

# UNOFFICIAL COPY



0332839162

Doc#: 0332839162  
Eugene "Gene" Moore Fee: \$50.50  
Cook County Recorder of Deeds  
Date: 11/24/2003 03:58 PM Pg: 1 of 14

THIS DOCUMENT PREPARED  
BY  
AND AFTER RECORDING  
RETURN  
TO:

Adam R. Moreland  
Rock, Fusco & Garvey, Ltd.  
350 N. LaSalle St., Suite 900  
Chicago, Illinois 60610

This space reserved for Recorder's use only

## SECOND MODIFICATION OF LOAN DOCUMENTS

**THIS SECOND MODIFICATION OF LOAN DOCUMENTS** (this "Agreement") is made as of the 20th day of November, 2003, by and among **VERNON REAL ESTATE, LLC, an Illinois limited liability company** ("Borrower") and **DANIEL LIBERTY**, individually ("Guarantor") and **NORTH FEDERAL SAVINGS BANK**, its successors and assigns ("Lender").

### RECITALS:

A. Lender has heretofore made a loan ("Loan") to Borrower in the principal amount of **FOUR HUNDRED NINETY-SEVEN THOUSAND SIX HUNDRED AND 00/100THS DOLLARS** (\$497,600.00), as evidenced by an Amended and Restated Promissory Note ("Note") dated July 25, 2003, in the principal amount of the Loan made payable by Borrower to the order of Lender.

B. The Note is secured by, among other things, (i) that certain Mortgage and Security Agreement dated October 28, 2002, from Borrower to Lender recorded with the Recorder of Deeds in Cook County, Illinois (the "Recorder's Office") on November 6, 2002, as Document No. 0021225479 ("Mortgage"), which Mortgage encumbers the real property and all, improvements thereon legally described on Exhibit A hereto ("Property"), (ii) that certain Assignment of Rents and Leases dated October 28, 2002, from Borrower to Lender and recorded in the Recorder's Office on November 6, 2002, as Document No. 0021225480 (the "Assignment of Leases"), (iii) that certain Security Agreement - Chattel Mortgage dated October 28, 2002, from Borrower to Lender and recorded in the Recorder's Office on November 6, 2002, as Document No. 0021225481 (the "Chattel Mortgage"), (iv) that certain Guaranty (the "Guaranty") from Guarantor in favor of Lender dated October 28, 2002, (v) that certain Loan and Security Agreement

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dated October 28, 2002, from Borrower to Lender (the "Loan Agreement"), and (vi) certain other loan documents (the Note, the Mortgage, the Assignment of Leases, the Chattel Mortgage, the Guaranty, and the Loan Agreement and any other document evidencing, securing and guarantying the Loan, in their original form and as amended, are sometimes collectively referred to herein as the "Loan Documents").

C. The Note and Mortgage were previously amended by that certain Modification of Loan Documents and Amended and Restated Note on July 25, 2003, recorded in the Recorder's Office on September 5, 2003, as Document No.0324818110, to increase the balance of the Loan.

D. Borrower now desires to amend the Loan Documents in order to (i) extend the term of the Note, (ii) amend the monthly principal and interest payments due under the Note, as agreed by the parties, and (iii) amend the Note Interest Rate, as agreed by the parties, and Lender is willing to (i) extend the term of the Note, on the terms and conditions more fully set forth hereinafter, (ii) adjust the monthly principal and interest payments due under the Note, as set forth hereinafter, and (iii) amend the Note Interest Rate, as set forth hereinafter.

## AGREEMENTS:

**NOW, THEREFORE**, in consideration of (i) the facts set forth hereinabove (which are hereby incorporated into and made a part of this Agreement), (ii) the agreements by Lender to modify the Loan Documents, as provided herein, (iii) Borrower's agreement to pay Lender all of Lender's reasonable attorneys fees and costs in connection with this Modification, (iv) the covenants and agreements contained herein, and (v) for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Maturity Date.** The Loan Maturity Date is extended from November 1, 2003, to November 1, 2008.

2. **Loan Amount.** Effective as of the date of this Agreement, the principal balance of the Loan shall be FIVE HUNDRED TWO THOUSAND SIX HUNDRED AND 00/100 DOLLARS (\$502,600.00).

3. **Amendment of Note.** The Note shall be amended to extend the term of the Note and adjust the Note Interest Rate. The Note shall be amended and restated by that certain Second Amended and Restated Promissory Note of even date herewith executed jointly and severally by Borrower in the form attached hereto as Exhibit B (the "Second Amended and Restated Note"). As of the date hereof, the Second Amended and Restated Note shall be substituted for and replace in its entirety the existing Note as evidence of the amounts due and owing to Lender, and the existing Note shall be canceled by Lender.

4. **Principal and Interest.** Commencing on November 1, 2003, through the Loan Maturity Date, with the first payment due December 1, 2003, Borrower shall pay to Lender principal and interest in arrears on the unpaid principal balance of the Second Amended and Restated Note at the rate of Six and One Quarter percent (6.25%) per annum, in equal monthly payments of Three Thousand Three

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Hundred Fifteen and 50/100 Dollars (\$3,315.50) (the "Note Rate"). The principal and interest payments shall be based on a twenty-five (25) year amortization schedule. All principal and interest in connection with the Loan shall be due and payable on November 1, 2008.

