on the Loan of \$300,000.00 principal made by Plaintiff to Defendants in April of 2006.
2. Plaintiff violated the Illinois High Risk Home Loan Act and the Illinois Consumer Fraud and Deceptive Business Practices Act in connection with the making of the Loan.
3. Plaintiff, through misrepresentations made by his agent Paul Shelton to Defendants, perpetrated fraud upon the Defendants in connection with the making of the Loan.
4. In addition, numerous other circumstances surrounding the making of the Loan show improprieties by Plaintiff, including the failure of Plaintiff to provide Defendants with a full set of loan documents setting forth the complete terms of the agreement prior to the closing, the requirement that Defendants use Trust One Mortgage Corporation to pay off the Loan, and the closing of the Loan without either the Defendants or an agent for them present.
5. As a result, both the completely one-sided terms of the Loan and the procedural improprieties of Plaintiff surrounding the making of the Loan show that the Loan is unconscionable.

WHEREFORE, Defendants pray for judgment dismissing Plaintiff's claims with prejudice and at Plaintiff's cost, and for such other and further relief, legal or equitable, to which Defendants may be entitled.

WILLIAM A. STOUT and ROSE V. STOUT,
Defendants

BY: VINCENT, ROTH & TOEPFER, P.C.
Their Attorneys

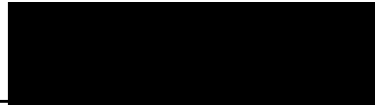
BY: 
Ronald J. Leinen
One of Their Attorneys

Ronald J. Leinen - #6284969
Vincent, Roth & Toepfer, P.C.
122½ N. Main Street
P.O. Box 334
Galena, IL 61036
Telephone: 815/777-0533

VERIFICATION BY CERTIFICATION

Under penalties of perjury as provided by law pursuant to Section 1-109 of the Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct, except as to matters therein state to be on information and belief and, as to such matters, the undersigned certifies as aforesaid that I verily believe the same to be true.


Dated: March 26, 2008.



WILLIAM A. STOUT

Under penalties of perjury as provided by law pursuant to Section 1-109 of the Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct, except as to matters therein state to be on information and belief and, as to such matters, the undersigned certifies as aforesaid that I verily believe the same to be true.

Dated: March 26, 2008.



ROSE V. STOUT

STATE OF ILLINOIS
IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT
JO DAVIESS COUNTY

MAR 27 2008

SAM FAKHOURI,

Plaintiff,

v.

WILLIAM A. STOUT and ROSE V. STOUT,
Unknown Owners and Nonrecord Claimants,

Defendants.

No. 2007-CH-34

CERTIFICATE OF SERVICE

Debra Wienen, being first duly sworn on oath, deposes and says that she served the within ANSWER on the within named persons in the following manner:

Mr. Joseph Younes
120 W. Madison St.
Suite 1405
Chicago, Illinois 60602-4128

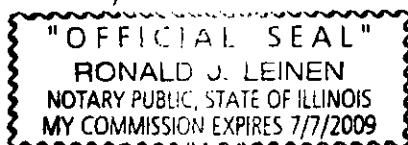
Mr. Joe Nack
Nack, Richardson & Nack
106 N. Main St.
PO Box 336
Galena, Illinois 62935

Deposited a copy of the ANSWER in the United States Post Office in the City of Galena, enclosed in an envelope, plainly addressed to the persons at the address given above, with postage fully prepaid, on the 27th day of March, 2008.

Debra Wienen

Subscribed and Sworn to before
me this 27th day of March, 2008.

Notary Public



STATE OF ILLINOIS
IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT
JO DAVIESS COUNTY

FILED

MAY 12 2008

SAM FAKHOURI,

Plaintiff,

v.

WILLIAM A. STOUT and ROSE V. STOUT,
Unknown Owners and Nonrecord Claimants,

Defendants.

CLERK OF THE CIRCUIT COURT OF
THE FIFTEENTH JUDICIAL CIRCUIT
JO DAVIESS COUNTY, ILLINOIS

No. 2007-CH-34

MOTION TO RECONSIDER

NOW COME WILLIAM A. STOUT and ROSE V. STOUT, Defendants in the above-captioned cause, by VINCENT, ROTH & TOEPFER, P.C., by Ronald J. Leinen, one of the attorneys for the Defendants, and respectfully request this Court, pursuant to 735 ILCS 5/2-1401, reconsider its Findings and Order of April 14, 2008, and in furtherance of said motion state as follows:

1. That on April 14, 2008, at a hearing on the Plaintiff's Verified Amended Complaint to Foreclose Mortgage, the Court made a finding that Defendants' primary residence at the time of origination of the loan made by Plaintiff to Defendants on April 25, 2006 (hereinafter, the "Loan") was located at 1275 Chadbourne Dr., Lake Summerset, Winnebago County, Illinois (hereinafter, the "Winnebago County Property"), and not at 3114 S. Rush Creek Road in Stockton, Jo Daviess County, Illinois (hereinafter, the "Stockton Property"). See Report of Judge's Ruling, p. 2, a copy of which is attached hereto as "Exhibit A" and incorporated herein by this reference
2. That in making its ruling as to the Defendants' primary residence, the Court specifically cited a Winnebago County Parcel Information Report for the Winnebago County Property, introduced by Plaintiff as an exhibit at such hearing, a copy of which is attached hereto as "Exhibit B." See Report of Judge's Ruling, p. 2.
3. That said Winnebago County Parcel Information Report purports to be a certified document from the office of the Winnebago County Supervisor of Assessments showing that, for the years 2006 and 2007, the Defendants were receiving the owner occupied exemption for the Winnebago County Property.
4. That in making its ruling as to the Defendants' primary residence, the Court cited said Winnebago County Parcel Information Report as compelling evidence that the Defendants had taken an affirmative action to elect to have the Winnebago County Property receive the owner occupied exemption. See Report of Judge's Ruling, p. 2.

5. That in testimony before the Court, each of the Defendants denied knowledge of how the Winnebago County Property came to receive the owner occupied exemption, and each of the Defendants denied taking any affirmative action to elect such exemption for the Winnebago County Property. See Report of a Portion of the Proceedings, pages 8-13, a copy of which is attached hereto as "Exhibit C" and incorporated herein by this reference.
6. That, in fact, the reason an owner occupied exemption for the Winnebago County Property was shown on the Winnebago County Parcel Information Report was due to a carryover of such exemption on such property from its previous owner, as set forth in a letter from Beverly Campion, Supervisor of Assessments for the County of Winnebago, to the attorney for the Stouts, dated April 16, 2008, a true and correct copy of which is attached hereto as "Exhibit D" and incorporated herein by this reference.
7. According to the letter of Ms. Campion, the Winnebago County Supervisor of Assessments Office has determined that it was an "oversight" of such office that resulted in the Winnebago County Property receiving the owner occupied exemption in 2006 and 2007, and not any election by Defendants of the owner occupied exemption for the Winnebago County Property.
8. That in each of 2006 and 2007, the Stockton Property received the owner occupied exemption, as set forth in the Parcel Information Report from Jo Daviess County, a copy of which is attached hereto as "Exhibit E" and incorporated herein by this reference.
9. That in making its ruling as to the Defendants' primary residence, the Court stated that it had no doubt that the Defendants had used the address of the Stockton Property on their driver's licenses and voter's registration cards, as each of the Defendants had testified at the hearing. See Report of Judge's Ruling, p. 2; see also Report of a Portion of the Proceedings, pages 5-6 and 12.
10. That because the Court found that Defendants' principal residence in April 2006 was not located at the Stockton Property, the Court held that the High Risk Home Loan Act (815 ILCS 137/1 *et seq.*) did not apply to the Loan made by Plaintiff to Defendants.
11. That, in fact, the primary residence for the Defendants in April of 2006 was located at the Stockton Property.

WHEREFORE, Defendants pray as follows:

- A. That the Court reconsider its finding that the Winnebago County Property was the Defendants' principal residence and eligible for an owner occupied exemption: and


- B. That the Court find that the Defendants' Stockton Property was their principal residence and homestead property; and
- C. That the Court find that the High Risk Home Loan Act was and is applicable to this transaction; and
- D. That the Court find that Plaintiff failed to comply with the provisions of the High Risk Home Loan Act; and
- E. That the Court further find that Plaintiff is prohibited from foreclosure on the Stockton Property because of its failure to comply with the High Risk Home Loan Act;

Or, in the alternative,

- F. That the Court reverse and remand its decision in whole or in part to state the questions requiring further hearings or proceeding and to give such other instructions as may be proper; or
- G. That the Court remand for the purpose of taking additional evidence when from the state of the record it appears that such action is just; and
- H. That the Court grant the Defendants such other and further relief that the Court deems just and equitable.

WILLIAM A. STOUT and ROSE V. STOUT,
Defendants

BY: VINCENT, ROTH & TOEPFER, P.C.
Their Attorneys

BY: 
Ronald J. Leinen
One of Their Attorneys

Ronald J. Leinen - #6284969
Vincent, Roth & Toepfer, P.C.
122½ N. Main Street
P.O. Box 334
Galena, IL 61036
Telephone: 815/777-0533

IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT
OF THE STATE OF ILLINOIS, JO DAVIESS COUNTY

SAM FAKHOURI,

Plaintiff,

vs.

WILLIAM A. STOUT and ROSE V.
STOUT, Unknown Owners and Non-Record
Claimants,

Defendants.

Case No.: 2007-CH-34

REPORT OF JUDGE'S RULING, WHICH WAS A PORTION OF THE
PROCEEDINGS at the motion hearing in the above-entitled cause,
recorded on the Jo Daviess County computer based digital
recording system before the HONORABLE WILLIAM A. KELLY, Circuit
Judge of said court, on the 14th day of April, 2008.

APPEARANCES:

PLAINTIFF present in his own proper person and represented
by his attorney, MR. JOSEPH YOUNES.

DEFENDANTS present in their own proper persons and
represented by their attorney, MR. RONALD LEINEN.

Tammy Stephenson
Certified Electronic Recorder Operator



1 THE COURT: The number one issue; is this the
2 primary residence or isn't it? We have a lot of evidence
3 (driver's license, photo registration cards), I have no doubt
4 that those are the name in Stockton.

5 But I've got this Homestead Exemption document which people
6 have to take an affirmative action to get that and I don't see
7 that they have one here in Jo Daviess County which would, then--
8 you know, I can't imagine if your primary physical residence
9 were here that you wouldn't have your Homestead Exemption where
10 you live so I haven't seen anything of that nature so I find
11 that that--this is not their primary residence notwithstanding
12 the fact that there is some confusion and some thought I'm sure
13 one way or another as to what is the primary--their primary
14 residence.

15 The documents that we have here are--certainly there's a
16 high premium being paid for a high risk loan and clearly it was
17 a high risk loan. We're here today because it was a high risk
18 loan.

19 I think that Mr. Stout is clearly a sophisticated
20 businessman. I don't think he was over-reached as a result of
21 being in anyway mentally impaired or not sophisticated in
22 business and even though, Mr. Stout, you may not be actively
23 involved as a real estate broker, the fact that you even have
24 that license would indicate a level of expertise in the area
25 that would be greater than the average person and by the same

1 token, I find in the Plaintiff that he's not a lending
2 institution in the sense that he's, you know, the First National
3 Whatever.

4 The document, the agreement, the parties entered into with
5 Mr. Shelton, what he was there to do was to, as it states
6 specifically in it, you know, for \$650 he's going to close the
7 deal for \$3,500, he's going to prepare the documents, he's going
8 to negotiate with the plaintiff. That's what he's doing and work
9 on further helping the defendants here procure the loan that
10 they really needed and this was a business venture that I see
11 was an opportunity for the defendants to do well if they could
12 take advantage of it and the only way they could do it with the
13 situation was to borrow in a unique and exotic way.

14 I find that the Plaintiff has proved their case. I think
15 that the \$345,000; a lot, yes and that was a business decision
16 that the defendants entered into and the documents are at least
17 clear enough to indicate that if it went for another six months
18 it would be at 35 percent interest which would then be
19 tantamount to \$45,000 if it went the full six months but I think
20 it really was to the benefit of the defendants because it looked
21 like it would be pro-rated so if you started in the second six
22 months and you were able to get a loan right away, you wouldn't
23 have had to pay 45, you'd just have to pay 35 percent of it from
24 the way that agreement was set up. When it says that they'll
25 have the right to extend executed mortgage note in the amount of

1 principal and interest due plus 35 percent per annum pro-rated
2 for six months and so if that were the argument I think I would
3 find we'd pro-rate it to when they paid off the loan.

4 In any event, the Court finds for the Plaintiff and against
5 the Defendants for the relief that they're seeking, including
6 the attorney's fees and what I would ask you to do, Mr. Younes
7 is to present to Mr. Leinen and give him an opportunity to
8 examine that and if there's some objection to it that it could
9 be brought to my attention and so you are seeking a selling
10 officer to foreclose on the 11 acres, is that right and proceed
11 with the rest of--the remainder of the foreclosure?

12 MR. YOUNES: Yes, Your Honor.

13 One point of clarification, if I may; the Court indicated
14 that the 345 and the 45 would total 390 and then the question of
15 the interest rate...

16 THE COURT: Isn't it five percent?

17 MR. YOUNES: Okay, I know there was some conflicting
18 testimony on that point. Are we going to calculate that after
19 the first year?

