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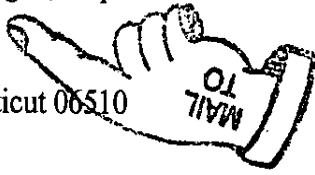
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Cook County Recorder 61.50

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This document has been prepared by and return mailed to: Christine Owens Morgan, Esq. Wiggin & Dana One Century Tower New Haven, Connecticut 06510



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MORTGAGE

TO ALL PEOPLE TO WHOM THESE PRESENTS SHALL COME, GREETING:

KNOW YE, That SANDHU PETROLEUM, INC., an Illinois corporation with offices at 301 N. Hougl Street, Barrington, Illinois 60010 hereinafter referred to as the "Mortgagor", for the consideration of One Dollar (\$1.00) and other valuable consideration received to its full satisfaction of QUESTECH FINANCIAL LLC, a Connecticut limited liability company with offices at 98 Mill Plain Road, Danbury, Connecticut 06811, hereinafter referred to as the "Mortgagee", does hereby mortgage to the Mortgagee, its successors and assigns forever, all that tract or parcel of land and all improvements now or hereafter thereon, situated, lying and being in the City of Chicago, County of Cook, and State of Illinois, known as and numbered 11957 S. Halsted Street, and more particularly described in Schedule A attached hereto and made a part hereof (hereinafter called the "Premises");

TOGETHER with all right, title and interest of the Mortgagor in and to any and all sidewalks, plazas and alleys, and all strips and gores of land adjoining or adjacent to said Premises, and all and singular the tenements, hereditaments, privileges, easements and appurtenances belonging or in any wise appertaining to said Premises, and all the estate, right, title, interest, claim and demand whatsoever, in law or in equity, which the Mortgagor now has or may hereafter acquire in and to such property;

TOGETHER with all right, title and interest of the Mortgagor now owned or hereafter acquired, in and to any and all buildings, structures and improvements now or at any time hereafter erected, constructed or situated upon said Premises or any part thereof and all apparatus, fixtures, furniture, furnishings and equipment now or hereafter attached to or used or procured for use in connection with the operation or maintenance of any such building, structure or other improvement, including, but without limiting the generality of the foregoing, all engines, furnaces, boilers, pumps, heaters, tanks, antennae, motors, generators, switchboards, electrical equipment, heating, plumbing, lifting and ventilating apparatus, air-cooling and air-conditioning apparatus, gas and electric fixtures, refrigerating equipment, stoves and clothes washing machines, elevators, escalators, fittings and machinery, awnings, storm and screen windows and doors, window shades and blinds, together with any and all substitutions therefor, replacements thereof and additions

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thereto, all of which are hereby declared and shall be deemed to be fixtures and an accession to the freehold and a part of the realty and to be subject to the lien of this mortgage;

TOGETHER with all rights, title and interest, if any, of the Mortgagor, now owned or hereafter acquired in and to any land lying in the bed of any street, road or avenue, open or proposed, in front of or adjoining said land, to the center line thereof;

TOGETHER with all rights of the Mortgagor to modify, amend or terminate any lease now or hereafter relating to the Premises;

All of the foregoing Premises and property, rights and interests are hereinafter collectively called the "Mortgaged Premises".

AND ALSO the Mortgagor does for itself, its successors and assigns, covenant with the Mortgagee, its successors and assigns, that at and until the ensembling of these presents, it is lawfully seized of the Mortgaged Premises and it has good right to mortgage said Mortgaged Premises in manner and form as above written, and that the same is free from all encumbrances whatsoever, except as set forth in said Schedule A.

AND FURTHERMORE the Mortgagor does hereby by these presents bind itself and its successors and assigns forever to MORTGAGE AND CONVEY the Mortgaged Premises to the Mortgagee, its successors and assigns, against all claims and demands whatsoever, except as set forth in said Schedule A.

THE CONDITION OF THIS MORTGAGE IS SUCH THAT,

WHEREAS, said Mortgagor has agreed for itself, its successors and assigns, to keep said buildings and improvements insured for the benefit of and to the satisfaction of said Mortgagee, and to pay the premiums of insurance as they accrue, and to keep said Premises free from all mortgages or other liens or charges of every kind and description; and

WHEREAS, said Mortgagor in consideration thereof has this day executed and delivered this mortgage and said Mortgagor, together with Sandhu Enterprises, Inc. as co-borrower, has executed and delivered a Note and Security Agreement, for the sum of Three Hundred Thousand and No/00 Dollars (\$300,000.00) (hereinafter called the "Note"), dated as of April 7, 2000, payable to the order of the said Mortgagee, which Note is in words and figures as set forth in Schedule B which is attached hereto and made a part hereof; and

WHEREAS, the Mortgagee is desirous of securing the prompt payment of the Note together with interest thereon and any additional indebtedness accruing to it on account of any future payments, advances or expenditures made by it pursuant to the terms hereof (all hereinafter sometimes collectively referred to as the "Indebtedness" or the "Indebtedness Secured Hereby").

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NOW, THEREFORE, said Mortgagor in order to protect more fully the security of the Mortgagee hereunder does hereby covenant and agree with the Mortgagee that:

1. Mortgagor shall pay promptly when due all principal, interest and all other sums to become due under the terms of the Note.

2. Mortgagor shall keep the Mortgaged Premises in good condition and repair, reasonable wear and tear excepted; shall not permit nor perform any act which would in any way impair the value of the same; shall not remove any fixture nor remove or demolish any building or improvement located or to be constructed on the above-described Premises without the written consent of the Mortgagee; shall neither commit nor permit waste of the Mortgaged Premises; the Mortgagor may, however, without such consent, remove and dispose of, free from the lien of this mortgage, such equipment as from time to time may become worn out or obsolete, provided that simultaneously with or prior to such removal any such equipment shall be replaced with other equipment of a value at least equal to that of the replaced equipment and free from any title retention or security agreement or other encumbrance, and by such removal and replacement the Mortgagor shall be deemed to have subjected such other equipment to the lien of this mortgage.

3. NOTWITHSTANDING any provision hereof to the contrary, this Mortgage shall secure all future advances made by the Mortgagee in connection with the Mortgaged Property within ten (10) years from the date hereof, whether such advances are obligatory or are made at the option of the Mortgagee or otherwise and whether or not such advances are evidenced by the Note, to the same extent as if such advances were made on the date of execution and delivery hereof, with interest on such future advances at the interest rate set forth in the Note and from and after an Event of Default (as hereinafter defined) at the Default Rate (as defined in the Note); provided that the aggregate outstanding balance of the Indebtedness Hereby Secured shall at no time exceed Six Hundred Thousand and NO/00 Dollars (\$600,000.00). All covenants and agreements contained in this Mortgage shall be equally applicable to future advances.

4. Mortgagor shall pay when due all taxes, general and special assessments, water rates, sewer rents and similar charges upon the Mortgaged Premises, shall pay all debts, claims or other charges that may become liens against the Mortgaged Premises or any part thereof for repairs or improvements that may have been, or may hereafter be, made on the Mortgaged Premises, and shall not permit any lien or encumbrance of any kind which might become superior or adverse to the title of Mortgagee or the lien of this mortgage to accrue or remain on the Mortgaged Premises or any part thereof. Mortgagor shall give prompt notice to the Mortgagee of the imposition or filing of any liens or encumbrances against the Mortgaged Premises. Until the lien of this mortgage has been released, Mortgagor shall not pledge, hypothecate, encumber or mortgage the Mortgaged Premises to secure any other debts without the prior written consent of Mortgagee.