5. **Representations and Warranties of Borrower and Guarantor.** Borrower and Guarantor hereby represent, covenant and warrant to Lender as follows:

(a) The representations and warranties in the Note, the Indemnity Agreement, the Guaranty, the Mortgage and the other Loan Documents are true and correct as of the date hereof.

(b) There is currently no Event of Default (as defined in the Mortgage) under the Note, the Mortgage or the other Loan Documents and neither Borrower nor Guarantor know of any event or circumstance which with the giving of notice or passing of time, or both, would constitute an Event of Default under the Note, the Mortgage or the other Loan Documents.

(c) The Loan Documents are in full force and effect and, following the execution and delivery of this Agreement, they continue to be the legal, valid and binding obligations of Borrower and Guarantor enforceable in accordance with their respective terms, subject to limitations imposed by general principles of equity.

(d) There has been no material adverse change in the financial condition of Borrower, either Guarantor or any other party whose financial statement has been delivered to Lender in connection with the Loan from the date of the most recent financial statement received by Lender.

(e) As of the date hereof, neither Borrower nor Guarantor has any claims, counterclaims, defenses, or set-offs with respect to the Loan or the Loan Documents as modified herein.

(f) The execution and delivery of this Agreement and the performance of the Loan Documents as modified herein have been duly authorized by all requisite action by or on behalf of Borrower and each Guarantor. This Agreement has been duly executed and delivered on behalf of Borrower and each Guarantor.

6. **Borrower and Guarantor Financial Statements.** Notwithstanding the terms of the Loan Documents, Borrower and Guarantor agree to furnish to Lender such financial information regarding Borrower and Guarantor as Lender may from time to time reasonably request, which shall include, without any further request therefor, (i) personal financial statements from each Guarantor and the Borrower, (ii) current operating statements and budget for the property securing the Loan, and (iii) annual federal tax returns for Borrower and each Guarantor, no later than forty-five (45) days after the end of each calendar year.

7. **Title Policy.** As a condition precedent to the agreements contained herein, Borrower shall, at its sole cost and expense, cause Chicago Title Insurance Company to issue an endorsement to Lender's title insurance policy No. 1401008058584 (the "Title Policy"), as of the date this Agreement is recorded, reflecting the recording of this Agreement and insuring the first priority of the lien of the Mortgage, subject

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only to the exceptions set forth in the Title Policy as of its date of issuance and any other encumbrances expressly agreed to by Lender.

8. **Expenses.** As a condition precedent to the agreements contained herein, Borrower shall pay all out-of-pocket costs and expenses incurred by Lender in connection with this Agreement, including, without limitation, title charges, recording fees, appraisal fees and attorneys' fees and expenses.

9. **Miscellaneous.**

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

(b) This Agreement shall not be construed more strictly against Lender than against Borrower or Guarantor merely by virtue of the fact that the same has been prepared by counsel for Lender, it being recognized that Borrower, Guarantor and Lender have contributed substantially and materially to the preparation of this Agreement, and Borrower, Guarantor and Lender each acknowledge and waive any claim contesting the existence and the adequacy of the consideration given by the other in entering into this Agreement. Each of the parties to this Agreement represents that it has been advised by its respective counsel of the legal and practical effect of this Agreement, and recognizes that it is executing and delivering this Agreement, intending thereby to be legally bound by the terms and provisions thereof, of its own free will, without promises or threats or the exertion of duress upon it. The signatories hereto state that they have read and understand this Agreement, that they intend to be legally bound by it and that they expressly warrant and represent that they are duly authorized and empowered to execute it.

(c) Notwithstanding the execution of this Agreement by Lender, the same shall not be deemed to constitute Lender a venturer or partner of or in any way associated with Borrower or Guarantor nor shall privity of contract be presumed to have been established with any third party.

(d) Borrower, Guarantor and Lender each acknowledges that there are no other understandings, agreements or representations, either oral or written, express or implied, that are not embodied in the Loan Documents and this Agreement, which collectively represent a complete integration of all prior and contemporaneous agreements and understandings of Borrower, Guarantor and Lender; and that all such prior understandings, agreements and representations are hereby modified as set forth in this Agreement. Except as expressly modified hereby, the terms of the Loan Documents are and remain unmodified and in full force and effect.

(e) This Agreement shall bind and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

(f) Any references to the "Note", the "Mortgage" or the "Loan Documents" contained in any of the Loan Documents shall be deemed to refer to the Amended and Restated Note, the Mortgage and the other Loan Documents as amended hereby. The paragraph and section headings used herein are for convenience only and shall not limit the substantive provisions hereof. All words herein which are expressed in the neuter gender shall be deemed to include the

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masculine, feminine and neuter genders. Any word herein which is expressed in the singular or plural shall be deemed, whenever appropriate in the context, to include the plural and the singular.