20 THE COURT: It appeared to me that because it is
21 conflicting, let's just do it that way, alright?

22 MR. YOUNES: After the first year?

23 THE COURT: Right.

24 MR. YOUNES: So then 17,000--

1 THE COURT: Because there is a bit of confusion;
2 the five percent interest on top of the 45/45 will commence at
3 the conclusion of the first year.

4 MR. YOUNES: Alright 17,250 is what interest would
5 be for one year at five percent.

6 THE COURT: Alright.

7 MR. YOUNES: Thank you, Your Honor.

8 MR. LEINEN: And Your Honor, I just want to be clear
9 then, you're stating that really the first year then the
10 interest is 90 total, not plus the five for the first six
11 months?

12 THE COURT: Correct; that's right because there is
13 some confusion I guess admittedly could made.

14 You've seen the affidavit of Mr. Younes; do you have a--why
15 don't we do this? Take your time looking through that, Mr.
16 Leinen; I don't want to press you. We'll conclude today and you
17 can have a telephone conversation with Mr. Younes. If there's
18 any disputes or conflicts with regard to it, get the documents
19 to me and we'll do a telephone conference and we'll resolve it
20 in that fashion; fair enough?

21 MR. YOUNES: Fair enough, Your Honor.

22 As far as an order today--as far as the entry of an order
23 today, Your Honor?

24 THE COURT: Right, you prepare the order and we'll
25 enter it.

1 MR. YOUNES: Alright and then the attorney's fees
2 will be a separate order?

3 THE COURT: It can be, it depends on if you--you
4 know, are you going to prepare this--you don't have a judgment
5 order today with the necessary amounts and so forth, do you?

6 MR. YOUNES: I could draft one. Well, actually, why
7 don't we wait until the issue is resolved, Your Honor; I mean, I
8 don't know what's going to transpire in the few days between...

9 THE COURT: Well, it would be very simple for Mr.
10 Leinen and you, Mr. Younes, to talk to each other and if there,
11 like I say, is any problem, get in touch with me, we'll do a
12 telephone conference and resolve it in that fashion and then you
13 can draft the order that you want entered in this case, submit
14 the same to Mr. Leinen to make sure that it's in conformance--

15 MR. YOUNES: Can I fax' it into Your Honor then?

16 THE COURT: That's fine.

17 CLERK: No faxes; you'll have to mail it.

18 MR. YOUNES: Mail it?

19 THE COURT: Well--

20 MR. YOUNES: I could overnight it.

21 THE COURT: Alright, thank you, gentlemen.

22 MR. YOUNES: Thank you, Your Honor.

23 THE COURT: And Counsel, you can retain in your
24 custody any exhibits that you submitted, alright?

25 (End of hearing.)

Tax Year: 2007

Parcel Information Report Winnebago County 05-06-127-014

Parcel Number 05-06-127-014	Township LAONA	Tax Code 220	Property Class 0031	Land Use	1977 Base Value 2,112	Senior Freeze Year
Alternate Parcel Number 330A248	Homeacre Acres 0.0000	Farm Acres 0.0000	Gross Acres 0.0000	TIF Base 0	EZone Parcel MO	Senior Freeze Value 0
Parcel Status Active	Activation Year	Lot Dimension		Level Activated		Township Assessor

Owner Name and Address
STOUT WILLIAM A & ROSE
1275 CHADBOURNE DR
DAVIS, IL 61018

Alternate Name and Address

Parcel Sales	Document Number	Date of Sale	Gross Selling Price	Net Selling Price	Valid Sale	Filing Date	Book	Page
	0764251	10/11/2007	0.00	0.00	N	10/11/2007		
	0763016	9/28/2007	0.00	0.00	N	9/28/2007		
	0533509	4/26/2006	0.00	0.00	N	4/26/2006		
	139273	6/29/2001	215,000.00	215,000.00	N			
	2105511	12/15/1993	3,700.00	3,700.00	N			

Site Address
1275 CHADBOURNE DR

Legal Description
4-4-08
CORRECTED FINAL PLAT 2 OF LAKE SUMMERSET-SAYBROOK SEC 7 LOT 1275



Parcel Notes

To Whom it May Concern:
As referenced below, this property is receiving the Owner Occupied Exemption.

Winnebago Co. Supervisor of Assmts.

Exemption Information

Year	Exemption	Begin Date	End Date	Amount Granted
2006	Owner Occupied	01/01/2006	12/31/2006	5,000
2007	Owner Occupied	01/01/2007	12/31/2007	5,000

Assessment Information

~~Tax Year: 2006~~ Parcel Number: 05-06-127-014

Category	Partial Bldg Ind	Farm Land	Farm Building	Non Farm Land	Non Farm Building	Total New Construction	Total Demolition	Assessment Total
Prior Year Equalized	N	0	0	3,320	76,237	0	0	79,557
Township Assessor	N	0	0	3,320	76,237	0	0	79,557
Supervisor of Assessments	N	0	0	3,320	76,237	0	0	79,557
5 of A Equalized	N	0	0	3,502	80,422	0	0	83,924
Board of Review	N	0	0	3,502	80,422	0	0	83,924
Board of Review Equalized	N	0	0	3,502	80,422	0	0	83,924
Department of Revenue	N	0	0	3,502	80,422	0	0	83,924

DEFENDANT'S EXHIBIT.

B

Tax Year: 2007

**Parcel Information Report
Winnebago County
05-06-127-014**

Page 2 of 2
04/14/2008 10:50:28 AM

~~Tax Year: 2007 Parcel Number: 05-06-127-014~~

Category	Partial Bldg Ind	Farm Land	Farm Building	Non Farm Land	Non Farm Building	Total New Construction	Total De molition	Assessment Total
DOR Equalized	N	0	0	3,502	80,422	0	0	83,924
Assessment Category		Homesite Dwelling Factor		Farm Land/ Building Factor	Non Farm Land Factor	Non Farm Building Factor		
S of A Equalized		1.0000		1.0000	1.0549	1.0549		
Board of Review Equalized		1.0000		1.0000	1.0000	1.0000		

~~Tax Year: 2007 Parcel Number: 05-06-127-014~~

Category	Partial Bldg Ind	Farm Land	Farm Building	Non Farm Land	Non Farm Building	Total New Construction	Total De molition	Assessment Total
Prior Year Equalized	N	0	0	3,502	80,422	0	0	83,924
Township Assessor	N	0	0	4,502	80,422	0	0	84,924
Supervisor of Assessments	N	0	0	4,502	80,422	0	0	84,924
S of A Equalized	N	0	0	4,653	83,116	0	0	87,769
Board of Review	N	0	0	4,653	83,116	0	0	87,769
Board of Review Equalized	N	0	0	4,653	83,116	0	0	87,769
Department of Revenue	N	0	0	4,653	83,116	0	0	87,769
DOR Equalized	N	0	0	4,653	83,116	0	0	87,769
Assessment Category		Homesite Dwelling Factor		Farm Land/ Building Factor	Non Farm Land Factor	Non Farm Building Factor		
S of A Equalized		1.0000		1.0000	1.0335	1.3335		
Board of Review Equalized		1.0000		1.0000	1.0000	1.0000		

Parcel Genealogy:

IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT
OF THE STATE OF ILLINOIS, JO DAVIESS COUNTY

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SAM FAKHOURI,

Plaintiff,

vs.

WILLIAM A. STOUT and ROSE V.
STOUT, Unknown Owners and Non-Record
Claimants,

Defendants.

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) Case No.: 2007-CH-34
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REPORT OF A PORTION OF THE PROCEEDINGS at the motion
hearing in the above-entitled cause, recorded on the Jo Daviess
County computer based digital recording system before the
HONORABLE WILLIAM A. KELLY, Circuit Judge of said court, on the
14th day of April, 2008.

APPEARANCES:

PLAINTIFF present in his own proper person and represented
by his attorney, MR. JOSEPH YOUNES.

DEFENDANTS present in their own proper persons and
represented by their attorney, MR. RONALD LEINEN.

Tammy Stephenson
Certified Electronic Recorder Operator



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INDEX

WITNESS	DIRECT	CROSS	REDIRECT	RECROSS
William Stout		3		
Rose V. Stout	11			

EXHIBITS

NUMBER	MARKED	OFFERED
Certificate of Certified Court Specialist		14

1 (The following are portions of the cross examination of
2 witnesses by Attorney Ronald Leinen.)

3 WILLIAM STOUT

4 CALLED AS A WITNESS ON BEHALF OF THE PLAINTIFF, having been
5 first duly sworn, was examined and testified as follows:

6 CROSS EXAMINATION

7 BY MR. LEINEN:

8 Q Good afternoon, Mr. Stout.

9 A Good afternoon.

10 Q You had testified you that you purchased the Rush
11 Street property in Stockton in approximately 1993, is that
12 correct?

13 A Right.

14 THE COURT: Did you say Rush Street?

15 MR. LEINEN: I'm sorry...

16 A Rush Creek.

17 Q ...Rush Creek; Rush Creek Property.

18 THE COURT: Alright, thank you.

19 MR. LEINEN: And subsequent to purchasing that property,
20 did you move into it?

21 A Yes.

22 Q About what time; what year was that?

23 A January of '93.

24 Q Okay, did you have any other residences at that time?

25 A At that time?

1 Q Yes.

2 A Yes.

3 Q And where was that located?

4 A In Lisle.

5 Q Illinois?

6 A Yes, Lisle, Illinois.

7 Q Do you still own that property?

8 A No.

9 MR. YOUNES: Object to relevancy, Your Honor.

10 THE COURT: Mr. Leinen?

11 MR. LEINEN: I'm trying to establish the issue of
12 residence here; I'm just, you know, getting a background.

13 THE COURT: I'll overrule the objection. I'll let
14 his answer stand.

15 MR. YOUNES: In 1993, Your Honor.

16 THE COURT: I understand; I'm overruling the
17 objection. I'll let that stand, he said no.

18 MR. LEINEN: Between 1993 and April of 2006, did you have
19 one primary residence?

20 A Yes.

21 Q And where was that located?

22 A 3114 S. Rush Creek Road.

23 Q So on April 25, 2006, was your primary residence at--

24 A Stockton, Illinois.

25 Q --Stockton, Illinois at the Rush Creek Road property?

1 A Right.

2 Q On April 24, 2006, what was the address on your voter
3 registration?

4 A 3114 South Rush Creek Road, Stockton.

5 Q On April 24, 2006, where was--strike that. On April
6 25, 2006, what address was on your driver's license?

7 A 3114 South Rush Creek Road, Stockton.

8 Q And your tax returns for 2006, what address did you
9 put on those tax returns?

10 A Same address; 3114 South Rush Creek Road, Stockton.

11 Q On April 25, 2006, where would you describe the
12 location of the majority of your personal possessions?

13 A In Stockton, Illinois.

14 Q At the Rush Creek Road?

15 A 3114.

16 Q It was established, I think previously that you then
17 subsequently purchased a property in Lake Somerset, is that
18 correct?

19 A Yes.

20 Q At any point subsequent to purchasing that property,
21 did you move the majority of your personal possessions into that
22 address?

23 A No.

24 Q Subsequent to your purchase of the property at Lake
25 Somerset, did you change the address on your driver's license--

1 A No.

2 Q --to reflect that address? No?

3 A No.

4 Q And please allow me to finish the question.

5 A Okay.

6 Q Thank you. Subsequent to your purchase of the Lake
7 Somerset property, did you change the address on your voter
8 registration?

9 A No.

10 Q Now we have established, I think--your previous
11 testimony established that you did spend some time at the Lake
12 Somerset property though, is that correct?

13 A Yes.

14 Q Can you describe for the Court what the nature of the
15 time you spent there was subsequent to your purchase of the
16 property?

17 A Can you say it again?

18 Q After you purchased the property in Lake Somerset, how
19 did you spend your time there?

20 A Just a few days...just a few days a week there; we went
21 there, would check out the place, you know, did what we had to
22 do and came back to Stockton.

23 Q Now is true that you've been spending some more time
24 recently at that property?

25 A Yes.

1 Q Can you explain why?

2 A Because I wound up with a severe case of Lyme's
3 Disease which led to deterioration of my spinal column and I've
4 been going back and forth for treatments after surgery for
5 rehabilitation and seeing doctors and stuff like that. So it's a
6 lot closer...

7 Q Okay and that property is closer to your rehab center?

8 A To Rockford; right.

9 Q When did you incur the ailment that you're suffering
10 from that you describe?

11 A Originally--The original illness started around June
12 of '07, I think '07.

13 Q June of '07?

14 A Right.

15 Q So between the purchase of the Lake Somerset property
16 and June of '07, how would you describe the time you spent at
17 the Lake Somerset property?

18 A We'd just go back and forth and use it as a place for,
19 you know, going back and forth to rehabilitation. As many days
20 as it takes (three, four days); that's as long as my
21 rehabilitation is every week.

22 Q That was subsequent to the onset of your ailment?

23 A Right.

1 Q Okay, but prior to that when you did not have your
2 health problem, you did not spend as much time at Lake Somerset,
3 is that your testimony?

4 A No; right.

5 Q Okay. In April of 2006, what residence did you intend
6 as your primary residence?

7 A Say that again.

8 Q What residence in--April 25th of 2006, what residence
9 did you intend as your primary residence?

10 A 3114 South Rush Creek Road.

11 Q You had been asked about Homestead Exemption that
12 apparently was claimed on the Lake Somerset property. Did you at
13 any time instruct someone to elect an exemption for that
14 property?