5. Mortgagor shall provide, maintain, and deliver to the Mortgagee policies of fire and extended coverage insurance and of such other insurance as the Mortgagee may from time to time require, including, but not limited to, adequate liability insurance naming the Mortgagee as an

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insured and loss of rent insurance in an amount not less than the annual aggregate rental value of the Mortgaged Premises, all such policies to be issued by companies in form and amounts satisfactory to the Mortgagee upon the buildings and improvements now or hereafter situated on the Mortgaged Premises, and shall assign and deliver to the Mortgagee with satisfactory mortgagee clauses attached, all insurance policies of any kind or in any amount now or hereafter issued upon the Mortgaged Premises. Mortgagor shall give immediate notice in writing to the Mortgagee of any loss or damage to the Mortgaged Premises caused by any casualty. Full power is hereby conferred on the Mortgagee to settle and compromise in good faith any and all claims under any and all policies and to demand, receive and receipt for all moneys becoming payable thereunder and to assign any or all policies to any endorsee of the Note or to any subsequent owner of the Mortgaged Premises in the event of the foreclosure of this mortgage or other transfer of title to the Mortgaged Premises. In the event of loss under any policy of insurance herein referred to, the proceeds of such policy shall be paid by the insurer to the Mortgagor and the Mortgagee, and if the Mortgagor shall elect to promptly and fully reconstruct, repair or restore the Mortgaged Premises to as good condition as the same were in immediately prior to the damage or destruction thereof resulting in such loss, the Mortgagee shall apply such proceeds, after deducting all costs of collection, including a reasonable attorney's fee, toward such reconstruction, repair or restoration of the Mortgaged Premises and shall make advances from such proceeds to the Mortgagor from time to time as the work progresses; but if the Mortgagor shall not so reconstruct, repair or restore the Mortgaged Premises, the Mortgagor shall endorse the check for such proceeds to the order of the Mortgagee and the Mortgagee shall apply the same as payment on account of the Indebtedness Secured Hereby, whether or not then due or payable, and in such manner as the Mortgagee in its sole discretion may see fit, and shall remit the excess, if any, to the Mortgagor.

6. <<INTENTIONALLY DELETED>>

7. If the Mortgagor shall fail to insure the Mortgaged Premises, or to pay the sums set forth in Section 4 hereof for taxes, assessments, water rates, sewer rents and similar charges or to pay debts, claims or other charges for repairs and improvements, or to keep the Mortgaged Premises in good condition and repair, all as provided herein, the Mortgagee may at its option, but shall not be obligated to, procure such insurance, pay such taxes and assessments with any penalty or interest thereon, redeem the property from any tax sale, procure such receipts, or enter upon the Mortgaged Premises and make such repairs as it may deem necessary, and the Mortgagor shall immediately pay to the Mortgagee all sums which the Mortgagee may have so paid, together with interest thereon at the rate provided in the Note, and for payment thereof, this mortgage shall stand as security in like manner and effect as for the payment of the Indebtedness referred to above. The failure of the Mortgagee to procure such insurance, to pay such taxes and assessments, to redeem the property from any tax sale, or to make repairs shall in no way render Mortgagee liable to Mortgagor nor obligate it to make any such payment on Mortgagor's behalf. If Mortgagee shall elect to advance insurance premiums, taxes or assessments, or redeem from tax sale, the receipt of the insurance company, or the proper tax official, shall be conclusive evidence of the amount, validity and the fact of payment thereof.

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8. The Mortgagor shall immediately pay to the Mortgagee all sums, including costs, expenses and reasonable agent's or attorney's fees, which the Mortgagee may expend or become obligated to pay in any proceedings, legal or otherwise, to prevent the commission of waste, to establish or sustain the lien of this mortgage or its priority, or to defend against liens, claims, rights, estates, easements, or restrictions asserting priority to this Mortgage in payment, settlement, discharge or release of any asserted lien, claim, right, easement or restriction made upon advice of counsel that the same is superior or adverse to the lien of this Mortgage; for title insurance, abstract of title or extension thereof; or in connection with any suit to enforce or foreclose this Mortgage; or to recover any sums hereby secured. All such sums so paid by the Mortgagee shall bear interest at the rate provided in the Note until paid to the Mortgagee by the Mortgagor, and for payment of such sums and interest, this Mortgage shall stand as security.

9. If any one or more of the following "Events of Default" shall occur and be continuing:

(i) Default in the payment of the principal on the Note, or in the payment of interest on the Note, or in the payment of any other indebtedness owing by the Mortgagor or any co-maker to the Mortgagee under the terms of the Note or any other document securing the indebtedness evidenced by the Note, now existing or hereinafter incurred, when the same shall be due; or

(ii) Failure by the Mortgagor to observe or perform any covenant contained in this Mortgage or the Note or any loan document executed in conjunction herewith, or the occurrence of an Event of Default under the Note; or

(iii) Any representation or warranty made by the Mortgagor herein or any co-maker, or any statement, certificate or other data furnished in writing by the Mortgagor or any third party in connection herewith, proves to be incorrect in any material respect when made; or

(iv) If any endorser, maker, guarantor or surety of the Indebtedness shall violate any covenant or representation contained in its guaranty of the Indebtedness; or

(v) Mortgagor or any endorser, co-maker, guarantor or surety of the Indebtedness shall (1) apply for or consent to the appointment of a receiver, custodian, trustee or liquidator of all or a substantial part of its assets; (2) file any petition or answer seeking as to itself the liquidation, arrangement, reorganization, or the like under any insolvency or bankruptcy law; or (3) take any action for the purpose of effecting any of the foregoing; or

(vi) An order, judgment or decree shall be entered, without the application, approval or consent of Mortgagor or any endorser, co-maker, guarantor or surety of the Indebtedness, by any court of competent jurisdiction, approving a petition seeking the liquidation, arrangement or reorganization of any of them or appointing a

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receiver, trustee or liquidator of any of them or of all or a substantial part of any of their assets; or

(vii) Mortgagor shall convey away to any other party a security interest in the Mortgaged Premises, or any part thereof, without the prior written consent of the Mortgagee and except as set forth herein, or in the event the Mortgagor shall sell, transfer, mortgage, convey or otherwise dispose of any interest in the Mortgaged Premises, or any part thereof, without the prior written consent of the Mortgagee and except as set forth herein; or if the legal or equitable title thereto shall become vested in any other person or persons in any manner whatsoever; or

(viii) Mortgagor or any co-maker shall without the prior written consent of Mortgagee merge into or consolidate with or into any corporation, partnership or other entity, or acquire all or substantially all of the assets of another corporation, partnership or other entity, or sell, lease (as lessor, but excluding leases of space in the Mortgaged Premises in the normal course of Mortgagor's or any co-maker's business), transfer or otherwise dispose of all or substantially all of its assets; or

(ix) A final judgment or judgments for the payment of money in excess of the sum of \$5,000 in the aggregate shall be rendered against the Mortgagor or any co-maker, and any such judgment or judgments shall remain unsatisfied and in effect for a period of 30 days without a stay of execution; or

(x) Failure of Mortgagor or any co-maker generally to pay its debts as such debts become due;

then, upon the occurrence of one or more of the foregoing Events of Default, the entire Indebtedness secured hereby, with all interest thereon, and all other amounts secured hereby shall, at the option of the Mortgagee, become immediately due and payable without any demand or notice and the Mortgagee shall have the immediate right to foreclose this Mortgage.

10. No delay or failure of the Mortgagee to exercise any right, power, privilege or option herein given to or conferred upon the Mortgagee shall constitute a waiver of or estop Mortgagee from afterwards exercising the same or any other right, power, privilege, or option at any time, and the payment or contraction to pay by the Mortgagee of anything the Mortgagor has herein agreed to pay shall not constitute a waiver of any default of the Mortgagor in failing to make any such payment and shall not estop the Mortgagee from foreclosing this mortgage on account of such failure of the Mortgagor. All rights, powers, privileges, options and remedies herein given to or conferred upon the Mortgagee shall be cumulative and no one or more of them shall be exclusive of the other or others, or of any right or remedy now or hereafter given or allowed by law.

11. Notwithstanding any taking of all or any part of the Mortgaged Premises by eminent domain by any public or quasi-public authority or corporation or any other injury to or decrease in value of the Mortgaged Premises resulting from any alteration of the grade of any

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highway or street or any other action by any such public or quasi-public authority or corporation, the principal sum of the Note shall continue to earn interest at the rate therein provided until the amount of any award or payment resulting therefrom may have been actually received by the Mortgagee and any reduction in the principal sum of the Note resulting from the application by the Mortgagee of any such award or payment as hereinafter set forth shall be deemed to take effect only on the date of such receipt by the Mortgagee. If the Mortgagor shall elect to promptly alter, restore or rebuild any part of the Mortgaged Premises which may be altered, damaged or destroyed as a result of any such taking or alteration of grade or other such action by any such public or quasi-public authority or corporation, such amount of such award or payment as may be necessary to reimburse the Mortgagor, without interest, for the cost of any such alteration, restoration or rebuilding by the Mortgagor shall be paid by the Mortgagee to the Mortgagor. The balance of any such award or payment and, if the Mortgagor does not alter or restore or rebuild the Mortgaged Premises which may have been so altered, damaged or destroyed, the entire amount of such award or payment, shall be retained and applied by the Mortgagee toward the payment on account of the principal of the Indebtedness secured hereby, whether or not then due or payable and in such manner as the Mortgagee in its sole discretion may see fit, and shall remit any excess to the Mortgagor. If prior to the receipt by the Mortgagee of such award or payment the Premises shall have been sold on foreclosure of this mortgage, the Mortgagee shall have the right to receive said award or payment to the extent of any deficiency found to be due upon such sale, with legal interest thereon, whether or not a deficiency judgment on this mortgage shall have been sought or recovered or denied, and of the reasonable counsel fees, costs and disbursements incurred by the Mortgagee in connection with the collection of such award or payment.

