

AFTER RECORDING MAIL TO:

ALVIN BLOCK & ASSOCIATES
33 N. LASALLE, 30TH FLOOR.
CHICAGO, IL 60602
ATTN: BERNIE BLOCK



[Space Above This Line For Recording Data]

MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on March 31, 2003. The mortgagor is **GARZABAGDON AND ASSOCIATES, L.L.C.** (hereinafter referred to as "Mortgagor"). This Security Instrument is given to Damian Services, Inc. whose address is 33 N. LaSalle, 30th Floor, Chicago, IL 60602 ("Lender"). Mortgagor has given a Guaranty to Lender guaranteeing the principal sum of One Million Seven Hundred Thousand Dollars & NO/100s (U.S. \$1,700,000.00). This Security Instrument secures to Lender: (a) the collection of the debt evidenced by the Guaranty, with interest; (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 Mortgagor's covenants and agreements under this Security Instrument and the Guaranty. For this purpose, Mortgagor does hereby mortgage, grant and convey to Lender the following described property located in Cook County, Illinois:

See Exhibit "A" Attached Hereto.

which has the address of 4000 W. 31st Street, Chicago, Illinois 60623
[STREET] [CITY] [STATE] [ZIP CODE]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

MORTGAGOR COVENANTS that it 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. Mortgagor 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. Mortgagor and Lender covenant and agree as follows:

- 1. **Payment of Principal and Interest; Prepayment and Late Charges.** Mortgagor guaranties

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collection of the principal of and interest on the debt guaranteed. Lender shall be required to exhaust all remedies against borrower Alliance Staffing Incorporated and guarantors Suburban Key punch Services, Inc. and Ziateck, L.L.C. before proceeding hereunder. The terms of the Guarantors executed previously shall be amended hereby accordingly.

2. Funds for Taxes and Insurance. Lender does not require escrow payments from Mortgagor for taxes and insurance.

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 guaranteed indebtedness; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due; and last, to any late charges due under the guaranteed indebtedness.

4. Charges. Mortgagor 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. Mortgagor shall pay them on time directly to the person owed payment.

5. Hazard or Property Insurance. Mortgagor 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. This insurance shall be maintained in the amounts and for the periods that are customary for like property. The insurance carrier providing the insurance shall be chosen by Mortgagor subject to Lender's approval which shall not be unreasonably withheld. If Mortgagor 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 include a standard mortgage clause. In the event of loss, Mortgagor shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Mortgagor.

Unless Lender and Mortgagor 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 Mortgagor. If Mortgagor 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 Mortgagor 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 7 the Property is acquired by Lender, Mortgagor'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. Preservation, Maintenance and Protection of the Property; Mortgagor shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Mortgagor shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's

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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. Mortgagor may cure such a default and reinstate, as provided in paragraph 15, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Mortgagor's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest.

7. Protection of Lender's Rights in the Property. If Mortgagor fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. 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 Mortgagor secured by this Security Instrument.

8. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Mortgagor notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

9. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the heirs, legal representatives, successors and assigns of Lender and Mortgagor. Mortgagor's covenants and agreements shall be joint and several. Any Mortgagor who co-signs this Security Instrument but does not execute the Guaranty: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Mortgagor'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 Mortgagor may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument without that Mortgagor's consent.

10. Notices. Any notice to Mortgagor 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 Mortgagor designated 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 Mortgagor. Any notice provided for in this Security Instrument shall be deemed to have been given to Mortgagor or Lender when given as provided in this paragraph.

11. 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 conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument which can be given effect without the conflicting provision.

12. Mortgagor's Copy. Mortgagor shall be given one copy of the Security Instrument.

13. Hazardous Substances. Mortgagor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Mortgagor shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to

maintenance of the Property.

Mortgagor 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 Mortgagor has actual knowledge. If Mortgagor 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, Mortgagor shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 13, "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 13, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

14. Assignment of Rents and Leases. Mortgagor hereby assigns to Lender all of the rents, issues, income, profits and revenues and any and all cash collateral arising from the Lender Property, its interest as lessor in all existing and future leases of all or any part of the Lender property, and its interest as licensor in all existing and future licenses pertaining to the Lender Property. Such assignment will not be construed as a consent by Lender to any such lease or license or impose upon Lender any obligations with respect thereto. This assignment is absolute and effective immediately; provided, however, that until the occurrence of an Event of Default, Mortgagor may receive the rents, issues, income, profits and revenues arising from the Lender Property, but will hold the same as a trust fund to be applied to the Obligations as they become due before using the same for any other purpose. Mortgagor will not terminate or cancel any such lease or license, or amend or modify the terms of any such lease or license, or terminate or accept a surrender or cancellation of any such lease or license, or reduce the rent or fees payable thereunder, or accept any prepayment of rent or fees (except such amount as may be required by the terms of the relevant lease or license to be prepaid for a period of not more than one month) without first obtaining the written consent of Lender on each occasion. Mortgagor will, as and when requested from time to time by Lender, execute, acknowledge and deliver to Lender, in form approved by Lender, one or more general or specific assignments of Mortgagor's interest under any lease or license now or hereafter affecting the whole or any part of the Lender Property. Mortgagor will, on demand, pay to Lender or reimburse Lender for the payment of any reasonable costs or expenses incurred in connection with the preparation and recording of any such assignment.

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

15. Acceleration; Remedies. Lender shall give notice to Mortgagor prior to acceleration following Mortgagor's breach of any covenant or agreement in this Security Instrument. 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 Mortgagor, 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 Mortgagor 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 Mortgagor to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Lender at its option 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 15,

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

16. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument with a reasonable release charge to Mortgagor. Mortgagor shall also pay any recordation costs.

BY SIGNING BELOW, Mortgagor accepts and agrees to the terms and covenants contained in pages 1 through 6 of this Security Instrument.

GARZA-BAGDON & ASSOCIATES, L.L.C.

By: [Signature]
Alfred Garza, Manager

-----[Space Below This Line For Acknowledgment]-----

STATE OF ILLINOIS)
) SS.
COUNTY OF COK)

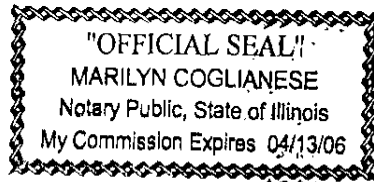
I, MARILYN COGLIANESE, a Notary Public in and for said County, in the State aforesaid, do hereby certify that on this 31 day of March, 2003, before me personally appeared Alfred Garza to me personally known, who, being by me duly sworn, did say that he is the Manager of Garza-Bagdon & Associates, L.L.C., an Illinois limited liability company, and that said instrument was signed in behalf of said company, by authority of its Member; and said Alfred Garza acknowledged said instrument to be the free act and deed of said company.

IN TESTIMONY WHEREOF, I have hereunto set my hand in the City and State aforesaid, the day and year first above written.

[Signature]
Notary Public

My Commission expires:

This instrument was prepared by:
ROBINSON, PLUYMERT, PIERCEY, MACDONALD, & AMATO, LTD
2300 Barrington Road, Suite 220
Hoffman Estates, IL 60195



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LEGAL DESCRIPTION

EXHIBIT A

LOTS 19 AND 20 IN BLOCK 16 IN MCMILLAN AND WETMORE'S FOURTH ADDITION TO CHICAGO IN THE SOUTH EAST $\frac{1}{4}$ OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

COMMON ADDRESS: 4000 W. 31ST Street, Chicago, Illinois 60623

PIN: 16-27-431-035-0000

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