15 A No.

16 Q Do you know how that became the property on which a
17 Homestead Exemption--

18 A I do not know; I know it's not on my tax bill and if
19 it was, it would show that.

20 Q Okay, but you have no recollection at this point in
21 time--

22 A No.

23 Q --of instructing someone or making that election?

24 A I don't think anybody--you couldn't instruct anybody
25 to do it. I think the actual person has to do it.

1 Q Do you have a memory of consciously making that
2 decision on your own?

3 A Of...?

4 Q Of electing to have the Homestead Exemption in 2006 on
5 the Lake Somerset property?

6 A I never had it.

7 Q Do you recall making that election for the tax year
8 2007 on the Lake Somerset property?

9 A No.

10 Q Do you have a tax preparer who does your tax work or
11 an accountant?

12 A Do I have a tax preparer? Yes.

13 Q Okay. When you filled out the lease to or rent to
14 purchase agreement, I believe it has a lease option for the Lake
15 Somerset property, do you recall if you were asked to state what
16 your principal residence was in that document?

17 A Was I asked?

18 Q Do you recall if you were asked in that document to
19 fill out, an address?

20 A I don't remember.

21 MR. LEINEN: Your Honor, may I look at Exhibit 3--

22 THE COURT: Certainly.

23 MR. LEINEN: Plaintiff's Exhibit 3 and show it to
24 the witness.

1 THE COURT: Go ahead. Here are the exhibits; go
2 ahead.

3 MR. LEINEN: May I show it to the witness.

4 THE COURT: Go ahead.

5 MR. YOUNES: Judge, I'm just going to note an
6 objection; it's for a period of one year prior to the mortgage.
7 I don't believe it has any relevance if it's one year preceding
8 the date of the mortgage.

9 THE COURT: This exhibit?

10 MR. YOUNES: Yes.

11 THE COURT: This is the exhibit that you
12 introduced.

13 MR. YOUNES: Yes, it's a year prior.

14 THE COURT: Alright, so you're saying it's not
15 relevant.

16 MR. YOUNES: No, as far as the address that he lists
17 a year prior. The question is where his principal residence was
18 as of April of '06, not of--

19 THE COURT: Well, I don't know what he's going to
20 ask him now. He's going to show him this document and then ask
21 him a question and then we'll see if that--if that question is
22 relevant or not.

23 MR. LEINEN: Do you recall seeing this exhibit which was
24 introduced by the Plaintiff?

25 A Yes.

1 Q Okay, I'm going to ask you to look on Page 2 on Number
2 17, can you tell me what that states?

3 A Yes, it says 3114 South Rush Creek Road.

4 Q It says what about it?

5 A Stockton, Illinois.

6 Q I mean, is there anything else in that section; what
7 is that pertaining to?

8 A Primary.

9 MR. YOUNES: Same objection, Your Honor, as to the
10 period of time other than April of '06; that's what's at issue.

11 THE COURT: Alright, I'm going to overrule the
12 objection. I'm going to let it go to the weight if they want to
13 argue it.

14 (Thus ends a portion of the cross examination of
15 witness by Mr. Leinen.)

16 (Following is a portion of the examination by Mr.
17 Leinen of Rose Stout.)

18 (Witness sworn.)

19 ROSE V. STOUT

20 DEFENDANT HEREIN, CALLED AS A WITNESS ON HER OWN BEHALF, having
21 been first duly sworn, was examined and testified as follows:

22 DIRECT EXAMINATION

23 BY MR. LEINEN:

24 Q Please state your name for the record.

25 A My name is Rose V. Stout.

1 Q And you currently own property in--on Rush Street in
2 Stockton and also in Lake Somerset in Winnebago County?

3 A Yes, we do.

4 Q And you've heard the testimony to this point?

5 A Yes, I have and our primary from beginning of time--

6 Q I'll get to that, thank you.

7 A Okay.

8 Q In April of 2006--

9 A Yes, sir.

10 Q --in your opinion--strike that. In April of 2006, what
11 was your primary residence?

12 A 3114 South Rush Creek Road.

13 Q And on your driver's license in April of 2006, what
14 address was on your driver's license?

15 A 3114 South Rush Creek Road at Stockton.

16 Q And when you filed your taxes for the year 2006, what
17 was the address on those taxes?

18 A 3114 South Rush Creek Road, Stockton address.

19 Q And where were you registered to vote in 2006?

20 A In Stockton.

21 Q At the Rush Creek Road address?

22 A Yes.

23 Q And where were most of your personal possessions in
24 April of 2006 located?

25 A 2006 they were at Rush Creek Road in Stockton.

1 Q Now you heard your husband testify to the fact that
2 you did spend some time at the Lake Somerset property, can you
3 describe in the April, 2006 period of time, what your presence
4 at that property consisted of?

5 A It would be to check the home, to make sure the
6 landscaping is done, the heat's on, so on and so forth; a few
7 hours but we always returned to Stockton.

8 Q There was some apparent evidence that was introduced
9 that there were certain Homestead Exemption--Exemptions that were
10 taken naming Lake Somerset as the property, did you have a
11 explanation of that or knowledge of that?

12 A Right and I--that is new to me and I'm the one that
13 usually pays the taxes so I really never acknowledged that. The
14 only thing I can think, Your Honor, is that they just passed the
15 papers on, you know, after that. I think the people before us
16 had a Homestead and I'm thinking because I know, like they were
17 there part of that year, you know, for those taxes until we took
18 it over. We never applied for Homestead there. If they honored
19 us, I'm glad to see it but I never knew we had it.

20 (Thus ends a portion of the testimony of Rose V.

21 Stout.)

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STATE OF ILLINOIS)
) SS.
COUNTY OF JO DAVIESS)

I, Tammy Stephenson, hereby certify that I trained in the use and operation of the computer based digital system installed in the Jo Daviess County Courthouse. I further certify the foregoing to be a true and accurate transcript of the electronic recording of the proceedings in the above entitled cause which recording contained a certification in accordance with rule or administrative order.



Tammy Stephenson
Certified Court Specialist

Date: 5/12/08

County of Winnebago

Beverly Campion, Supervisor of Assessments

Date: April 16, 2008

To: Ronald Leinen, Attorney

From: Beverly Campion
Winnebago County Supervisor of Assessments

Re: PIN: 05-06-127-014
William and Rose Stout

On Monday, April 14, 2008, Attorney Joseph Younes came to the Winnebago County Supervisor of Assessments office and requested certification that the above referenced parcel was receiving the Owner Occupied Exemption. I printed a parcel report which showed an Owner Occupied Exemption and then signed, dated and notarized the report stating that the exemption was being received. On Tuesday, April 15, 2008, William Stout called my office and said that the report which I had signed the previous day was used in court to prove that Mr. Stout did, in fact, live at 1275 Chadbourne Drive. Following further research it was determined that an oversight had occurred.

When William Stout purchased this property on April 26, 2006, the sale included two parcels, 05-06-127-014 and an adjacent vacant lot, 05-06-127-013. However, when a sale includes multiple parcels, the Recorder's Office "attaches" the full consideration (sale price) to only one of the Property Index Numbers. When the Supervisor of Assessments Office downloads the sales, the prior practice was to "attach" the sale price to the same PIN used by the Recorder's Office and put \$0.00 consideration for all other parcels. Following this incident our policy has been changed to use the PIN with a building value when entering the sale price.

On an annual basis, we remove any Homestead Exemption (including the Owner Occupied Exemption) for the year following a sale showing a transfer of money and then put on the exemption for all new applicants. Because the home purchased by William Stout in 2006 was downloaded with \$0.00 sale price, the Owner Occupied was not removed. Had it been taken off, the property would not have had an exemption for 2007 because William and / or Rose Stout did not file an Owner Occupied Exemption for 2007.

I apologize for the confusion and am available for further assistance, if necessary.



County Administration Building
404 Elm Street, Room 301
Rockford, Illinois 61101
(815) 319-4460 Fax: (815) 319-4461

DEFENDANT'S
EXHIBIT

ALL-STATE LEGAL SUPPLY CO.

Tax Year: 2006

Parcel Information Report

JO DAVIESS County

17-000-225-00

Parcel Number 17-000-225-00	Township STOCKTON	Tax Code 17001	Property Class 0011	Land Use 0011	1977 Base Value 31,289	Senior Freeze Year 0
Alternate Parcel Number	Homesite Acres 2.4600	Farm Acres 9.3800	Gross Acres 11.8400	TIF Base 0	EZone Parcel NO	Senior Freeze Value 0
Parcel Status Active Parcel	Activation Year	Lot Dimension 11.84 AC.	Level Activated Prior Year Equalized			

Owner Name and Address
STOJT WILLIAM A & ROSE V
3114 S RUSH CREEK RD
STOCKTON, IL 61085

Alternate Name and Address

Parcel Sales

Site Address
3114 S RUSH CREEK RD
STOCKTON, IL
3100 S RUSH CREEK RD
STOCKTON, IL
3200 S RUSH CREEK RD
STOCKTON, IL

Legal Description
S19 T27N R4E
PT NW NE
WEST OF S. RUSH CREEK ROAD

Parcel Notes

Exemption Information

Year	Exemption	Begin Date	End Date	Amount Granted
2005	Owner Occupied	01/01/2005	12/31/2005	5,000
2006	Owner Occupied	01/01/2006	12/31/2006	5,000
2007	Owner Occupied	01/01/2007	12/31/2007	5,000

Assessment Information

Tax Year	2005	Parcel Number	17-000-225-00	Non Farm Land	Non Farm Building	Total New Construction	Total Demolition	Assessment Total
Category	Partial Bldg Ind	Farm Land	Farm Building					
Prior Year Equalized	N	381	0	12,326	131,672	0	0	144,379
Township Assessor		343	0	12,326	131,672	0	0	144,341
Supervisor of Assessments	N	343	0	12,326	131,672	0	0	144,341
S of A Equalized	N	343	0	12,326	131,672	0	0	144,341
Board of Review	N	343	0	12,326	131,672	0	0	144,341
Board of Review Equalized	N	343	0	12,326	131,672	0	0	144,341
Department of Revenue	N	343	0	12,326	131,672	0	0	144,341



Parcel Information Report
JO DAVIESS County
17-000-225-00

Tax Year: 2005 Parcel Number: 17-000-225-00

Category	Partial Bldg Ind	Farm Land	Farm Building	Non Farm Land	Non Farm Building	Total New Construction	Total Demolition	Assessment Total
DOR Equalized	N	343	0	12,326	131,672	0	0	144,341
Assessment Category		Homesite Dwelling Factor		Farm Land/ Building Factor	Non Farm Land Factor	Non Farm Building Factor		
S of A Equalized		1.0000		1.0000	1.0000	1.0000		
Board of Review Equalized		1.0000		1.0000	1.0000	1.0000		

Tax Year: 2006 Parcel Number: 17-000-225-00

Category	Partial Bldg Ind	Farm Land	Farm Building	Non Farm Land	Non Farm Building	Total New Construction	Total Demolition	Assessment Total
Prior Year Equalized	N	343	0	12,326	131,672	0	0	144,341
Township Assessor	N	159	0	12,326	138,053	0	0	150,538
Supervisor of Assessments	N	159	0	12,326	138,053	0	0	150,538
S of A Equalized	N	159	0	12,326	138,053	0	0	150,538
Board of Review	N	159	0	12,326	138,053	0	0	150,538
Board of Review Equalized	N	159	0	12,326	138,053	0	0	150,538
Department of Revenue	N	159	0	12,326	138,053	0	0	150,538
DOR Equalized	N	159	0	12,326	138,053	0	0	150,538
Assessment Category		Homesite Dwelling Factor		Farm Land/ Building Factor	Non Farm Land Factor	Non Farm Building Factor		
S of A Equalized		1.0000		1.0000	1.0000	1.0000		
Board of Review Equalized		1.0000		1.0000	1.0000	1.0000		

Tax Year: 2007 Parcel Number: 17-000-225-00

Category	Partial Bldg Ind	Farm Land	Farm Building	Non Farm Land	Non Farm Building	Total New Construction	Total Demolition	Assessment Total
Prior Year Equalized	N	159	0	12,326	138,053	0	0	150,538
Township Assessor	N	144	0	12,326	138,053	0	0	150,523
Supervisor of Assessments	N	144	0	12,326	138,053	0	0	150,523
S of A Equalized	N	144	0	12,326	138,053	0	0	150,523
Board of Review	N	144	0	12,326	138,053	0	0	150,523
Assessment Category		Homesite Dwelling Factor		Farm Land/ Building Factor	Non Farm Land Factor	Non Farm Building Factor		
S of A Equalized		1.0000		1.0000	1.0000	1.0000		

Parcel Genealogy:

STATE OF ILLINOIS
IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT
JO DAVIESS COUNTY

FILED

SAM FAKHOURI,

Plaintiff,

MAY 27 2008

No. 2007-CH-34

v.

WILLIAM A. STOUT and ROSE V. STOUT,
Unknown Owners and Nonrecord Claimants,

Defendants.