12. As set forth in the Note, Mortgagee shall pay certain fees and late charges whenever payments of installments or other amounts due under the Note are not made when due.

13. The Note secured hereby shall become due and payable forthwith at the option of the Mortgagee if there shall occur any breach or violation of any of the terms, covenants, conditions or provisions of: (i) any Security Agreement, to which the Mortgagor is a party, now or hereafter affecting any personal property or fixtures now or hereafter used by Mortgagor or any person, firm or corporation controlling, controlled by or under common control with Mortgagor in connection with the Premises or any business conducted on the Premises, or (ii) any assignment of rents or income from the Mortgaged Premises or any business conducted thereon.

14. The Mortgagee shall not be obligated to release, or be prevented from foreclosing or enforcing this mortgage upon all or any part of the Mortgaged Premises, unless and until the entire debt and all items hereby secured shall have been paid in full; and shall not be required to accept any part or parts of said Mortgaged Premises as distinguished from the entire whole thereof as payment of or upon the Indebtedness Secured Hereby to the extent of the value of any such part or parts; and shall not be compelled to accept or allow any apportionment of the said debt to or among any separate parts of the said Mortgaged Premises.

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15. All provisions and promises in the Note secured hereby and any security agreement given in connection herewith or therewith shall be and hereby are made and adopted as covenants of the Mortgagor and part of this Mortgage.

16. The Mortgagor shall furnish to the Mortgagee, without expense to the Mortgagee, financial statements and tax returns, and such other financial data, reports and information that Mortgagee may request, including, without limitation, statements of the operation of the Mortgaged Premises, all prepared and certified by a certified public accountant in accordance with generally accepted accounting principles, all as more fully set forth in the Note. Statements concerning the Mortgaged Premises may include, at the option of the Mortgagee, in addition to all relevant fiscal information, such other information relating to rental, occupancy and expenses of the premises as the Mortgagee may require all in form and manner satisfactory to the Mortgagee.

17. This Mortgage cannot be amended, modified or changed except by an agreement in writing, signed by the party against whom enforcement of the change is sought.

18. All the covenants, conditions and agreements hereof shall bind the Mortgagor and all its successors and assigns and shall inure to the benefit of and be available to the Mortgagee and its successors and assigns.

19. When the Indebtedness Secured Hereby or any part thereof shall become due, by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for the Indebtedness Secured Hereby or any part thereof. In any suit or proceeding to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for sale, all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorneys' fees, appraisers' fees, outlays for documentary and expert evidence, stenographers' charges, publication costs and costs (which may be estimated as to items to be expended after entry of the decree) of procuring abstracts of title, title searches and examinations, title insurance policies, and similar data and assurances with respect to title to prosecute such suit or to evidence to bidders at sales, which may be had pursuant to such decree, the true conditions of the title to or value of the Mortgaged Premises. All expenditures and expenses in this Section mentioned and expenses and fees as may be incurred in the protection of said Mortgage Premises and the maintenance of the lien of this Mortgage, including the fees of any attorney employed by Mortgagee in any litigation or proceedings affecting this Mortgage, the Note or the Mortgaged Premises, including probate and bankruptcy proceedings, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by the Mortgagor, with interest thereon at the Default Rate as set forth in the Note.

20. Upon, or at any time after, the filing of a complaint to foreclose this Mortgage, the court may appoint a receiver of the Mortgaged Premises. Such appointment shall be made as provided before or after sale, without notice, without regard to solvency or insolvency of Mortgagor and without regard to the then value of the Mortgaged Premises or whether the same shall be then occupied as a homestead or not. Mortgagee or any holder of the

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Note may be appointed as such receiver. Such receiver shall have the power to collect the rents, issues and profits of the Mortgaged Premises during the pendency of such foreclosure suit and, in case of a sale and a deficiency, during the full statutory period of redemption, if any, whether there be a redemption or not, as well as during any further items when the Mortgagor, except for the intervention of such receiver, would be entitled to collection of such rents, issues and profits and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Mortgaged Premises during the whole of said period. The court may, from time to time, authorize the receiver to apply the net income from the Mortgaged Premises in his hands in payment in whole or in part of:

(a) the Indebtedness Secured Hereby or the indebtedness secured by any decree foreclosing this Mortgage, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to the foreclosure sale; or

(b) the deficiency in case of a sale and deficiency.

21. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policies, if not applied in Mortgagee's sole discretion to rebuilding or restoring the building or improvements, shall be used to pay the amount due in accordance with any decree of foreclosure and any balance shall be paid as the court may direct. In the case of foreclosure of this Mortgage, the court may provide in its decree that the decree creditor may cause a new loss payable clause to be attached to each casualty insurance policy making the proceeds payable to decree creditor. Any such foreclosure decree may further provide that in case of one or more redemptions under said decree, each successive redeemer may cause the preceding loss clause attached to each casualty insurance policy to be canceled and a new loss clause to be attached thereto, making the proceeds thereunder payable to such redeemer. In the event of foreclosure sale, Mortgagee is authorized, without the consent of Mortgagor, to assign any and all insurance policies to the purchaser at the sale or to take such other steps as Mortgagee may deem advisable to cause the interest of such purchaser to be protected by any of said insurance policies.

22. Mortgagor covenants and agrees that that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any advantage of, any stay, exemption or extension law or any so-called "Moratorium Law" now or at any time hereafter in force, or claim, take or insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Premises, or any part thereof, prior to any sale or sales thereof to be made pursuant to any provisions herein contained, or to decree, judgment or order of any court of competent jurisdiction, or after such sale or sales claim exercise any rights under any statutes now or hereafter in force to redeem the property so sold, or any part thereof, or relating to the marshalling thereof, upon foreclosure sale or other enforcement hereof. Mortgagor expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on its own behalf and on behalf of each and every person, excepting only decree or judgment creditors of Mortgagor acquiring any

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interest or title to the Mortgaged Premises subsequent to the date hereof, it being the intent hereof that any and all such rights of redemption of Mortgagor and of all other persons are and shall be deemed to be hereby waived to the full extent permitted by law. Mortgagor will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any right, power and remedy as though no such law or laws have been made or enacted.

23. Nothing shall be construed as constituting Mortgagee a mortgagee in possession in the absence of actual taking of possession of the Mortgaged Premises by Mortgagee.

24. Upon or at any time after filing a complaint to foreclose this Mortgage, the court may appoint Mortgagee as mortgagee-in-possession of the Mortgaged Premises. Mortgagor hereby waives any rights it may have to object to such appointment. Such appointment may be made before or after sale, without notice, without regard to the solvency or insolvency of Mortgagor and without regard to the then value of the Mortgaged Premises. Upon such appointment, Mortgagee shall be entitled to take actual possession of the Mortgaged Premises, or any part thereof, personally or by its agents or attorneys, and the Mortgagor shall surrender such possession to Mortgagee, together with all documents, books, records, papers and accounts of Mortgagor as may be necessary or desirable in connection with the management and operation of the Mortgaged Premises. Mortgagee may exclude Mortgagor, its agents and servants wholly therefrom and may act as attorney-in-fact or agent of Mortgagor, or in its own name as Mortgagee, and under the powers herein granted, hold, operate, manage and control the Mortgaged Premises and conduct the business thereof in such manner as it deems proper or necessary to enforce the payment or security of the loans, rents, issues and profits of the Mortgaged Premises, including actions for the recovery of rent, actions in forcible detainer and actions in distress for rent.