CLERK OF THE CIRCUIT COURT OF
THE FIFTEENTH JUDICIAL CIRCUIT
JO DAVIESS COUNTY ILLINOIS

PLAINTIFF'S RESPONSE TO DEFENDANT'S MOTION TO RECONSIDER

NOW COMES Plaintiff, SAM FAKHOURI, by and through his attorneys, LAW OFFICES OF JOSEPH YOUNES, and for his response to Defendant's Motion to Reconsider, states as follows:

Defendants have filed a Motion to Reconsider in which the sole basis is premised upon the Homestead Exemption on Defendants' property located in Lake Summerset Illinois. Defendants' motion is wholly without basis based upon all of the testimony proffered at trial.

THIS HONORABLE COURT CORRECTLY FOUND DEFENDANTS' PRIMARY RESIDENCE TO BE LOCATED AT 1275 CHADBOURNE DR., LAKE SUMMERSET, ILLINOIS

This Honorable Court correctly found Defendants' primary residence as of April, 2006 to be located at 1275 Chadbourne Dr., Lake Summerset Illinois, a/k/a Lake Summerset property. Defendants' Motion to Reconsider should be dismissed for the following reasons:

I. DEFENDANTS' PRIMARY RESIDENCE WAS AND IS LOCATED AT 1275 CHADBOURNE DR., LAKE SUMMERSET ILLINOIS AS

**EVIDENCED BY THE PRIMARY AND SECONDARY MORTGAGES
ON SAID RESIDENCE WHICH WERE EXECUTED ON SEPTEMBER
28th, 2007.**

On September 28, 2007 Defendant William Stout executed a primary and secondary mortgage on the Lake Summerset Property in the amount of \$300,000.00 each (See Plaintiffs Trial Exhibits 8 and 9, attached here to as "Exhibits A & B"). In these mortgages, Defendant agreed to occupy the Lake Summerset property as his primary residence. Both of the aforesaid mortgages contained the following identical provision:

Borrower and Lender covenant and agree as follows:

4. Borrower shall occupy, establish and use the property as *Borrower's principal residence* after the execution of this security instrument and Borrower (or at least one Borrower, if initially more than one person are Borrowers) shall continue to occupy the Property as Borrower's principal residence for the term of the Security Instrument. "Principal residence" shall have the same meaning as in the Loan Agreement. (Emphasis added)

Defendant, as this court found was a sophisticated businessman and a licensed real estate broker and was well aware of this provision. After Defendants received the sum of \$300,000.00 from the Plaintiff, Defendant William Stout then executed the mortgages on the Lake Summerset Property representing that he would maintain said property as his "principal residence." Defendant would have this Honorable Court believe that Defendant should be allowed to claim the Stockton Property as his principal residence and ignore Defendants' execution of the primary and secondary mortgages where Defendant avers that he would maintain the Lake Summerset property as his principal residence in order to procure mortgages totaling \$600,000.00.

Blacks Law dictionary provides guidance is determining what a residence is as opposed to a domicile. "Residence usually just means bodily presence as an inhabitant in a given place; domicile usually requires bodily presence plus an intention to make the place one's home. A person thus may have more ant one residence at a time but only one domicile." *Blacks Law Dictionary* 607 (2nd ed. 2001). Black Law dictionary provides further guidance by defining the term domicile as:

1. The place at which a person is physically present and that the person regards as home; a persons true, fixed *principal and permanent home*, to which that person intends to return and remain even though currently residing elsewhere.
2. The residence of a person or corporation for legal purposes. (Emphasis added)

Blacks Law Dictionary 218 (2nd ed. 2001). Thus, a person's principal home or residence is synonymous with the term domicile. In order to establish a domicile one must have 1) residency, and 2) intent to make this residency his principal residence. The mortgage Defendant executed on September 28, 2007 is evidence of the intent to make the Lake Summerset residence his principal residence. At no time from September 28, 2007 until April 14, 2008, the trial of this cause, did Defendant obtain a release of said mortgages and said mortgages remain in full force and legal effect.

It is undisputed that Defendants had at least two properties which would theoretically satisfy the definition of "residence." However, as Blacks Law dictionary provides, only one of these residences may be considered as a principal residence. The mortgages executed on September 28, 2007 are evidence of an intention to make the Lake Summerset property the principal residence. With the execution of the September 28, 2007 mortgages, Defendant evidenced 1) the Lake Summerset property as his residence, and 2) his intent to have said residence as his principal residence. There is

other evidence which establishes the Lake Summerset Property as Defendant's primary residence.

II. DEFENDANTS' PRIMARY RESIDENCE WAS AND IS LOCATED AT 1275 CHADBOURNE DR., LAKE SUMMERSET, ILLINOIS AS EVIDENCED BY THE UNCONTESTED TESTIMONY AT TRIAL THAT DEFENDANTS' INTENDED TO MAINTAIN SAID PROPERTY AS THEIR PRIMARY RESIDENCE.

Further evidence that the Defendants intended to maintain the Lake Summerset Property as their principal residence is the Defendants failure to dispute the testimony given by Plaintiff that Defendants represented to Plaintiff that the intended to purchase maintain the Lake Summerset Property as their principal residence.

Plaintiff testified that he loaned the sum of \$300,000.00 to Defendants after Defendants produced a Residential Lease With Option To Purchase the Lake Summerset Property, which was executed on May 23, 2005 (See Plaintiffs Trial Exhibit Number 3, attached here to as Exhibit "C").

Plaintiff further testified that based upon this representation he felt comfortable in securing said loan on the Stockton Property, which Defendants lead Plaintiff to believe would no longer be maintained as their primary residence. At no time during the course of the trial did Defendants refute or contradict the Plaintiff's testimony in this regard.

III. DEFENDANTS WERE SERVED WITH SUMONS IN THIS CAUSE AT THE LAKE SUMMERSET PROPERTY.

In addition to the intentions expressed by Defendants to maintain the Lake Summerset property as their principal residence, as evidenced by the Plaintiff's un-rebutted testimony at trial, as well as the aforesaid mortgages, service of summons in this cause on September 6, 2007 was had in Lake Summerset, Illinois. Prior to said

effectuated service, the Jo Daviess County Sheriff's Office attempted service on five occasions during four different dates in August, 2007 (See Plaintiff's Trial Exhibit Number 1, attached hereto as "Exhibit D"). On all five occasions Defendants were not present at the Stockton residence. It is reasonable to conclude that if Defendants in fact maintained the Stockton property as their claimed primary residence at least one of the Defendants would have been present during these service attempts.

Defendants attempt to establish their residency by the address as listed on their drivers licenses and voter registration cards in an attempt to persuade this Honorable Court that Defendants' use of the Stockton Property was primary, however, Defendants never introduced these items as exhibits during the trial of this cause. This testimony does nothing to show the intentions of Defendants to maintain the Stockton property as their "principal residence." On September 28, 2007, Defendant executed two mortgages identifying the Lake Summerset property as his primary residence. Assuming arguendo that this Honorable Court were to find Defendant Rose Stout's testimony to be credible, Plaintiff clearly had no control over how Defendants chose to maintain their addresses on their drivers licenses and voter registration cards.

IV. DEFENDANTS AVOIDED THEMSELVES OF THE HOMESTEAD TAX EXEMPTION ON THE LAKE SUMMERSET PROPERTY.

At trial Plaintiff introduced a copy of Defendants' property tax report for the Lake Summerset Property in which a \$5,000.00 exemption was granted for tax years 2006, and 2007, listing said exemption based upon the property being maintained as "Owner Occupied." Even though Defendants may not have taken affirmative steps to obtain the exemption, Defendants clearly acquiesced and fully availed themselves of this tax benefit, having taken no steps in which to either remove or correct the classification of

the property as being "Owner Occupied." As this Honorable Court is well aware, a property owner may only claim said exemption on one property which is maintained as a principal residence. Defendants failed to proffer any testimony at trial establishing any Homestead Exemption was claimed for the Stockton property for the tax years 2006 and 2007. Absent such testimony this Honorable Court could only conclude that Defendants' Homestead Exemption on the Lake Summerset property evidenced said property as their principal residence.


V. DEFENDANT ROSE STOUT TESTIFIED THAT THE PREFERENCE WAS TO RETAIN THE LAKE SUMMERSET PROPERTY.


As this Honorable Court recalls Defendant Rose Stout when given a choice as to which property she would choose to keep, she testified that she would choose to retain the Lake Summerset property and that Plaintiff should recover his monies from the Stockton Property. This testimony is inconsistent with Defendants' argument that the Stockton property was their principal residence.

WHEREFORE, Plaintiff prays as follows: that the court deny Defendants' Motion to Reconsider and find that Defendants 1) maintained the Lake Summerset Property as their "principal residence" and 2) Defendants displayed the required intent to make said residence their principal residence.

Respectfully Submitted,

BY:



 Joseph Younes

LAW OFFICES OF JOSEPH YOUNES
Attorneys of Plaintiff
120 W. Madison Street – Suite 1405
Chicago, Illinois 60602

EXHIBIT A

11/15/07
Buo

Prepared By Ralph Roznek

1st Reverse Financial Services
410 Quail Ridge Drive
Westmont, Illinois 60559

RETURN TO:
envelope provided

RETURN TO:
K & M TITLE, LLC
11300 75th STREET # 101
KENOSHA, WI 53142

Recorder

I hereby Certify that this Document is a True
and Correct copy of the original Document as
recorded in the Recorder's Office.
Consisting of 10 pages this date 4-14-2008

STATE OF ILLINOIS
COUNTY OF WINNEBAGO

200700763017
Filed for Record in
WINNEBAGO COUNTY IL
KEN STAUF
10-05-2007 At 10:42 am.
MORTGAGE 41.75
State .00
County .00



FHA Case Number: 137-3690523 -952
1650000667
33328

State of Illinois

MORTGAGE
(Home Equity Conversion Mortgage)

THIS MORTGAGE ("Security Instrument") is given on September 28, 2007. The mortgagor is WILLIAM A. STOUT, MARRIED TO ROSE V. STOUT, whose address is 1275 CHADBOURNE DR, DAVIS, IL 61019 ("Borrower"). This Security Instrument is given to First Reverse Financial Services, LLC, A Subsidiary of Family Federal Savings of Illinois, which is organized and existing under the laws of the state of Illinois, and whose address is 410 Quail Ridge Drive, Westmont, IL 60559 ("Lender"). Borrower has agreed to repay to Lender amounts which Lender is obligated to advance, including future advances, under the terms of a Home Equity Conversion Loan Agreement dated the same date as this Security Instrument ("Loan Agreement"). The agreement to repay is evidenced by Borrower's Note dated the same date as this Security Instrument ("Note"). This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, at a rate subject to adjustment, and all renewals, extensions and modifications, up to a maximum principal amount of Three Hundred Thousand Two Hundred Forty and 00/100 Dollars (\$300,240.00); (b) the payment of all other sums, with interest, advanced under Paragraph 5 to protect the security of this Security Instrument or otherwise due under the terms of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. The full debt, including all amounts described in (a), (b), and (c) above, if not paid earlier, is due and payable on July 02, 2095. For this purpose, Borrower does hereby mortgage, grant and convey to Lender, the following described property located in WINNEBAGO County, Illinois:

The real property located at the address 1275 CHADBOURNE DR, DAVIS, IL 61019, in the county of WINNEBAGO, state of IL, described more fully on Exhibit A attached to this Mortgage.

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, 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. 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.

IL 1st Mortgage



UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest.** Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note.
2. **Payment of Property Charges.** Borrower shall pay all property charges consisting of taxes, ground rents, flood and hazard insurance premiums, and special assessments in a timely manner, and shall provide evidence of payment to Lender, unless Lender pays property charges by withholding funds from monthly payments due to the Borrower or by charging such payments to a line of credit as provided for in the Loan Agreement.
3. **Fire, Flood and Other Hazard Insurance.** Borrower shall insure all improvements on the Property, whether now in existence or subsequently erected, against any hazards, casualties, and contingencies, including fire. This insurance shall be maintained in the amounts, to the extent and for the periods required by Lender or the Secretary of Housing and Urban Development ("Secretary"). Borrower shall also insure all improvements on the Property, whether now in existence or subsequently erected, against loss by floods to the extent required by the Secretary. All insurance shall be carried with companies approved by Lender. The insurance policies and any renewals shall be held by Lender and shall include loss payable clauses in favor of, and in a form acceptable to, Lender.

In the event of loss, Borrower shall give Lender immediate notice by mail. Lender may make proof of loss if not made promptly by Borrower. Each insurance company concerned is hereby authorized and directed to make payment for such loss Lender, instead of to Borrower and Lender jointly. Insurance proceeds shall be applied to restoration or repair of the damaged Property, 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 first to the reduction of any indebtedness under a Second Note and Second Security Instrument held by the Secretary on the Property and then to the reduction of the indebtedness under the Note and this Security Instrument. Any excess insurance proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

In the event of foreclosure of this Security Instrument or other transfer of title to the Property that extinguishes the indebtedness, all right, title and interest of Borrower in and to insurance policies in force shall pass to the purchaser.

4. **Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds.** Borrower shall occupy, establish, and use the Property as Borrower's principal residence after the execution of this Security Instrument and Borrower (or at least one Borrower, if initially more than one person are Borrowers) and shall continue to occupy the Property as Borrower's principal residence for the term of the Security Instrument. "Principal residence" shall have the same meaning as in the Loan Agreement.

Borrower shall not commit waste or destroy, damage or substantially change the Property or allow the Property to deteriorate, reasonable wear and tear excepted. 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 the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and fee title shall not be merged unless Lender agrees to merger in writing.