25. Mortgagor hereby assigns and transfers to Mortgagee all the rents, issues and profits of the Mortgaged Premises and all present and future leases upon all or any part of the Mortgaged Premises and any and all extensions and renewals thereof and all security deposits or interest therein now or hereafter held by Mortgagor, and hereby gives to and confers upon Mortgagee the right, power and authority to collect such rents, issues and profits. Mortgagor irrevocably appoints Mortgagee at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue in the name of Mortgagor or Mortgagee for all such rents, issues and profits and apply the same to the Indebtedness Secured Hereby. The assignment of the rents, issues and profits of the Mortgaged Premises is intended to be an absolute assignment from Mortgagor to Mortgagee and not merely the passing of a security interest.

26. Until an Event of Default, as such term is defined herein, Mortgagee shall not exercise any rights hereunder and Mortgagor shall have the right to collect upon, but not prior to accrual, all rents, issues, profits and advances from the Mortgaged Premises and to retain, use and enjoy the same. The rents, issues and profits are hereby assigned absolutely by Mortgagor to

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Mortgagee contingent only upon the occurrence of an Event of Default under this Mortgage or the Note.

27. This Mortgage is also a security agreement and financing statement under the Uniform Commercial Code of Illinois (the "Uniform Commercial Code") with respect to the Mortgaged Premises, except for the land, the Improvements and Fixtures which cannot be severed from the Mortgaged Premises without causing structural damage (the "Collateral"), including without limitation any personal property, which personal property may not be deemed to be affixed to the land or Improvements or may not constitute a "fixture", within the meaning of Section 9-313 of the Uniform Commercial Code and all replacements, substitutions for and additions to such personal property, and the proceeds thereof, and that a security interest in and to the Collateral is hereby granted to the Mortgagee, as collateral security for the payment of the Indebtedness Hereby Secured. All of the terms, provisions, conditions and agreements contained in this Mortgage pertain and apply to the Collateral as fully and to the same extent as to any other property comprising the Mortgaged Premises; and the following provisions of this Section shall not limit the applicability of any other provisions of this Mortgage but shall be in addition thereto.

This Mortgage also constitutes a fixture filing under the Uniform Commercial Code. The names and addresses of the Mortgagor, as debtor and of the Mortgagee, as secured party, for the purposes of the Uniform Commercial Code, are set forth hereinabove. The Mortgagor is and will be the true and lawful owner of the Collateral, subject to no liens, charges or encumbrances other than the lien hereof and Permitted Encumbrances. The Collateral will be kept at the land, will be used by the Mortgagor solely for business purposes, and, except for Collateral which has become obsolete (the "Obsolete Collateral"), will not be removed therefrom without the consent of the Mortgagee. The personal property constituting the Collateral may be affixed to the land or the Improvements but will not be affixed to any other real estate. No financing statement covering any of the Collateral or any proceeds thereof is on file in any public office. The Mortgagor will at its own cost and expense, upon demand, furnish to the Mortgagee such further information and will execute and deliver to the Mortgagee such financing statements, continuation statements and other documents in a form satisfactory to the Mortgagee and will do all such acts and things as the Mortgagee may at any time or from time to time request or as may be necessary or appropriate to establish and maintain a perfected security interest in the Collateral as security for the Indebtedness Hereby Secured, subject only to Permitted Encumbrances, and the Mortgagor will pay any fee, tax, charge or other cost of filing or recording such financing statements, continuation statements or other documents, in all public offices wherever filing or recording is deemed by the Mortgagee to be necessary or desirable.

The Mortgagee shall have all the rights and remedies of a secured party under the Uniform Commercial Code upon the occurrence of an Event of Default hereunder, including without limitation, the right to take immediate and exclusive possession of the Collateral, or any part thereof to the extent and in the manner permitted by applicable law.

28. The Mortgagor declares, represents, certifies and agrees that the proceeds

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Schedule A

Street Address: 11957 S. Halsted Street, Chicago, Illinois

AND MORE PARTICULARLY DESCRIBED AS THE WEST 100 FEET OF LOTS 12, 13, 14 AND 15 (EXCEPT THAT PART LYING WEST OF A LINE 50 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SECTION 28) IN BLOCK 12, IN WEST PULLMAN SUBDIVISION OF THE WEST ½ OF THE NORTHEAST ¼ AND THE NORTHWEST ¼ OF SECTION 28, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Permanent Index Numbers: 25-28-100-011-000

Property of Cook County Clerk's Office

00388765

SCHEDULE B
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NOTE AND SECURITY AGREEMENT

\$300,000.00

Value Date: May 26, 2000

Note and Security Agreement No. L1389-NSA-001
Dated as of April 7, 2000

Section 1. Terms of Payment

(a) FOR VALUE RECEIVED, the undersigned, SANDHU PETROLEUM, INC. AND SANDHU ENTERPRISES, INC. AS CO-BORROWERS JOINTLY AND SEVERALLY LIABLE, at its office at 301 N. Hough Street, Barrington, IL 60010 (the "Borrower"), hereby promises to pay to the order of QUESTECH FINANCIAL LLC, at its office at 98 Mill Plain Road, Danbury, CT 06811 and its successors and assigns (collectively, the "Lender"), the principal sum of Three Hundred Thousand Dollars and No Cents (\$300,000.00) payable as follows:

in One Hundred and Eighty (180) consecutive monthly installments of principal and interest; the first One Hundred and Seventy Nine (179) installments of which shall each be in the amount of \$3,316.20 and the last installment of which shall be in the amount of \$3,316.20, payable on the 1st day of each month in each year, commencing June 1, 2000, (the "Commencement Date"). You shall pay, in addition to the monthly installment due, an aggregate daily installment in an amount equal to one-thirtieth (1/30) of the monthly installment multiplied by the actual number of days elapsed from, and including, the Value Date to, but excluding, the Commencement Date; (or)

in () installments of principal and interest, to be paid in the amounts set forth in the following schedule, payable on the 1st day of each month in each year, commencing _____, (the "Commencement Date"). You shall pay, in addition to the monthly installment due, an aggregate daily installment in an amount equal to one-thirtieth (1/30) of the monthly installment multiplied by the actual number of days elapsed from, and including, the Value Date to, but excluding, the Commencement Date:

<u>Payment #</u>	<u>Amount of Payment</u>
SEE ATTACHED PAYMENT SCHEDULE	

(b) The proceeds of the loan evidenced hereby shall be used solely to purchase (or refinance the purchase of) the Equipment (as hereinafter defined).

(c) The Borrower shall not have the right to prepay this Note, in whole or in part.

(d) The Borrower hereby expressly authorizes the Lender to insert (i) the date that value is actually given by the Lender hereunder as the Value Date of this Note and (ii) the Commencement Date in the blank space therefore above.

(e) Whenever any installment or other amount payable to the Lender by the Borrower hereunder is not made when due, the Borrower agrees to pay to the Lender, on demand, as liquidated damages and not as a penalty: (a) with respect to installment payments, an administrative fee equal to five cents (\$.05) for each one dollar (\$1.00) of such delayed installment payment overdue for more than five (5) days, or the maximum amount permitted under applicable law, whichever is less, and (b) with respect to installment payments overdue for more than thirty (30) days, and all other amounts payable to the Lender by the Borrower hereunder, a late charge calculated at the rate of 18% per annum on such overdue amount, or the maximum amount permitted under applicable law, whichever is less, from the date such payment is due (or demanded, as the case may be) until the date such payment is made in full to the Lender. The Borrower agrees to also reimburse the Lender on demand for any and all costs and expenses (including the Lender's attorneys' fees and disbursements) arising out of or caused by this Note or any breach by the Borrower hereunder, including (without limitation) any enforcement by the Lender of its rights and remedies hereunder.

Section 2. Method of Payment. All payments by the Borrower on account of principal, interest or fees hereunder shall be made in lawful money of the United States of America, in immediately available funds. The Borrower authorizes (but shall not require) the Lender to debit any account maintained by the Borrower with the Lender, at any date on which a payment is due under this Note, in an amount equal to any unpaid portion of such payment and to apply such amount, if any, to such unpaid portion of such payment.

Section 3. Grant of Security Interest. The Borrower hereby pledges, assigns and grants to the Lender a continuing first priority security interest in and lien on the following properties, assets and rights (hereinafter sometimes called collectively the "Collateral"): (a) the personal property set forth and described in Exhibit "A" attached hereto and made a part hereof, and all additions, improvements, accessions, replacements and substitutions thereto and therefor, whether now owned or hereafter acquired, and all proceeds and products thereof (the "Equipment"); (b) the proceeds of any insurance payable to the Borrower with respect to the Equipment; and (c) all of the other personal property, if any, described on Exhibit "A" annexed hereto and all proceeds and products thereof.

Section 4. Obligations Secured. The Collateral hereunder constitutes and will constitute continuing security for the strict payment, performance and observance by the Borrower of the following obligations (collectively, the "Obligations"):

(a) the "Liabilities," which shall mean the indebtedness evidenced by this Note and all other indebtedness, liabilities and obligations of any kind of the Borrower (or any partnership or other group of which the Borrower is a member) to the Lender, whether (i)

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for the Lender's own account, (ii) acquired directly or indirectly by the Lender from the Borrower or others, (iii) absolute or contingent, joint or several, secured or unsecured, liquidated or unliquidated, due or not due, contractual or tortious, now existing or hereafter arising, or (iv) incurred by the Borrower as principal, surety, endorser, guarantor or otherwise, and including (without limitation) all expenses and attorneys' fees incurred by the Lender in connection with any such indebtedness, liabilities or obligations or any of the Collateral (including any sale or other disposition of the Collateral);

(b) the prompt payment, when due, of all present and future obligations and indebtedness of the Borrower to the Lender under this Note, as it may hereafter be amended or modified, and under any other agreement or instrument executed by the Borrower in favor of the Lender, whether direct or indirect, absolute or contingent; and

(c) the strict performance and observance by the Borrower of all warranties, covenants and agreements contained in this Note and any instrument or other agreement delivered by the Borrower to the Lender.

Section 5. Borrower Selected Equipment; Warranty Disclaimer. THE BORROWER REPRESENTS AND ACKNOWLEDGES THAT IT HAS SELECTED BOTH THE EQUIPMENT AND THE VENDOR OF THE EQUIPMENT (THE "VENDOR") AND THAT THE EQUIPMENT SUITS THE BORROWER'S PARTICULAR NEEDS. THE LENDER MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE DIRECTLY OR INDIRECTLY, EXPRESS OR IMPLIED, AS TO THE EQUIPMENT OR ANY OTHER MATTER WHATSOEVER, INCLUDING WITHOUT LIMITATION, TITLE TO THE EQUIPMENT OR THE EQUIPMENT'S CONDITION, THE SUITABILITY OF THE EQUIPMENT, ITS DURABILITY, CAPACITY, OPERATION, PERFORMANCE, DESIGN, MATERIALS, WORKMANSHIP AND/OR QUALITY, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. THE BORROWER AGREES TO LOOK SOLELY TO THE MANUFACTURER, VENDOR OR CARRIER OF THE EQUIPMENT FOR ANY CLAIM ARISING FROM ANY DEFECT, BREACH OF WARRANTY, FAILURE OR DELAY IN DELIVERY, MISDELIVERY OR INABILITY TO USE THE EQUIPMENT FOR ANY REASON WHATSOEVER, AND THE BORROWER'S OBLIGATIONS TO THE LENDER HEREUNDER SHALL NOT IN ANY MANNER BE AFFECTED THEREBY. THE LENDER SHALL NOT BE LIABLE FOR ANY LOSS, DAMAGE, INJURY OR EXPENSE CAUSED DIRECTLY OR INDIRECTLY BY ANY ITEM OF EQUIPMENT, THE USE, MAINTENANCE, REPAIR, DEFECT OR SERVICING THEREOF, BY ANY DELAY OR FAILURE TO PROVIDE SAME, BY ANY INTERRUPTION OF SERVICE OR LOSS OF SERVICE OR LOSS OF USE, OR FAILURE TO PROVIDE SAME, OR FOR ANY LOSS OF BUSINESS HOWEVER CAUSED. NO REPRESENTATION OR WARRANTY AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE VENDOR OF THE EQUIPMENT SHALL BE BINDING ON THE LENDER, NOR SHALL THE BREACH OF SUCH RELIEVE THE BORROWER OF, OR IN ANY WAY AFFECT, ANY OF THE BORROWER'S OBLIGATIONS TO THE LENDER AS SET FORTH HEREIN.

Section 6. Representations and Warranties. The Borrower represents, warrants, covenants and agrees that:

(a) If the Borrower is a corporation or a partnership, it is duly organized, existing and in good standing under the laws of its state of incorporation, is duly qualified and in good standing under the laws of each jurisdiction where the character of its properties or the transaction of its business makes such qualification necessary, and has full power to own its properties and assets and to carry on its business as now being conducted.

(b) The Borrower has full power and authority to execute, deliver and perform this Note, which has been duly authorized by all necessary and proper corporate or partnership action. No consent of stockholders, if any, or of any public authority is required as a condition to the validity of this Note. The making and performance by the Borrower of this Note will not violate any provision of law and will not conflict with or result in a breach of any order, writ, injunction or decree of any court or government instrumentality, or its charter or by-laws or partnership agreement, if any, or create a default under any agreement, note or indenture to which it is a party or by which it is bound or to which any of its property is subject, or result in the imposition of any lien, charge or encumbrance of any nature whatsoever upon any of its properties or assets, except for the liens created under this Note.

(c) This Note has been duly executed and delivered, and constitutes the valid and legally binding obligation of the Borrower, enforceable in accordance with its terms.

(d) The Borrower has good title to and is the lawful owner of the Collateral free from all claims, liens, encumbrances, charges or security interests whatsoever, except for the liens granted by this Note. The Collateral will be kept at the location(s) set forth in Exhibit "A" hereto.

(e) The provisions of this Note create a valid and perfected first priority security interest in the Collateral, enforceable in accordance with their respective terms, subject to no prior or equal lien, charge, encumbrance or security interest, upon the filing of appropriate Uniform Commercial Code financing statements or equivalent instruments, and notation and issuance of appropriate certificates of title, with respect to the Collateral.

(f) There are no judgments outstanding against the Borrower and there are no actions or proceedings before any court or administrative agency pending or, to the knowledge of the Borrower, threatened against the Borrower which, if determined adversely to the Borrower, would affect the Collateral.

(g) The Borrower's principal office and place of business, where it maintains its records concerning the Collateral is at its address stated on Exhibit "A" hereto. The Borrower has no other office or place of business, except as indicated on Exhibit "A" hereto.

Section 7. Insurance. The Borrower shall keep and maintain the Equipment and other Collateral insured for fair market value or replacement cost value or an amount equal to the unamortized principal amount outstanding under the Note from time to time, determined in accordance with standard financial practice, whichever is greater, against all risks of loss or damage from every cause whatsoever, and for not less than the maximum insurable value thereof. The Borrower shall also provide, for the benefit of the Lender (i) such credit life and/or credit accident insurance policies on the life of the Borrower, if an individual, or any principal thereof, as the Lender shall request, and (ii) public liability insurance (both personal injury and property damage) covering the Equipment and other Collateral. The amount of any such insurance shall be sufficient so that neither the Borrower nor the Lender will be considered a co-insurer. Such insurance shall be in form, issued by insurance companies and in amounts satisfactory to the Lender and shall provide that losses, if any, shall be payable to the Lender as "loss payee" and all liability insurance shall include the Lender as an "additional named insured." Each insurer shall agree, by endorsement upon the policy or policies issued by it or by independent instrument furnished to the Lender, that it will give at least thirty (30) days' prior written notice of the effective date of any alteration or cancellation of such policy and that coverage under such policy shall not be affected by any default, misrepresentation or other breach by the Borrower or the Lender under this Note or such policy. The Lender shall have the option but not the obligation, to pay the premiums to continue any such canceled insurance policy in effect or to obtain like coverage. The Borrower agrees that any payment made by the Lender pursuant to the foregoing authorization (and interest thereon at the rate stated in Exhibit "A" hereto from the date of such payment) shall become part of the Obligations and be secured by the Collateral. The proceeds of all insurance payable as a result of loss or damage to any item of the Equipment shall be applied to satisfy the Obligations. The Borrower hereby irrevocably appoints the Lender as the Borrower's attorney-in-fact to make claim for, receive payments of and execute and endorse all documents, checks or drafts received in payment for loss or damage under any such insurance policy. In all events, the Borrower shall be liable for any loss, damage, expense or costs suffered or incurred by the Lender relating to or in any manner pertaining to this Note, the Collateral or the use or operation of the Collateral.