5. **Charges to Borrower and Protection of Lender's Rights in the Property.** Borrower shall pay all governmental or municipal charges, fines and impositions that are not included in Paragraph 2. Borrower shall pay these obligations on time directly to the entity which is owed the payment. If failure to pay would adversely affect Lender's interest in the Property, upon Lender's request Borrower shall promptly furnish to Lender receipts evidencing these payments. Borrower shall promptly discharge any lien which has priority over this Security Instrument in the manner provided in Paragraph 12(c).

If Borrower fails to make these payments or the property charges required by Paragraph 2, or fails to perform any other 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, for condemnation or to enforce laws or regulations), then Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property, including payment of taxes, hazard insurance and other items mentioned in Paragraph 2.

To protect Lender's security in the Property, Lender shall advance and charge to Borrower all amounts due to the Secretary for the Mortgage Insurance Premium ("MIP") as defined in the Loan Agreement as well as all sums due to the loan servicer for servicing activities ("Servicing Fee") as defined in the Loan Agreement. Any amounts disbursed by Lender under this Paragraph are obligatory and shall become an additional debt of Borrower as provided for in the Loan Agreement and shall be secured by this Security Instrument.

6. **Inspection.** Lender or its agent may enter on, inspect or make appraisals of the Property in a reasonable manner and at reasonable times provided that Lender shall give the Borrower notice prior to any inspection or appraisal specifying a purpose for the inspection or appraisal which must be related to Lender's interest in the Property. If the Property is vacant or abandoned or the loan is in default, Lender may take reasonable action to protect and preserve such vacant or abandoned Property without notice to the Borrower.

7. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation, or other taking of any part of the Property, or for conveyance in place of condemnation shall be paid to Lender. The proceeds shall be applied first to the reduction of any indebtedness under a Second Note and Second Security Instrument held by the Secretary on the Property, and then to the reduction of the indebtedness under the Note and this Security Instrument. Any excess proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

8. **Fees.** Lender may collect fees and charges authorized by the Secretary.

9. **Grounds for Acceleration of Debt.**

(a) **Due and Payable.** Lender may require immediate payment in full of all sums secured by this Security Instrument if:

- (i) A Borrower dies and the Property is not the principal residence of at least one surviving Borrower, or
- (ii) All of a Borrower's title in the Property (or his or her beneficial interest in a trust owning all or part of the Property) is sold or otherwise transferred and no other Borrower retains (a) title to the Property in fee simple, (b) a leasehold under a lease for less than 99 years which is renewable or a lease having a remaining period of not less than 50 years beyond the date of the 100th birthday of the youngest Borrower, or (c) a life estate in the Property (or a beneficial interest in a trust with such an interest in the Property).

(b) **Due and Payable with Secretary Approval.** Lender may require immediate payment in full of all sums secured by this Security Instrument, upon approval by an authorized representative of the Secretary, if:

- (i) The Property ceases to be the principal residence of a Borrower for reasons other than death and the Property is not the principal residence of at least one other Borrower, or
- (ii) For a period of longer than twelve (12) consecutive months, a Borrower fails to physically occupy the Property because of physical or mental illness and the Property is not the principal residence of at least one other Borrower; or
- (iii) An obligation of the Borrower under this Security Instrument is not performed.

(c) **Notice to Lender.** Borrower shall notify Lender whenever any of the events listed in subparagraphs (a) and (b) of this

Paragraph 9(a)(ii) or (b) occur.

(d) **Notice to Secretary and Borrower.** Lender shall notify the Secretary and Borrower whenever the loan becomes due and payable under this Paragraph 9(a)(ii) and (b). Lender shall not have the right to commence foreclosure until Borrower has had thirty (30) days after notice to either:

(i) Correct the matter which resulted in the Security Instrument coming due and payable; or

(ii) Pay the balance in full; or

(iii) Sell the Property for the lesser of the balance or 95% of the appraised value and apply the net proceeds of the sale toward the balance; or

(iv) Provide the Lender with a deed in lieu of foreclosure.

(e) **Trusts.** Conveyance of a Borrower's interest in the Property to a trust which meets the requirements of the Secretary, or conveyance of a trust's interests in the Property to a Borrower, shall not be considered a conveyance for purposes of this Paragraph. A trust shall not be considered an occupant or be considered as having a principal residence for purposes of this Paragraph 9.

(f) **Mortgage Not Insured.** Borrower agrees that should this Security Instrument and the Note not be eligible for insurance under the National Housing Act within eight (8) months from the date hereof, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. A written statement of any authorized agent of the Secretary dated subsequent to eight (8) months from the date hereof, declining to insure this Security Instrument and the Note, shall be deemed conclusive proof of such ineligibility. Notwithstanding the foregoing, this option may not be exercised by Lender when the unavailability of insurance is solely due to Lender's failure to remit a mortgage insurance premium to the Secretary.

10. No Deficiency Judgments. Borrower shall have no personal liability for payment of the debt secured by this Security Instrument. Lender may enforce the debt only through sale of the Property. Lender shall not be permitted to obtain a deficiency judgment against Borrower if the Security Instrument is foreclosed. If this Security Instrument is assigned to the Secretary upon demand by the Secretary, Borrower shall not be liable for any difference between the mortgage insurance benefits paid to Lender and the outstanding indebtedness, including accrued interest, owed by Borrower at the time of the assignment.

11. Reinstatement. Borrower has a right to be reinstated if Lender has required immediate payment in full. This right applies even after foreclosure proceedings are instituted. To reinstate this Security Instrument, Borrower shall correct the condition which resulted in the requirement for immediate payment in full. Foreclosure costs and reasonable and customary attorneys' fees and expenses properly associated with a foreclosure proceeding shall be added to the principal balance. Upon reinstatement by Borrower, this Security Instrument and the obligations that it secures shall remain in effect as if Lender had not required immediate payment in full. However, Lender is not required to permit reinstatement if: (i) Lender has accepted reinstatement after the commencement of foreclosure proceedings within two (2) years immediately preceding the commencement of a current foreclosure proceeding, (ii) reinstatement will preclude foreclosure on different grounds in the future, or (iii) reinstatement will adversely affect the priority of the Security Instrument.

12. First Lien Status

(a) **Modification.** Borrower agrees to extend this Security Instrument in accordance with this Paragraph 12(a). If Lender determines that the original lien status of the Security Instrument is jeopardized under state law (including but not limited to situations where the amount secured by the Security Instrument equals or exceeds the maximum principal amount stated or the maximum period under which loan advances retain the same lien priority initially granted to loan advances has expired) and state law permits the original lien status to be maintained for future loan advances through the execution and recordation of one or more documents, then Lender shall obtain title evidence at Borrower's expense. If the title evidence indicates that

the Property is not encumbered by any liens (except this Security Instrument, the Second Security Instrument described in Paragraph 13(a) and any subordinate liens that the Lender determines will also be subordinate to any future loan advances), Lender shall request the Borrower to execute such documents. If state law does not permit the original lien status to be extended to future loan advances, Borrower will be deemed to have failed to have performed an obligation under this Security Instrument.

- (b) **Tax Deferral Programs.** Borrower shall not participate in a real estate tax deferral program, if any liens created by the tax deferral are not subordinate to this Security Instrument.
- (c) **Prior Liens.** Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower:
- (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion 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 all amounts secured by 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 ten (10) days of the giving of notice.

13. Relationship to Second Security Instrument.

- (a) **Second Security Instrument.** In order to secure payments which the Secretary may make to or on behalf of Borrower pursuant to Section 255(i)(1)(A) of the National Housing Act and the Loan Agreement, unless otherwise provided by the Secretary, the Secretary has required Borrower to execute a Second Note and Second Security Instrument on the Property.
- (b) **Relationship of First and Second Security Instruments.** Payments made by the Secretary shall not be included in the debt under the Note unless:
- (i) This Security Instrument is assigned to the Secretary; or
 - (ii) The Secretary accepts reimbursement by the Lender for all payments made by the Secretary.

If the circumstances described in (i) or (ii) occur, then all payments by the Secretary, including interest on the payments but excluding late charges paid by the Secretary, shall be included in the debt under the Note.

- (c) **Effect on Borrower.** Where there is no assignment or reimbursement as described in (b)(i) or (ii) and the Secretary makes payments to Borrower, then Borrower shall not:
- (i) Be required to pay amounts owed under the Note, or pay any rents and revenues of the Property under Paragraph 19 to Lender or a receiver of the Property, until the Secretary has required payment in full of all outstanding principal and accrued interest under the Second Note; or
 - (ii) Be obligated to pay interest or shared appreciation under the Note at any time, whether accrued before or after the payments by the Secretary, and whether or not accrued interest has been included in the principal balance under the Note.
- (d) **No Duty of the Secretary.** The Secretary has no duty to Lender to enforce covenants of the Second Security Instrument or to take actions to preserve the value of the Property, even though Lender may be unable to collect amounts owed under the Note because of restrictions in this Paragraph 13.

14. **Forbearance by Lender Not a Waiver.** 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.

15. **Successors and Assigns Bound; Joint and Several Liability.** The covenants and agreements of this Security Instrument

shall bind and benefit the successors and assigns of Lender. Borrower may not assign any rights or obligations under this Security Instrument or under the Note, except to a trust that meets the requirements of the Secretary. Borrower's covenants and agreements shall be joint and several.

16. **Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address all Borrowers jointly designate. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any 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 16.

17. **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.

18. **Borrower's Copy.** Borrower shall be given one conformed copy of the Note and this Security Instrument.

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

19. **Assignment of Rents.** Borrower unconditionally assigns and transfers to Lender all the rents and revenues of the Property. Borrower authorizes Lender or Lender's agents to collect the rents and revenues and hereby directs each tenant of the Property to pay the rents to Lender or Lender's agents. However, prior to Lender's Notice to Borrower of Borrower's breach of any covenant or agreement in the Security Instrument, Borrower shall collect and receive all rents and revenues of the Property as trustee for the benefit of Lender and Borrower. This assignment of rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of breach to Borrower: (a) all rents received by Borrower shall be held by Borrower as trustee for benefit of Lender only, to be applied to the sums secured by this Security Instrument; (b) Lender shall be entitled to collect and receive all of the rents of the Property; and (c) each tenant of the Property shall pay all rents due and unpaid to Lender or Lender's agent on Lender's written demand to the tenant.

Borrower has not executed any prior assignment of the rents and has not and will not perform any act that would prevent Lender from exercising its rights under this Paragraph 19.

Lender shall not be required to enter upon, take control of or maintain the Property before or after giving notice of breach to Borrower. However, Lender or a judicially appointed receiver may do so at any time there is a breach. Any application of rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of rents of the Property shall terminate when the debt secured by this Security Instrument is paid in full.

20. **Foreclosure Procedure.** If Lender requires immediate payment in full under Paragraph 9, Lender 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. **Lien Priority.** The full amount secured by this Security Instrument shall have the same priority over any other liens on the Property as if the full amount had been disbursed on the date the initial disbursement was made, regardless of the actual date of any disbursement. The amount secured by this Security Instrument shall include all direct payments by Lender to Borrower and all other loan advances permitted by this Security Instrument for any purpose. This lien priority shall apply notwithstanding any State constitution, law or regulation, except that this lien priority shall not affect the priority of any liens for unpaid State or local governmental unit special assessments or taxes.

22. **Adjustable Rate Feature.** Under the Note, the initial stated interest rate of Five and 11/100 percent (5.11%) which accrues on the unpaid principal balance ("Initial Interest Rate") is subject to change, as described below. When the interest rate changes, the new adjusted interest rate will be applied to the total outstanding principal balance. Each adjustment to the interest rate will be based upon the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year, ("Index") plus a margin. The Index is published in the Federal Reserve Bulletin and made available by the United States Treasury Department in Statistical Release H.15 (519). If the Index is no longer available, Lender will be required to use any index prescribed by the Department of Housing and Urban Development. The new index will have a historical movement substantially similar to the original index, and the new index and margin will result in an annual percentage rate that is

substantially similar to the rate in effect at the time the original index becomes unavailable.

Lender will perform the calculations described below to determine the new adjusted interest rate. The interest rate may change on December 1, 2007, and on the first day of ___ and on that day of each succeeding year, or X the first day of each succeeding month (Change Date) until the loan is repaid in full.

The value of the index will be determined, using the most recent index figure available thirty (30) days before the Change Date ("Current Index"). Before each Change Date, the new interest rate will be calculated by adding a margin to the Current Index. The sum of the margin plus the Current Index will be called the "Calculated Interest Rate" for each Change Date. The Calculated Interest Rate will be compared to the interest rate in effect immediately prior to the current Change Date (the "Existing Interest Rate").

___ Annually Adjusting Variable Rate Feature - The interest rate will never increase or decrease by more than two percentage points (2.0%) on any single Change Date. The interest rate will never be more than five percentage points (5.0%) higher or lower than the initial interest rate stated in Paragraph 2 of this Note.

X Monthly Adjusting Variable Rate Feature - The Calculated Interest Rate will never increase above 15.11%.

The Calculated Interest Rate will be adjusted if necessary to comply with the rate limitation(s) described above and will be in effect until the next Change Date. At any change date, if the Calculated Interest Rate equals the Existing Interest Rate, the interest rate will not change.

23. 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.

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

25. 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. [Check all riders that are applicable].

<input type="checkbox"/>	Condominium Rider	<input type="checkbox"/>	PUD Rider
<input type="checkbox"/>	Shared Appreciation Rider	<input type="checkbox"/>	Other

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.

Signature:

[Redacted Signature]

WILLIAM A. STOUT (Borrower)

[Redacted Signature]

ROSE V. STOUT

State of Illinois,
County of Winnebago

I Tracy S. Morgenroth, a Notary Public in and for said county and state do hereby certify that WILLIAM A. STOUT, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that they signed and delivered the said instrument as their free and voluntary act, for the uses and purposes therein set forth.

Dated: September 28, 20 07 [REDACTED] (seal)

Name: Tracy S. Morgenroth
Title: Notary Public

Mail to:
K & M TITLE, LLC
11300 75th STREET #101
KENOSHA, WI 53142



(Recorder's Box # _____)

DO NOT WRITE BELOW THIS LINE

EXHIBIT A

Exhibit A to the Mortgage given on September 28, 2007, by WILLIAM A. STOUT, MARRIED TO ROSE V. STOUT ("Borrower") to First Reverse Financial Services, LLC, A Subsidiary of Family Federal Savings of Illinois ("Lender"). The Property is located in the county of WINNEBAGO, state of IL, described as follows:

Description of Property

See legal description attached hereto and made apart hereof

LEGAL DESCRIPTION

Parcel I: Lot Twelve Hundred Seventy-Five in Section 7 Winnebago County, as designated upon the Final Corrected Plat No. 2 of Lake Summerset, the Plat of which Subdivision is recorded in Book 32 of Plats on pages 262 through 270 inclusive in the Recorder's Office of Winnebago County, Illinois; situated in the County of Winnebago and State of Illinois.

Parcel II: Lot Twelve Hundred Seventy-Six in Section 7 Winnebago County, as designed upon the Final Corrected Plat No. 2 of Lake Summerset, the Plat of which Subdivision is recorded in Book 32 of Plats on pages 262 through 270 inclusive in the Recorder's Office of Winnebago County, Illinois; situated in the County of Winnebago and State of Illinois.

Property Address: 1275 Chadbourne Drive
Davis, IL 61019

Permanent Index Number: 05-06-127-014

1675
330

Prepared By Ralph Rosynek

1st Reverse Financial Services
410 Quail Ridge Drive
Westmont, Illinois 60559

RETURN TO:
envelope provided
RETURN TO:
K & M TITLE, LLC
11300 75th STREET #101
KENOSHA, WI 53142

FHA Case Number: 137-3690523 -952
1650000667
33328

State of Illinois

SECOND MORTGAGE
(Home Equity Conversion)

Recorder

I hereby Certify that this Document is a True
and Correct copy of the original Document as
recorded in the Recorder's Office.
Consisting of 9 pages this date 4-14-2008

STATE OF ILLINOIS
COUNTY OF WINNEBAGO

EXHIBIT B

200700763019
Filed for Record in
WINNEBAGO COUNTY IL
KEN STAUF
10-05-2007 At 10:42 am.
MORTGAGE 40.75
State .00
County .00

**PLAINTIFF'S
EXHIBIT**
9

THIS MORTGAGE ("Security Instrument" or "Second Security Instrument" is given on September 28, 2007. The mortgagor is WILLIAM A. STOUT, MARRIED TO ROSE V. STOUT, whose address is 1275 CHADBOURNE DR, DAVIS, IL 61019 ("Borrower"). This Security Instruments given to the Secretary of Housing and Urban Development, and whose address is 451 Seventh Street, S.W., Washington, DC 20410 ("Lender") or ("Secretary"). Borrower has agreed to repay to Lender amounts which Lender is obligated to advance, including future advances, under the terms of a Home Equity Conversion Loan Agreement dated the same date as this Security Instrument ("Loan Agreement"). The agreement to repay is evidenced by Borrower's Note dated the same date as this Security Instrument ("Second Note"). This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Second Note, with interest, at a rate subject to adjustment, and all renewals, extensions and modifications, up to a maximum principal amount of Three Hundred Thousand Two Hundred Forty and 00/100 Dollars (\$300,240.00); (b) the payment of all other sums, with interest, advanced under Paragraph 5 to protect the security of this Security Instrument or otherwise due under the terms of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. The full debt, including all amounts described in (a), (b), and (c) above, if not paid earlier, is due and payable on July 02, 2095. For this purpose, Borrower does hereby mortgage, grant and convey to Lender, the following described property located in WINNEBAGO County, Illinois:

The real property located at the address 1275 CHADBOURNE DR, DAVIS, IL 61019, in the county of WINNEBAGO, state of IL, described more fully on Exhibit A attached to this Mortgage.

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, 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 grant and convey the Property and that the Property is only encumbered by a First Security Instrument given by Borrower and dated the same date as this Security Instrument ("First Security Instrument"). 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. Borrower shall pay when due the principal of, and interest on, the debt evidenced by

IL 2nd Mortgage

the Second Note.

2. Payment of Property Charges. Borrower shall pay all property charges consisting of taxes, ground rents, flood and hazard insurance premiums, and special assessments in a timely manner, and shall provide evidence of payment to Lender, unless Lender pays property charges by withholding funds from monthly payments due to the Borrower or by charging such payments to a line of credit as provided for in the Loan Agreement. Lender may require Borrower to pay specified property charges directly to the party owed payment even though Lender pays other property charges as provided in this Paragraph.

3. Fire, Flood and Other Hazard Insurance. Borrower shall insure all improvements on the Property, whether now in existence or subsequently erected, against any hazards, casualties, and contingencies, including fire. This insurance shall be maintained in the amounts, to the extent and for the periods required by Lender. Borrower shall also insure all improvements on the Property, whether now in existence or subsequently erected, against loss by floods to the extent required by Lender. The insurance policies and any renewals shall be held by Lender and shall include loss payable clauses in favor of, and in a form acceptable to, Lender.

In the event of loss, Borrower shall give Lender immediate notice by mail. Lender may make proof of loss if not made promptly by Borrower. Each insurance company concerned is hereby authorized and directed to make payment for such loss to Lender, instead of to Borrower and Lender jointly. Insurance proceeds shall be applied to restoration or repair of the damaged Property, 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 first to the reduction of any indebtedness under the Second Note and this Security Instrument. Any excess insurance proceeds over an amount required to pay all outstanding indebtedness under the Second Note and this Security Instrument shall be paid to the entity legally entitled thereto.

In the event of foreclosure of this Security Instrument or other transfer of title to the Property that extinguishes the indebtedness, all right, title and interest of Borrower in and to insurance policies in force shall pass to the purchaser.

4. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence after the execution of this Security Instrument and Borrower (or at least one Borrower, if initially more than one person are Borrowers) and shall continue to occupy the Property as Borrower's principal residence for the term of the Security Instrument. "Principal residence" shall have the same meaning as in the Loan Agreement.

Borrower shall not commit waste or destroy, damage or substantially change the Property or allow the Property to deteriorate, reasonable wear and tear excepted. 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 the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and fee title shall not be merged unless Lender agrees to merger in writing.

5. Charges to Borrower and Protection of Lender's Rights in the Property. Borrower shall pay all governmental or municipal charges, fines and impositions that are not included in Paragraph 2. Borrower shall pay these obligations on time directly to the entity which is owed the payment. If failure to pay would adversely affect Lender's interest in the Property, upon Lender's request Borrower shall promptly furnish to Lender receipts evidencing these payments. Borrower shall promptly discharge any lien which has priority over this Security Instrument in the manner provided in Paragraph 12(c).

If Borrower fails to make these payments or the property charges required by Paragraph 2, or fails to perform any other 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, for condemnation or to enforce laws or regulations), then Lender may do and pay whatever is necessary to protect the value of the Property and Lender's rights in the Property, including payment of taxes, hazard insurance and other items mentioned in Paragraph 2.

To protect Lender's security in the Property, Lender shall advance and charge to Borrower all amounts due to the Secretary for

the Mortgage Insurance Premium ("MIP") as defined in the Loan Agreement as well as all sums due to the loan servicer for servicing activities ("Servicing Fee") as defined in the Loan Agreement. Any amounts disbursed by Lender under this Paragraph are obligatory and shall become an additional debt of Borrower as provided for in the Loan Agreement and shall be secured by this Security Instrument.

6. **Inspection.** Lender or its agent may enter on, inspect or make appraisals of the Property in a reasonable manner and at reasonable times provided that Lender shall give the Borrower notice prior to any inspection or appraisal specifying a purpose for the inspection or appraisal which must be related to Lender's interest in the Property. If the Property is vacant or abandoned or the loan is in default, Lender may take reasonable action to protect and preserve such vacant or abandoned Property without notice to the Borrower.

7. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in place of condemnation, shall be paid to Lender. The proceeds shall be applied first to the reduction of any indebtedness under a Second Note and Second Security Instrument held by the Secretary to the Property, and then to the reduction of the indebtedness under the Note and this Security Instrument. Any excess proceeds over an amount required to pay all outstanding indebtedness under the Note and this Security Instrument shall be paid to the entity legally entitled thereto.

8. **Fees.** Lender may collect fees and charges authorized by the Secretary.

9. **Grounds for Acceleration of Debt.**

(a) **Due and Payable.** Lender may require payment in full of all sums secured by this Security Instrument if:

- (i) A Borrower dies and the Property is not the Principal residence of at least one surviving Borrower; or
- (ii) All of a Borrower's title in the Property (or his or her beneficial interest in a trust owning all or part of the Property) is sold or otherwise transferred and no other Borrower retains (a) title to the Property in fee simple, (b) a leasehold under a lease for less than 99 years which is renewable or a lease having a remaining period of not less than 50 years beyond the date of the 100th birthday of the youngest Borrower, or (c) a life estate in the Property (or a beneficial interest in a trust with such an interest in the Property).
- (iii) The Property ceases to be the principal residence of a Borrower for reasons other than death and the Property is not the principal residence of at least one other Borrower; or
- (iv) For a period of longer than twelve (12) consecutive months, a Borrower fails to physically occupy the Property because of physical or mental illness and the Property is not the principal residence of at least one other Borrower; or
- (v) An obligation of the Borrower under this Security Instrument is not performed.

(b) **Notice to Lender.** Borrower shall notify the Lender whenever any of the events listed in Paragraph 9(a)(ii)-(v) occur.

(c) **Notice to Borrower.** Lender shall notify Borrower whenever the loan becomes due and payable under Paragraph 9(a)(ii)-(v). Lender shall not have the right to commence foreclosure until Borrower has had thirty (30) days after notice to either:

- (i) Correct the matter which resulted in the Security Instrument coming due and payable; or
- (ii) Pay the balance in full; or
- (iii) Sell the Property for the lesser of the balance or 95% of the appraised value and apply the net proceeds of the sale toward the balance; or
- (iv) Provide the Lender with a deed in lieu of foreclosure.

(d) **Trusts.** Conveyance of a Borrower's interest in the Property to a trust which meets the requirements of the Secretary, or conveyance of a trust's interests in the Property to a Borrower, shall not be considered a conveyance for purposes of this Paragraph 9. A trust shall not be considered an occupant or be considered as having a principal residence for purposes of this Paragraph 9.

10. No Deficiency Judgments. Borrower shall have no personal liability for payment of the debt secured by this Security Instrument. Lender may enforce the debt only through sale of the Property. Lender shall not be permitted to obtain a deficiency judgment against Borrower if the Security Instrument is foreclosed.

11. Reinstatement. Borrower has a right to be reinstated if Lender has required immediate payment in full. This right applies even after foreclosure proceedings are instituted. To reinstate this Security Instrument, Borrower shall correct the condition which resulted in the requirement for immediate payment in full. Foreclosure costs and reasonable and customary attorneys' fees and expenses properly associated with a foreclosure proceeding shall be added to the principal balance. Upon reinstatement by Borrower, this Security Instrument and the obligations that it secures shall remain in effect as if Lender had not required immediate payment in full. However, Lender is not required to permit reinstatement if: (i) Lender has accepted reinstatement after the commencement of foreclosure proceedings within two (2) years immediately preceding the commencement of a current foreclosure proceeding, (ii) reinstatement will preclude foreclosure on different grounds in the future, or (iii) reinstatement will adversely affect the priority of the Security Instrument.

12. Second Lien Status

(a) **Modification.** Borrower agrees to extend this Security Instrument in accordance with this Paragraph 12(a). If Lender determines that the original lien status of the Security Instrument is jeopardized under state law (including but not limited to situations where the amount secured by the Security Instrument equals or exceeds the maximum principal amount stated or the maximum period under which loan advances retain the same lien priority initially granted to loan advances has expired) and state law permits the original lien status to be maintained for future loan advances through the execution and recordation of one or more documents, then Lender shall obtain title evidence at Borrower's expense. If the title evidence indicates that the Property is not encumbered by any liens (except the First Security Instrument described in Paragraph 13(a), this Second Security Instrument and any subordinate liens that the Lender determines will also be subordinate to any future loan advances), Lender shall request the Borrower to execute such documents. If state law does not permit the original lien status to be extended to future loan advances, Borrower will be deemed to have failed to have performed an obligation under this Security Instrument.

(b) **Tax Deferral Programs.** Borrower shall not participate in a real estate tax deferral program, if any liens created by the tax deferral are not subordinate to this Security Instrument.

(c) **Prior Liens.** Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion 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 all amounts secured by 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 ten (10) days of the giving of notice.