Section 8. Maintenance; Loss of Collateral. The Borrower shall maintain the Collateral in good operating condition, repair and appearance, and protect the same from deterioration, other than normal wear and tear, shall use the Collateral only in the regular course of its business within its normal capacity, without abuse and in a manner contemplated by the Vendor, shall comply with all laws, ordinances, regulations, requirements and rules with respect to the use, maintenance and operation of the Collateral, shall not make any modification, alteration or addition to the Collateral (other than normal operating accessories or controls which, when added to the Collateral, shall not impair the operation or reduce the value of the Collateral) without the prior written consent of the Lender, and all modifications, alterations, accessories, parts, replacements and additions to the Collateral shall become part of the Collateral and included within the term "Collateral" as used herein. For the purpose of assuring the Lender that the Collateral will be properly serviced, the Borrower agrees, in the event that the Lender so requests, to cause the Collateral to be maintained by the Vendor pursuant to Vendor's standard preventive maintenance contract or a comparable maintenance contract. The Borrower hereby assumes the entire risk of loss, damage or destruction of the Collateral from any and every cause whatsoever. The Borrower agrees that any such loss, damage or destruction of the Collateral shall not relieve the Borrower of its obligations hereunder, which obligations shall remain absolute, unconditional and not subject to any claim, defense, set-off, counterclaim, reduction or abatement of any kind whatsoever. In the event of loss, damage or destruction of any item of Collateral, the Borrower at its expense (except to the extent of any proceeds of insurance provided by the Borrower which shall have been received by the Borrower as a result of such loss, damage or destruction), and at the Lender's option, shall either (a) repair such item, returning it to its previous condition, unless damaged beyond repair, (b) replace such item with a like item acceptable to the Lender, in good condition and of equivalent value, which shall be included within the term "Collateral" as used herein or (c) pay to Lender an amount equal to the unamortized principal amount outstanding under the Note from time to time, determined in accordance with standard financial practice.

Section 9. Books And Records. The Borrower shall give the Lender full and free access to the Collateral and to all books, correspondence and records of the Borrower with respect thereto, permit the Lender and its representatives to examine the same and to make copies and extracts therefrom, all at the Borrower's expense.

Section 10. Taxes And Encumbrances. The Borrower shall promptly pay and discharge or cause to be paid and discharged all its obligations and liabilities, including (without limitation) all taxes, assessments and governmental charges upon it and its income or properties, when due unless and to the extent only that the same shall be contested in good faith and by appropriate proceedings and then only to the extent that a bond is filed in cases where the filing of a bond is necessary to avoid the creation of a lien against any of the Collateral or any of its other assets. The Borrower covenants and agrees to keep the Collateral free and clear of all levies, liens, claims, security interests and encumbrances and to promptly pay all charges, taxes and fees which may now or hereafter be imposed upon the ownership, sale, purchase, possession or use of the Collateral, except those in favor of the Lender. In addition, the Borrower shall timely file all tax returns required in connection with the use, operation or possession of the Collateral, and shall promptly furnish copies thereof to the Lender.

Section 11. Corporate Existence. If the Borrower is a corporation or partnership, the Borrower shall do, or cause to be done, all things necessary to preserve and keep in full force and effect its corporate or partnership existence and all franchises, rights and privileges necessary for the proper conduct of its business, and continue to engage in the business of the same type as now conducted by it.

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Section 12. Notice of Event of Default. The Borrower shall give notice in writing promptly to the Lender of the occurrence of any event which constitutes, or which with notice or lapse of time or both would constitute, an Event of Default (as hereinafter defined).

Section 13. Delivery of Financial Data. The Borrower warrants that the application, statements and financial reports submitted by it to the Lender are material inducements to the execution by the Lender of this Note. The Borrower warrants that such applications, statements and reports are and all information hereafter furnished by the Borrower to the Lender will be, true and correct in all material respects as of the date submitted, that no such application statement or report contains any untrue or misleading information or omits any material fact necessary to make such application, statement or report not misleading and that the Borrower is in no way affiliated with any Vendor of any of the Equipment. The Borrower agrees to procure for the Lender such estoppel certificates, landlord's and mortgagee's waivers or other similar documents as the Lender may reasonably request. The Borrower agrees to deliver to the Lender: (a) within 120 days after the end of each fiscal year, financial statements for such fiscal year prepared by its certified public accountant ("CPA") in accordance with generally accepted accounting principles ("GAAP"), (b) within 45 days after the end of each fiscal quarter, financial statements for such fiscal quarter prepared by its CPA in accordance with GAAP, and (c) within 15 days after the Borrower's request, personal financial statements and federal tax returns regarding the Borrower and/or any Obligors (as hereinafter defined).

Section 14. Principal Office. The Borrower shall not change its principal office or the place where it maintains its records pertaining to the Collateral, as specified in Sections 6(d) and 6(g) hereof, without giving the Lender at least thirty (30) days' prior written notice thereof.

Section 15. Location of Collateral; Inspection; Labels. The Borrower shall not remove or permit the removal of the Collateral from its present location as set forth on Exhibit "A" hereto, without the prior written consent of the Lender. The Lender shall have the right to enter the Borrower's premises from time to time during business hours to inspect, observe or remove the Collateral and to confirm its existence, condition and proper maintenance or otherwise protect the Lender's interest therein. The Borrower shall comply with all laws, ordinances, regulations or requirements of any governmental authority, official, board or department relating to the Collateral's installation, possession, use or maintenance. The Collateral shall remain personal property regardless of its affixation to any realty. Upon the Lender's request, the Borrower shall affix and keep in a prominent place on each item of Collateral labels, plates or other markings indicating the Lender's security interest in the Collateral.

Section 16. Option to Perform Obligations of the Borrower in Respect of the Collateral. If the Borrower fails or refuses to make any payment, perform any covenant or obligation, or take any other action which the Borrower is obligated hereunder to perform, observe, take or do hereunder, then the Lender may, at its option without notice or demand upon the Borrower and without releasing the Borrower from any obligation or covenant hereof, perform, observe, take or do the same in such manner and to such extent as the Lender may deem necessary or appropriate to protect any of the Collateral and its rights hereunder, including (without limitation) obtaining insurance and the payment of any taxes and the payment of any sums necessary to discharge liens or security interests at any time levied or placed on the Collateral. The Borrower agrees that any payment or expense incurred by the Lender pursuant to the foregoing authorization (and interest thereon at the rate stated in Exhibit "A" hereto from the date of incurring of any such expense) shall become part of the Obligations and be secured by the Collateral set forth in this Note.

Section 17. Events of Default; Remedies. (a) If any one of the following events (each an "Event of Default") shall occur, then to the extent permitted by applicable law, the Lender shall have the right to exercise any one or more of the remedies set forth in Section 17(b) hereof: (i) the Borrower fails to make any payment when due hereunder or any Obligor fails to pay when due any of the Obligations; or (ii) an Obligor fails to observe or perform (A) any other agreement or obligation to be observed or performed hereunder or under any agreement, document or instrument delivered to the Lender by or on behalf of an Obligor or otherwise relating to any of the Obligations (collectively, the "Other Documents"), or (B) any other obligation of an Obligor to the Lender; or (iii) any representation or warranty made by or on behalf of any Obligor in this Note or in any of the Other Documents shall at any time prove to have been incorrect or untrue when made; or (iv) an Obligor makes any misrepresentation to the Lender or fails to disclose to the Lender any material fact in connection with this Note or otherwise, either contemporaneously herewith or at any time prior or subsequent to the execution hereof; or (v) an Obligor breaches any warranty or agreement contained herein or in any of the Other Documents, including, without limitation, the Borrower's failure to obtain or maintain any insurance required by the Lender hereunder; or (vi) a default occurs in the payment of any indebtedness owed to any individual or entity other than the Lender, or a default occurs in the performance or observance of the terms of any agreement, document or instrument pursuant to which such indebtedness was created, secured or guaranteed, the effect of which default is to cause or permit the holder of any such indebtedness to cause the same to be due prior to its stated maturity (whether or not such default is waived by the holder thereof); or (vii) an Obligor fails to pay, withhold, collect or remit when asserted or due any tax, assessment or other sum payable with respect to the Collateral or any security for any of the Obligations (including, without limitation, any premium on any insurance policy with respect to any of the Collateral or any security for any of the Obligations, or any insurance policy assigned to the Lender as security for any of the Obligations), or the making of any tax assessment against any Obligor by the United States or any state or local government; or (viii) a judgment is entered against an Obligor or any attachment, levy or execution is made against any property of an Obligor, or any part of any property of an Obligor is condemned or seized by any governmental authority or court at the instance of such governmental authority; or (ix) the death of an Obligor, if an individual, or the death of any individual member of an Obligor, if a partnership or joint venture; or (x) a change in the control, management, ownership or operations of an Obligor, or a suspension of the usual business of an Obligor, or the dissolution, liquidation or other termination of existence of an Obligor, or the adoption of any resolution for the dissolution, liquidation or other termination of existence of an Obligor; or (xi) an Obligor fails (or an Obligor admits in writing its inability) to generally pay its debts as they become due or the insolvency or business failure of an Obligor; or (xii) the filing of an application for appointment of a

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trustee, custodian or receiver for an Obligor or of any part of an Obligor's property, or an assignment for the benefit of creditors by an Obligor, or the making or sending of notice of any intended bulk transfer by an Obligor; or (xiii) the filing of a petition in bankruptcy by or against an Obligor, or the commencement by or against an Obligor of any proceeding under any bankruptcy or insolvency law or statute, or any law or statute relating to the relief of debtors or arrangement of debt, readjustment of indebtedness, reorganization, receivership or composition, or the extension of indebtedness; or (xiv) such a change in the condition or affairs (financial or otherwise) of an Obligor as shall, in the sole opinion of the Lender, increase the Lender's risk with respect to this Note, the Collateral or any of the Obligations or any security therefor; or (xv) any event or circumstance occurs that leads the Lender, in good faith, to believe that the prospect of full and prompt payment or performance by an Obligor of any of its Obligations is impaired; or (xvi) the Borrower shall, at any time without the prior written consent of the Lender, enter into an agreement to change the location of the Collateral or permit any change in such location of the Collateral, as specified in Section 6(d) hereof. For purposes of this Note, the term "Obligor" shall mean the Borrower and any guarantor, pledgor or hypothecator with respect to any of the Obligations, and any other party liable for any of the Obligations of the Borrower in addition to the Borrower.

(b) Upon the occurrence of an Event of Default, at the Lender's sole option, the entire unpaid total amount of the Obligations for the balance of the term hereof shall be at once due and payable and the Lender may, without demand or legal process, enter upon the premises where any or all of the Collateral is located, take possession of and remove same, and exercise any one or more of the following rights and remedies, without liability to the Borrower therefor and without affecting the Borrower's obligations hereunder: (i) sell, lease or otherwise dispose of any or all of the Collateral or any part thereof at one or more public or private sales, leases or other dispositions, at wholesale or retail, for such consideration, on such terms, for cash or on credit, as the Lender may deem advisable, and the Lender may immediately, without demand of performance and without intention of notice to sell or of the time or place of sale or of redemption or of advertisement or other notice or demand whatsoever to the Borrower, all of which are hereby expressly waived (if notice of any sale or other disposition is required by law to be given, the Borrower hereby agrees that a notice sent at least five (5) days before the time of any intended public sale or of the time after which any private sale or other disposition of the Collateral is to be made, shall be reasonable notice of such sale or other disposition); or (ii) retain the Collateral or any part thereof, crediting the Borrower with the reasonable fair market or rental value thereof for the balance of the term of this Note; and/or (iii) require the Borrower to assemble the Collateral at the Borrower's sole expense, for the Lender's benefit, at a place designated by the Lender; and/or (iv) pursue any other remedy granted by any existing or future document executed by the Borrower or by law, including, without limitation, the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which any of the Collateral may be located. At any public sale, the Lender may be the purchaser of all or any part of the Collateral, free from any right of redemption on the part of the Borrower, which right is hereby waived and released. The Borrower agrees to pay all of the Lender's expenses, including but not limited to the costs of repossessing, storing, repairing and preparing the Collateral for sale or lease, any commissions payable in connection with any such sale or lease, and reasonable attorney's fees and disbursements, if an attorney shall be consulted. The net proceeds realized from any such sale, lease or other disposition or the exercise of any other remedy, after deducting therefrom all related expenses, shall be applied toward payment of the unpaid Obligations due and to become due to the Lender hereunder, the Borrower to remain personally liable for any deficiency. The Lender's recovery shall in no event exceed the maximum amount permitted by law. If any of the Collateral is leased by the Lender to a third party, the present value of such lease receivable discounted at an interest rate of twelve percent (12%) per annum shall be credited to the Borrower's liability to the Lender after deducting all expenses associated with the lease of such Collateral and the Borrower shall remain liable for any deficiency thereof. It is understood that facility of repossession in an Event of Default is a basis for the financial accommodation reflected by this Note. Any late charges payable to the Lender under Section (c) hereof shall be payable in addition to all amounts payable by the Lender as a result of exercise of any of the remedies herein provided. The Borrower agrees to also reimburse the Lender for any expenses (including the Lender's attorneys' fees and expenses) arising out of or caused by this Note.

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Section 18. Power of Attorney. The Borrower authorizes the Lender and does hereby make, constitute and appoint the Lender and any officer, employee or agent of the Lender with full power of substitution, as the Borrower's true and lawful attorney-in-fact with power, in its own name or in the name of the Borrower, upon the occurrence of an Event of Default to endorse any notes, checks, drafts, money orders, or other instruments of payment (including payments under or in respect of any policy of insurance) in respect of the Collateral that may come into possession of the Lender; to sign and endorse any documents relating to the Collateral; to pay or discharge taxes, liens, security interests or other encumbrances at any time levied or placed on or threatened against the Collateral; to grant, collect, receipt for, compromise, settle and sue for monies due in respect of the Collateral; and, generally, to do at the Lender's option and at the Borrower's expense, at any time, or from time to time, all acts and things which the Lender deems necessary to protect, preserve and realize upon the Collateral and the Lender's security interests therein in order to effect the intent of this Note, as fully and effectually as the Borrower might or could do; and the Borrower hereby ratifies all that said attorney-in-fact shall lawfully do or cause to be done by virtue hereof. THIS POWER OF ATTORNEY IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE FOR AS LONG AS ANY OF THE OBLIGATIONS SHALL BE OUTSTANDING. The Borrower agrees that any expense incurred by the Lender pursuant to the foregoing authorization, and interest thereon at the rate stated in Exhibit "A" hereto from the date of incurring any such expense, shall become part of the Obligations and be secured by the Collateral.

Section 19. Assignment, Etc. The Borrower shall not assign, pledge, mortgage, lease, transfer, encumber or otherwise dispose of any of its rights in the Collateral or any part thereof, nor permit its use by anyone other than its regular employees, without the Lender's prior written consent. Any such purported transfer, assignment or other action without the Lender's prior written consent shall be void. The

Lender may, without notice to or consent by the Borrower, transfer or assign this Note or any interest herein and may mortgage, pledge, encumber or transfer any of its rights or interest in and to the Collateral or any part thereof and, without limitation, each assignee, transferee, pledgee and mortgagee (which may include any affiliate of the Lender) shall have the right to further transfer or assign its interest. Each such assignee, transferee, pledgee and mortgagee shall have all of the rights (but none of the obligations) of the Lender under this Note. The Borrower hereby acknowledges notice of the Lender's intended assignment of this Note and, upon such assignment, the Borrower agrees not to assert against any such assignees, transferees, pledgees and mortgagees any defense, claim, counterclaim, recoupment or set-off that the Borrower may have against the Lender, whether arising under this Note or otherwise. Any assignee, transferee, pledgee or mortgagee of the Lender's rights under this Note shall be considered a third party beneficiary of all of the Borrower's representations, warranties and obligations hereunder to the Lender. The Borrower agrees (a) in connection with any such transfer or assignment, to provide such instruments, documents, acknowledgments and further assurances as the Lender or any assignee, transferee, mortgagee or pledgee may deem necessary or advisable to effectuate the intents of this Note or any such transfer or assignment, with respect to such matters as the Note, the Collateral, the Borrower's obligations to such assignee, transferee, mortgagee or pledgee and such other matters as may be reasonably requested, and (b) that after receipt by the Borrower of written notice of assignment from the Lender or from the Lender's assignee, transferee, pledgee or mortgagee, all principal, interest and other amounts which are then and thereafter become due under this Note shall be paid to such assignee, transferee, pledgee or mortgagee, at the place of payment designated in such notice. This Note shall be binding upon the Borrower and its successors and shall inure to the benefit of the Lender and its successors and assigns.