13. Relationship to First Security Instrument.

(a) **Second Security Instrument.** In order to secure payments which the Secretary may make to or on behalf of Borrower pursuant to Section 255(i)(1)(A) of the National Housing Act and the Loan Agreement, the Secretary has required Borrower to execute a Second Note and this Second Security Instrument. Borrower has also executed a First Note and First Security Instrument.

(b) **Relationship of First and Second Security Instruments.** Payments made by the Secretary shall not be included in the debt under the First Note unless:

- (i) The First Security Instrument is assigned to the Secretary; or
- (ii) The Secretary accepts reimbursement by the holder of the First Note for all payments made by the Secretary.

If the circumstances described in (i) or (ii) occur, then all payments by the Secretary, including interest on the payments, but excluding late charges paid by the Secretary, shall be included in the debt under the First Note.

(c) **Effect on Borrower.** Where there is no assignment or reimbursement as described in (b)(i) or (ii) and the Secretary makes payments to Borrower, then Borrower shall not:

- (i) Be required to pay amounts owed under the First Note, or pay any rents and revenues of the Property under Paragraph 19 to the holder of the First Note or a receiver of the Property, until the Secretary has required payment in full of all outstanding principal and accrued interest under the Second Note; or
- (ii) Be obligated to pay interest or shared appreciation under the First Note at any time, whether accrued before or after the payments by the Secretary, and whether or not accrued interest has been included in the principal balance under the First Note.

(d) **No Duty of the Secretary.** The Secretary has no duty to the holder of the of the First Note to enforce covenants of the Second Security Instrument or to take actions to preserve the value of the Property, even though the holder of the First Note may be unable to collect amounts owed under the First Note because of restrictions in this Paragraph 13.

(e) **Restrictions on Enforcement.** Notwithstanding anything else in this Security Instrument, the Borrower shall not be obligated to comply with the covenants hereof, and Paragraph 19 shall have no force and effect, whenever there is no outstanding balance under the Second Note.

14. **Forbearance by Lender Not a Waiver.** 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.

15. **Successors and Assigns Bound; Joint and Several Liability.** Borrower may not assign any rights or obligations under this Security Instrument or under the Second Note, except to a trust that meets the requirements of the Secretary. Borrower's covenants and agreements shall be joint and several.

16. **Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address all Borrowers jointly designate. Any notice to the Secretary shall be given by first class mail to the HUD Field Office with jurisdiction over the Property or any other address designated by the Secretary. 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 16.

17. **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 Second Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Second Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Second Note are declared to be severable.

18. **Borrower's Copy.** Borrower shall be given one conformed copy of the Second Note and this Security Instrument.

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

19. **Assignment of Rents.** Borrower unconditionally assigns and transfers to Lender all the rents and revenues of the Property. Borrower authorizes Lender or Lender's agents to collect the rents and revenues and hereby directs each tenant of the Property to pay the rents to Lender or Lender's agents. However, prior to Lender's Notice to Borrower of Borrower's breach of any covenant or agreement in the Security Instrument, Borrower shall collect and receive all rents and revenues of the Property as trustee for

the benefit of Lender and Borrower. This assignment of rents constitutes an absolute assignment and not an assignment for additional security only.

If Lender gives notice of breach to Borrower: (a) all rents received by Borrower shall be held by Borrower as trustee for benefit of Lender only, to be applied to the sums secured by this Security Instrument; (b) Lender shall be entitled to collect and receive all of the rents of the Property; and (c) each tenant of the Property shall pay all rents due and unpaid to Lender or Lender's agent on Lender's written demand to the tenant.

Borrower has not executed any prior assignment of the rents and has not and will not perform any act that would prevent Lender from exercising its rights under this Paragraph 19, except as provided in the First Security Instrument.

Lender shall not be required to enter upon, take control of or maintain the Property before or after giving notice of breach to Borrower. However, Lender or a judicially appointed receiver may do so at any time there is a breach. Any application of rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of rents of the Property shall terminate when the debt secured by this Security Instrument is paid in full.

20. Foreclosure Procedure. If Lender requires immediate payment in full under Paragraph 9, Lender 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. Lien Priority. The full amount secured by this Security Instrument shall have a lien priority subordinate only to the full amount secured by the First Security Instrument.

22. Adjustable Rate Feature. Under the Note, the initial stated interest rate of Five and 11/100 percent (5.11%) which accrues on the unpaid principal balance ("Initial Interest Rate") is subject to change, as described below. When the interest rate changes, the new adjusted interest rate will be applied to the total outstanding principal balance. Each adjustment to the interest rate will be based upon the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year, ("Index") plus a margin. The Index is published in the Federal Reserve Bulletin and made available by the United States Treasury Department in Statistical Release H.15 (519). If the Index is no longer available, Lender will be required to use any index prescribed by the Department of Housing and Urban Development. The new index will have a historical movement substantially similar to the original index, and the new index and margin will result in an annual percentage rate that is substantially similar to the rate in effect at the time the original index becomes unavailable.

Lender will perform the calculations described below to determine the new adjusted interest rate. The interest rate may change on December 1, 2007, and on the first day of ___ and on that day of each succeeding year, or X the first day of each succeeding month (Change Date) until the loan is repaid in full.

The value of the Index will be determined, using the most recent Index figure available thirty (30) days before the Change Date ("Current Index"). Before each Change Date, the new interest rate will be calculated by adding a margin to the Current Index. The sum of the margin plus the Current Index will be called the "Calculated Interest Rate" for each Change Date. The Calculated Interest Rate will be compared to the interest rate in effect immediately prior to the current Change Date (the "Existing Interest Rate").

— **Annually Adjusting Variable Rate Feature** - The interest rate will never increase or decrease by more than two percentage points (2.0%) on any single Change Date. The interest rate will never be more than five percentage points (5.0%) higher or lower than the initial interest rate stated in Paragraph 2 of this Note.

X **Monthly Adjusting Variable Rate Feature** - The Calculated Interest Rate will never increase above 15.11%.

The Calculated Interest Rate will be adjusted if necessary to comply with the rate limitation(s) described above and will be in effect until the next Change Date. At any change date, if the Calculated Interest Rate equals the Existing Interest Rate, the interest rate will not change.

23. 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.

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

25. 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. [Check applicable box(es)].

<input type="checkbox"/>	Condominium Rider	<input type="checkbox"/>	PUD Rider
<input type="checkbox"/>	Shared Appreciation Rider	<input type="checkbox"/>	Other

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.

Signature: [Redacted]
WILLIAM A. STOUT (Borrower)

[Redacted]
ROSE V. STOUT

State of Illinois
County of Winnebago

I Tracy S. Morgenroth, a Notary Public in and for said county and state do hereby certify that WILLIAM A. STOUT, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that they signed and delivered the said instrument as their free and voluntary act, for the uses and purposes therein set forth.

Dated: September 28, 20 07

[Redacted] (seal)

Name: Tracy S. Morgenroth
Title: Notary Public

Mail to:

K & M TITLE, LLC
11300 75th STREET # 101
KENOSHA, WI 53142



(Recorder's Box # _____)

DO NOT WRITE BELOW THIS LINE

EXHIBIT A

Exhibit A to the Mortgage given on September 28, 2007, by WILLIAM A. STOUT, MARRIED TO ROSE V. STOUT ("Borrower") to the Secretary of Housing and Urban Development, and whose address is 451 Seventh Street, S.W., Washington, D.C. 20410, ("Lender" or "Secretary"). The Property is located in the county of WINNEBAGO, state of IL, described as follows:

Description of Property

See legal description attached hereto and made apart hereof

LEGAL DESCRIPTION

Parcel I: Lot Twelve Hundred Seventy-Five in Section 7 Winnebago County, as designated upon the Final Corrected Plat No. 2 of Lake Summerset, the Plat of which Subdivision is recorded in Book 32 of Plats on pages 262 through 270 inclusive in the Recorder's Office of Winnebago County, Illinois; situated in the County of Winnebago and State of Illinois.

Parcel II: Lot Twelve Hundred Seventy-Six in Section 7 Winnebago County, as designated upon the Final Corrected Plat No. 2 of Lake Summerset, the Plat of which Subdivision is recorded in Book 32 of Plats on pages 262 through 270 inclusive in the Recorder's Office of Winnebago County, Illinois; situated in the County of Winnebago and State of Illinois.

Property Address: 1275 Chadbourne Drive
 Davis, IL 61019

Permanent Index Number: 05-06-127-014

Residential Lease With Option To Purchase

may William Stout
Rose U
IL Lic
Groker

This agreement made and entered into on the 23 day of (month) May (yr) 05 by and between Barbara M. Tork hereinafter called Lessor (Landlord/Seller) and William Stout and/or assigns, hereinafter called Lessee (Tenant/Purchaser) The Lessor, and in consideration of the sum of dollars in hand paid by the Lessee as rental deposit, receipt of which is hereby acknowledged, hereby leases to Lessee, his/hers or assignees, the premises situated in the City of Durand, IL County of William State of IL legally describes as to follow

(If the legal description is not included at the time of execution, it may be attached to and incorporated herein afterward)

Street Address 1275 Chadbourne and consisting of Single Family upon the following terms and conditions.

1. Personal property: Said lease shall include the following personal property: Stove, Refrigerator, washer, Dryer, Dishwasher
2. Terms: The term hereof shall commence on (mo/day) 5-23-05 (yr) and continue for a period of 12 (months) thereafter.
3. Lease amount: Shall be \$ 1000 per month, payable in advance upon the 1st day of each calendar month to Lessor or his/her authorized agent at the following Address, Best Property Management, Inc. 2616 Broadway, Rockford, IL 61106. In event that the rent is not paid by end of business day on the 4th Lessee agrees to pay a late charge of \$75.00 plus interest at 10% per day on the delinquent amount.
4. Utilities: Lessee shall be responsible for the payment of all utilities and services. In the event that the utility company will not bill the Lessee the Lessee agrees to reimburse the Lessor upon receipt of bill. Failure to pay utilities violates this agreement.
5. Use: The premises shall be used as a residence and for no other purpose without proper written consent of Lessor.
6. Rules and Regulations are attached and are therefore part of this agreement.
7. Assignment and Subletting: Lessee may assign this agreement or sublet any portion of the premises with written notification given to Lessor.
8. Maintenance, Repairs, or alterations: Lessee shall maintain the premises in a clean and sanitary manner including all equipment, appliances, and furnishings, therein, and shall surrender the same at termination thereof, in good condition, normal wear and tear excepted. Lessee shall be responsible for damages cause by his/her negligence and that of his/her family, or invited guest. Lessee shall maintain any surrounding grounds, including lawns and shrubbery, and keep the same clear of rubbish and weeds. Lessee shall be responsible for all mechanicals, plumbing, and electrical. If Lessee shall notice any problems with said mechanicals, plumbing, and electrical he/she will notify Lessor or his/her agent by next business day. Lessee

P.O. Box
1143
001/12/11
IL 6055

To Be extended as needed

EXHIBIT C

PLAINTIFF'S
EXHIBIT
No. 3 f. 15

05/23/05

agrees to hire insured subcontractor and or repairmen to protect the property from any liability caused by said contractor/ repairmen.

- 9. **Entry and Inspection:** Lessee shall permit Lessor or Lessor agents to enter the premises at reasonable times and upon reasonable notice of 24 hours for the purpose of inspecting the premises.
- 10. **Security Deposit:** Any returnable deposits shall be refunded within 45 days from the date possession is delivered to Lessor or his/her authorized agent.
- 11. **Attorney Fees/Court Costs/Collection Fees:** The Lessor shall be entitled to all costs incurred in connection with any legal action brought by either party to enforce the terms hereof or relating to the property including Attorney fees, court costs, and collections fees.
- 12. **Notices:** Any notice which either party may or is required to give may be given by mailing the same postage prepaid to Lessee or at such other places as may be designated by the parties from time to time.
- 13. **Heirs, Assigns, Successors:** This lease and option shall include and insure to and bind the heirs, executors, administrators, successors, and assigns of the respective parties hereto.
- 14. **Time:** Time is of the essence for this agreement. This offer shall terminate if not accepted before (mo/day) 5-23 (m) 05
- 15. **Holding Over:** Any holding over after expiration of the term of this lease, with the consent of the Lessor, shall be construed as a month to month tenancy in accordance with the terms hereof as applicable.

possession date

16. **Default:** If Lessee shall fail to pay rent when due or perform any term hereof after not less than three (3) days written notice of such default given in the manner required by law, the Lessor at his/her option may terminate all rights of the Lessee hereunder, unless Lessee, within said time, shall cure such default. If Lessee abandons or vacates the property while in default of payment of rent, Lessor may consider any property left on premises to be abandoned and may dispose of the same in any manner allowed by law. In the event the Lessor reasonably believes that such abandoned property has no value, it may be discarded.

date of offer

17. **Option:** This option agreement (agreement) is made and entered into this day 23 of May by and between Lessee whose principal place of residence 317 S Park Creek Rd Ste 101 and Lessor whose Principle place of business is 2616 Broadway, Rockford, IL 61108. Whereas, Lessor is the fee simple owner of certain real property being, lying and situated in the county of WINN State of IL, Such real property having the street address of 1275 Chadwood Oaks (Premises). Whereas, Lessee desires to procure an option to purchase the Premises upon the terms and provision as hereinafter set forth. Now, Therefore for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged by the parties hereto and for the mutual covenants contained herein, Lessor and Lessee hereby agree as follows.

- 18. **1. Definitions:** For the purpose of this agreement, the following terms shall have the following meanings:
 - (a) Execution date shall mean the day upon which the last party to this agreement shall duly execute this agreement.
 - (b) Option Fee shall mean the total sum of the down payment of 3000 Of the total purchase price of the premises plus all closing costs, payable as set forth below.
 - (c) Option term shall mean that the period of time commencing on the execution date and ending on or before 5-24-05

* (d) Option Exercise Date shall mean the last day of the closing term or such other date during the closing terms selected by Lessee.

(e) Closing Date shall mean the last day of the closing term or such other date during the closing term selected by Lessee.

2. Grant of option: For and in consideration of the option fee payable to Lessor as set forth herein, Lessor does hereby grant the lessee the exclusive right and Option to purchase the premises upon the terms and conditions as set for the herein.

3. Payment of Option fee: Lessee agrees to pay the Lessor an option fee of 3000 plus all closing costs upon execution date.

4. Exercise of option: Lessee may exercise its exclusive right to purchase the premises pursuant to the option at any time during the option term, by giving notice thereof to Lessor. As provided for above, the date of sending of said notice shall be the option Exercise date. In the event the Lessee does not exercise its exclusive right to purchase the premises granted by the option during the option term, Lessor shall be entitled to retain the option fee, and this agreement shall absolutely null and void and neither party hereto shall have any other obligation or duty herein under or pursuant to this agreement.

5. Contract for Purchase & Sale of Real Property: In the event that purchaser exercises its exclusive option as provided for in the preceding paragraph, Lessor agrees to sell and Lessee agrees to buy the premises and both parties agree to execute a contract for such purchase and sale of premises in accordance with the following terms and conditions.

(a) Purchase Price: The purchase price for the premises shall be the sum of 285000 (\$ 285000) however Lessee shall receive a credit toward such purchase price in the amount of the option fee.

(b) Closing date: The closing date shall be on 5-28-06. Or at any time during the option term as may be selected by the Lessee.

(c) Closing costs: Lessee and Lessor costs of closing the contract shall be determined at closing.

(d) Default by Lessee Remedies of Lessor: In the event Lessee after exercise of the option fails to proceed with closing of the purchase of the premises pursuant to the terms and provisions as contained herein and/or under the contract, Lessor shall be entitled to retain the option fee as liquidated damages and shall have no further recourse against Lessee.

19. Rights to sell: Lessor warrants to Lessee that Lessor is the legal owner of the leased premises and has the legal right to sell leased premises under the terms and conditions of this agreement.

20. This property is in as is condition upon signing of this document.

21. Lead Base Paint: If the premises were built before 1978 lead base paint form is attached and becomes part of this agreement.

22. Mold Rider: Mold Rider is attached and becomes part of this agreement.

23. Smoke Detectors, Fire Extinguisher rider is attached.

24. Insure: Lessee promises to keep homeowners insurance on the property and will give copy to Lessor. Lessee will need to name property owner to be insured on the said premises also.

25. Encumbrances: Lessee shall take on the property subject to, 1. Real Estate taxes not yet due. 2. covenants, conditions, restrictions, reservation rights, right of way and easements of record if any.

26. Taxes: ~~Buyer agrees to pay taxes as they are due.~~ Buyer agrees to pay taxes as they are due.

(P)

Lessee

05/23/05

Dated

Lessor Broker

Dated

5-280-25

(N)

Lessee

05-23-05

Dated

Lessor Broker

Dated

USE OF TRANSACTIONAL PROFESSIONALS

Your real estate Broker and the undersigned Agent recommend that you consider hiring the following real estate professionals in connection with your real estate transaction:

1. Attorney - Neither your Broker nor Agent can provide you with legal advice in this or any transaction. Other third parties such as title companies and lenders also cannot provide you with legal advice. No one from our office should discourage you from receiving independent legal advice from your attorney.
2. Tax Advisor - An attorney, accountant or other tax advisor may be able to provide you with tax advice in connection with this transaction.
3. Inspections - A licensed home or building inspector can provide you with valuable services in the general inspection of the improvements of the property. Additional inspections can be conducted, where appropriate, by qualified professionals for pest, well/septic, structural engineering, architectural or other specialized inspections.
4. Surveyor - A survey prepared by a licensed surveyor can establish the location of boundary lines, improvements, set-back lines and easements.
5. Environmental - Environmental conditions of the property can be reviewed by a qualified environmental assessment company. Specialized tests can be conducted for a variety of potentially hazardous conditions such as lead-based paint, radon, asbestos and toxic mold.

BROKER: Duke Realty
(Insert name of Broker)

AGENT: Barbara Decker
(Insert Name of Agent)

[Redacted Signature]
(Signature of Agent)

ACKNOWLEDGMENT BY CLIENT:

The undersigned acknowledge(s) having received the Broker/Agent's Recommendation for Use of Transactional Professionals.

[Redacted Client Name]
[Redacted Client Name]

Date: 5-23-05

Date: 5-23-05

ROCKFORD AREA ASSOCIATION OF REALTORS® APPROVED FORM

11/01

0187-1088/12050503-0001

03/30/2005

RESIDENTIAL REAL PROPERTY DISCLOSURE REPORT

NOTICE: THE PURPOSE OF THIS REPORT IS TO PROVIDE PROSPECTIVE BUYERS WITH INFORMATION ABOUT MATERIAL DEFECTS IN THE RESIDENTIAL REAL PROPERTY. THIS REPORT DOES NOT LIMIT THE PARTIES RIGHT TO CONTRACT FOR THE SALE OF RESIDENTIAL REAL PROPERTY IN "AS IS" CONDITION. UNDER COMMON LAW SELLERS WHO DISCLOSE MATERIAL DEFECTS MAY BE UNDER A CONTINUING OBLIGATION TO ADVISE THE PROSPECTIVE BUYERS ABOUT THE CONDITION OF THE RESIDENTIAL REAL PROPERTY EVEN AFTER THE REPORT IS DELIVERED TO THE PROSPECTIVE BUYER. COMPLETION OF THIS REPORT BY SELLER CREATES LEGAL OBLIGATIONS ON SELLER THEREFORE SELLER MAY WISH TO CONSULT AN ATTORNEY PRIOR TO COMPLETION OF THIS REPORT.

Property Address: 1278 CHANDLER DR.
 City, State & Zip Code: LAKE FOREST, IL 61019
 Seller's Name: BARBARA DEWITTSON AND MATTHEW

This report is a disclosure of certain conditions of the residential real property listed above in compliance with the Residential Real Property Disclosure Act. This information is provided as of 4/5/05, and does not reflect any changes made or occurring after that date or information that becomes known to the seller after that date. The disclosures herein shall not be deemed warranties of any kind by the seller or any person representing any party in this transaction.

In this form, "am aware" means to have actual notice or actual knowledge without any specific investigation or inquiry. In this form a "material defect" means a condition that would have a substantial adverse effect on the value of the residential real property or that would significantly impair the health or safety of future occupants of the residential real property unless the seller reasonably believes that the condition has been corrected.

The seller discloses the following information with the knowledge that even though the statements herein are not deemed to be warranties, prospective buyers may choose to rely on this information in deciding whether or not and on what terms to purchase the residential real property.

The seller represents that to the best of his or her actual knowledge, the following statements have been accurately noted as "yes", (correct), "no" (incorrect) or "not applicable" to the property being sold. If the seller indicates that the response to any statement, except number 1, is yes or not applicable, the seller shall provide an explanation, in the additional information area of this form.

YES	NO	N/A	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. Seller has occupied the property within the last 12 months. (No explanation is needed.)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. I am aware of flooding or recurring leakage problems in the crawlspace or basement.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. I am aware that the property is located in a flood plain or that I currently have flood hazard insurance on the property.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. I am aware of material defects in the basement or foundation (including cracks and bulges).
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5. I am aware of leaks or material defects in the roof, ceilings or chimney.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6. I am aware of leaks or material defects in the walls or floors.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. I am aware of material defects in the electrical system.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. I am aware of material defects in the plumbing system (includes such things as water heater, sump pump, water treatment system, sprinkler system, and swimming pool).
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. I am aware of material defects in the well or well equipment.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. I am aware of unsafe conditions in the drinking water.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. I am aware of material defects in the heating, air conditioning, or ventilating systems.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. I am aware of material defects in the fireplace or woodburning stove.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13. I am aware of material defects in the septic, sanitary sewer, or other disposal system.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14. I am aware of unsafe concentrations of radon on the premises.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15. I am aware of unsafe concentrations of or unsafe conditions relating to asbestos on the premises.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16. I am aware of unsafe concentrations of or unsafe conditions relating to lead paint, lead water pipes, lead plumbing pipes or lead in the soil on the premises.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17. I am aware of mine subsidence, underground pits, settlement, sliding, upheaval, or other earth stability defects on the premises.

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- 18. I am aware of current infestations of termites or other wood boring insects.
- 19. I am aware of a structural defect caused by previous infestations of termites or other wood boring insects.
- 20. I am aware of underground fuel storage tanks on the property.
- 21. I am aware of boundary or lot line disputes.
- 22. I have received notice of violation of local, state or federal laws or regulations relating to this property, which violation has not been corrected.

Note: These disclosures are not intended to cover the common elements of a condominium, but only the actual residential real property including limited common elements allocated to the exclusive use thereof that form an integral part of the condominium unit.

Note: These disclosures are intended to reflect the current condition of the premises and do not include previous problems, if any, that the seller reasonably believes have been corrected.

If any of the above are marked "not applicable" or "yes", please explain here or use additional pages, if necessary:

Check here if additional pages used: _____

Seller certifies that seller has prepared this statement and certifies that the information provided is based on the actual notice or actual knowledge of the seller without any specific investigation or inquiry on the part of the seller. The seller hereby authorizes any person representing any principal in this transaction to provide a copy of this report, and to disclose any information in the report, to any person in connection with any actual or anticipated sale of the property.

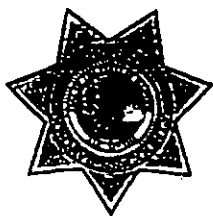
Seller: BARBARA DEFRICKSON Date: 4/3/05
 Seller: _____ Date: _____

PROSPECTIVE BUYER IS AWARE THAT THE PARTIES MAY CHOOSE TO NEGOTIATE AN AGREEMENT FOR THE SALE OF THE PROPERTY SUBJECT TO ANY OR ALL MATERIAL DEFECTS DISCLOSED IN THIS REPORT ("AS IS"). THIS DISCLOSURE IS NOT A SUBSTITUTE FOR ANY INSPECTIONS OR WARRANTIES THAT THE PROSPECTIVE BUYER OR SELLER MAY WISH TO OBTAIN OR NEGOTIATE. THE FACT THAT THE SELLER IS NOT AWARE OF A PARTICULAR CONDITION OR PROBLEM IS NO GUARANTEE THAT IT DOES NOT EXIST. PROSPECTIVE BUYER IS AWARE THAT HE MAY REQUEST AN INSPECTION OF THE PREMISES PERFORMED BY A QUALIFIED PROFESSIONAL

Prospective Buyer: _____ Date: 5/23/05 Time: _____
 Prospective Buyer: _____ Date: 5/23/05 Time: _____

108 Revised 11/97

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Jo Daviess County Sheriff's Office

Sheriff Leo J. Hefel
330 N. Bench Street
Galena, IL 61036
(815) 777-2144

Invoice

8/24/2007

07-524

Joseph Younes
120 W Madison St
Chicago, IL 60602

EXHIBIT D

Fakhouri v Stout

07-CH-34

Service	Description	Qty	Rate	Amount
	WILLIAM STOUT			
8/14/2007	Civil Process Fee - 1st Attempt (9:40 AM)	1	15.00	15.00
8/14/2007	Civil Process - 2nd Attempt (7:35 PM)	1	15.00	15.00
8/15/2007	Civil Process - 3rd Attempt (2:40 PM)	1	15.00	15.00
8/16/2007	Civil Process - 4th Attempt (7:45 AM)	1	15.00	15.00
8/21/2007	Civil Process - 5th Attempt (NO CHARGE) (8:20 AM)	1	0.00	0.00
	NO SERVICE - MULTIPLE ATTEMPTS			
	ROSE STOUT			
8/14/2007	Civil Process Fee - 1st Attempt (9:40 AM)	1	15.00	15.00
8/14/2007	Civil Process - 2nd Attempt (7:35 PM)	1	15.00	15.00
8/15/2007	Civil Process - 3rd Attempt (2:40 PM)	1	15.00	15.00
8/16/2007	Civil Process - 4th Attempt (7:45 AM)	1	15.00	15.00
8/21/2007	Civil Process - 5th Attempt (NO CHARGE) (8:20 AM)	1	0.00	0.00
	NO SERVICE - MULTIPLE ATTEMPTS			

PAST DUE!

**PLEASE REMIT PAYMENT AS
SOON AS POSSIBLE!**

**PLAINTIFF'S
EXHIBIT**

1 for 10

Jo Daviess County Sheriff's Office
Attn: Civil Process
330 North Bench
Galena, IL 61036

**WRIT WILL BE HELD IN
THIS OFFICE UNTIL
FEES ARE PAID IN FULL**

Total \$120.00

Payments/Credits \$0.00

Balance Due \$120.00