Section 20. No Waiver. No failure on the part of the Lender to exercise, and no delay in exercising any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Lender of any right, remedy or power hereunder preclude any other or future exercise of any other right, remedy or power. No course of dealing between the Borrower and the Lender nor any delay or omission on the part of the Lender shall operate as a waiver of any rights of the Lender. Each and every right, remedy or power hereby granted to the Lender or allowed it by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by the Lender from time to time. Waiver of any particular Event of Default shall not be deemed to be a waiver of any other or subsequent Event of Default.

Section 21. Further Assurances; Filing. The Borrower from time to time, at its sole expense, will promptly execute and deliver all further instruments, documents and assurances, and take all further action, that may be necessary or desirable, or that the Lender may request, and hereby authorizes the Lender to take all action (including the filing of any financing statements, continuation statements or amendments thereto without the signature of the Borrower) as the Lender may deem necessary, proper or desirable in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Lender to exercise and enforce its rights and remedies hereunder with respect to any of the Collateral. The Borrower hereby authorizes the Lender to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of the Borrower where permitted by law. A carbon, photographic or other reproduction of this Note or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law. The Borrower authorizes the Lender and/or its agents or assigns from time to time to sign, execute and file, in the Borrower's name and on the Borrower's behalf, any such financing statements and any other statements or instruments in respect of this Note showing the security interest of the Lender in the Collateral. The Borrower agrees to pay the Lender the actual fees for such filing, recording or stamp fees or taxes arising from the filing or recording of any such instrument or statement.

Section 22. Indemnity and Expenses. The Borrower shall and does hereby indemnify and save the Lender, its directors, officers, employees, agents, attorneys, servants, successors and assigns, harmless from any and all liabilities (including, without limitation, negligence, tort and strict liability), damages, expenses, claims, actions, proceedings, judgments, settlements, losses, liens and obligations (each, an "Indemnified Claim"), including (without limitation) attorneys' fees and expenses, arising out of the ordering, purchase, delivery, rejection, non-delivery, ownership, selection, possession, leasing, renting, financing, operation (regardless of where, how and by whom operated), control, use, condition (including but not limited to latent and other defects, whether or not discoverable by the Borrower), maintenance, delivery, transportation, storage, repair, furnishing of specifications with respect to, and the return or other disposition of, the Equipment or any other Collateral, and any claims of patent, trademark or copyright infringement or, in the event that the Borrower shall be in default hereunder, arising out of the condition of any item of Equipment or any other Collateral sold or disposed of after use by the Borrower, including (without limitation) claims for injury to or death of persons and for damage to property. The indemnities and obligations herein provided shall continue in full force and effect notwithstanding the expiration, termination or cancellation of this Note for any reason whatsoever and irrespective of whether the Borrower ever accepts the Equipment or any other Collateral. The Borrower shall give the Lender prompt written notice of any Indemnified Claim and, at the Lender's sole option, shall defend the Lender against any Indemnified Claim at the Borrower's sole expense with attorney(s) selected by the Lender. The Borrower is an independent contractor and nothing contained herein shall authorize the Borrower or any other person to operate any item of Equipment or any other Collateral so as to incur any liability or obligation for or on behalf of the Lender. The Borrower will upon demand pay to the Lender the amount of any and all expenses, including the fees and disbursements of its counsel and of any experts and agents, which the Lender may incur in connection with (a) the administration of this Note, (b) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral, (c) the exercise, enforcement or protection of any of the rights of the Lender hereunder, or (d) the failure by the Borrower to perform or observe any of the provisions hereof. The foregoing amounts shall become part of the Obligations and secured by the Collateral as set forth in this Note and the Lender may at any time apply to the payment of all such costs and expenses all proceeds arising from the possession or disposition of all or any portion of the Collateral.

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Section 23. Modifications, Etc. This Note contains the entire agreement between the parties. Neither this Note nor any provision hereof may be changed, waived, discharged, or terminated orally, but only by an instrument in writing signed by a duly authorized representative of the party against whom enforcement of the change, waiver, discharge or termination is sought.

Section 24. Termination. Upon the non-defeasible payment in full of all Obligations, the Lender shall execute and deliver to the Borrower all such documents and instruments as shall be necessary to evidence termination of this Note and the security interests created hereunder.

Section 25. Partial Invalidity. If any provision of this Note is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Note as a whole, but this Note shall be construed as though it did not contain the particular provision or provisions held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced to such extent as shall be permitted by law.

Section 26. Miscellaneous. Any notice or other communication to a party hereunder shall be sufficiently given if in writing and personally delivered or mailed to said party by certified mail, return receipt requested, at its address set forth herein or such other address as either may designate for itself in such a notice to the other and such notice shall be deemed to have been given when received if personally delivered or served by overnight delivery or three (3) days after being sent by mail. Whenever the sense of this Note requires, words in the singular shall be deemed to include the plural and words in the plural shall be deemed to include the singular. If more than one Borrower is named herein, the liability of each shall be joint and several. The headings set forth in this Note are for convenience of reference only, and shall not be given substantive effect.

Section 27. Choice of Law and Venue; Waiver of Jury Trial. THIS NOTE SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CONNECTICUT, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW OR CHOICE OF LAW. The Borrower hereby agrees that all actions or proceedings arising directly or indirectly from or in connection with this Note or any of the Collateral shall, at the Lender's sole option, be litigated only in a Court located in Fairfield County, Connecticut to the exclusion of the courts of any other state or county. The Borrower consents to the jurisdiction and venue of the foregoing courts and consents that any process or notice of motion or other application to either of such courts or a judge thereof may be served inside or outside the County of Fairfield in the State of Connecticut, by registered mail, return receipt requested, directed to the Borrower at its address set forth in this Note (and service so made shall be deemed complete five (5) days after the same has been posted as aforesaid) or by personal service, or in such other manner as may be permissible under the rules of said courts. THE LENDER AND THE BORROWER EACH WAIVE THE RIGHT TO TRIAL BY JURY IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS NOTE, OR THE VALIDITY, PROTECTION, INTERPRETATION, COLLECTION OR ENFORCEMENT THEREOF, OR ANY OTHER CLAIM OR DISPUTE HOWSOEVER ARISING, BETWEEN THE BORROWER AND THE LENDER. The Borrower hereby waives the right to interpose any set-off or counterclaim or cross-claim in any such litigation; provided, however, that nothing in this Section 27 shall prevent the Borrower from asserting, in a separate and independent proceeding, any claim it may have against the Lender.

IN WITNESS WHEREOF, the parties hereby have caused these presents to be duly executed by their authorized representatives on the date first above written.

SANDHU PETROLEUM, INC.

Co-Borrower Title

Date

Witness Title

SANDHU ENTERPRISES, INC.

Co-Borrower Title

Date

Witness Title

QUESTECH FINANCIAL, LLC

Lender Title

Date

COPY

COPY

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UNOFFICIAL COPY

EXHIBIT "A" TO NOTE AND SECURITY AGREEMENT NO. L-389-NSA-001 (the "Note") dated April 7, 2000 between QUESTECH FINANCIAL LLC and SANDHU PETROLEUM, INC. AND SANDHU ENTERPRISES, INC. AS CO-BORROWERS JOINTLY AND SEVERALLY LIABLE:

SECTION 3: Equipment:

The term "Equipment" as used in this Note shall include the following described personal property, together with all replacement parts, repairs, additions and accessories now or hereafter incorporated therein or affixed thereto, and all additions, improvements, accessions, replacements and substitutions thereto and therefor:

<u>Type</u>	<u>Description</u>	<u>Serial Number</u>
All personal property, including (without limitation) all goods, inventory, equipment, furniture, accounts, chattel paper, documents, instruments, money and general intangibles, whether now or hereafter belonging to Borrower or in which Borrower has an interest, and all proceeds and products of the foregoing.		

Property of Cook County Clerk's Office

SECTIONS 6(d) and 15: Collateral Location(s):

11957 Halsted Street, Chicago, IL

SECTION 6(g): Borrower's Office(s) and/or Place(s) of Business:

301 N. Hough Street, Barrington, IL 60010

SECTIONS 7, 16 and 18: Interest Rate: The lesser of 18% per annum or the highest rate permitted by applicable law.

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