(g) This Agreement may be executed in one or more counterparts, all of which, when taken together, shall constitute one original Agreement.

(h) Time is of the essence of each of Borrower's obligations under this Agreement.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement dated as of the day and year first above written.

LENDER:

BORROWER:

NORTH FEDERAL SAVINGS BANK

VERNON REAL ESTATE, LLC, an Illinois limited liability company

By: [Signature]  
Its: President

By: [Signature]  
DANIEL LIBERTY, its Managing Member

Attest: [Signature]  
Its: Secretary

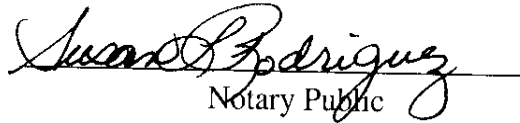
GUARANTOR.  
[Signature]  
DANIEL LIBERTY

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STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF COOK )

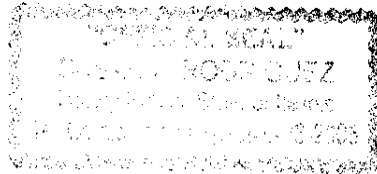
I, Susan L. Rodriguez, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that JOSEPH A. GRABER, President of North Federal Savings Bank, and VICTORE. CAPUTO, Secretary of North Federal Savings Bank are personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 20th day of November, 2003.

  
Notary Public

My Commission Expires:

6-8-05

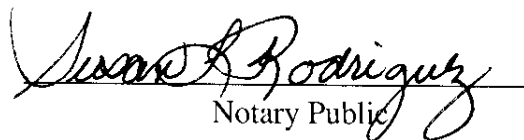


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STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF COOK )

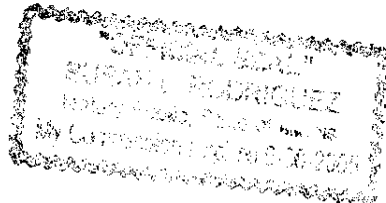
I, Susan L. Rodriguez, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Daniel Liberty, individually and as the Managing Member of VERNON REAL ESTATE, LLC, an Illinois limited liability company, personally know to me to be the same person whose name is subscribed to the foregoing instrument as such managing member, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act, and as the free and voluntary act of Vernon Real Estate, LLC, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 20th day of November, 2003.

  
Notary Public

My Commission Expires:

6-8-05



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## EXHIBIT A

### Legal Description

LOT 1, 2 AND 3 (EXCEPT THE SOUTH 14 FEET) IN BLOCK 3 IN O'TOOLE'S CALUMET CENTER SUBDIVISION IN THE SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 15, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN NO.: 25-15-414-011-0000

COMMONLY KNOWN AS: 11000-11004 SOUTH VERNON, CHICAGO, ILLINOIS

Property of Cook County Clerk's Office

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## EXHIBIT B

### SECOND AMENDED AND RESTATED PROMISSORY NOTE

\$502,600.00

November 20, 2003  
Chicago, Illinois

THIS SECOND AMENDED AND RESTATED PROMISSORY NOTE, made this 20th day of November, 2003 by **VERNON REAL ESTATE, LLC, an Illinois limited liability company** ("Maker" or "Borrower"), to and for the benefit of **NORTH FEDERAL SAVINGS BANK**, its successors and assigns ("Lender").

### RECITALS

Maker originally executed and delivered to Lender a certain Amended and Restated Promissory Note ("Note") dated July 25, 2003 (the "Note") in the principal amount of FOUR HUNDRED NINETY-SEVEN THOUSAND SIX HUNDRED AND 00/100THS DOLLARS (\$497,600.00) payable to the order of Lender, which Note is held by Lender.

The Note is secured by, among other things, (i) a certain Mortgage and Security Agreement dated October 28, 2002, from Borrower to Lender ("Mortgage"), (ii) a certain Assignment of Rents and Leases dated October 28, 2002, from Borrower to Lender (the "Assignment of Leases"), (iii) a certain Security Agreement - Chattel Mortgage dated October 28, 2002, from Borrower to Lender (the "Chattel Mortgage") (iv) a certain Guaranty (the "Guaranty") from Guarantor in favor of Lender dated October 28, 2002, and (v) a certain Loan and Security Agreement dated October 28, 2002, from Borrower to Lender (the "Loan Agreement"), and (vi) certain other loan documents (the Note, the Mortgage, the Assignment of Leases, the Chattel Mortgage, the Guaranty, the Loan Agreement and any other document evidencing, securing and guarantying the Loan, in their original form and as amended, are sometimes collectively referred to herein as the "Loan Documents").

Maker and Lender have now agreed to amend the Note and the Loan Documents to reflect that the term of the Note, the monthly interest and principal payments due under the Note, and the Note Interest Rate have been amended pursuant to the terms of that certain Second Modification of Loan Documents of even date herewith, and to restate the current principal balance of the Note. Lender and Maker agree that it is therefore appropriate to amend and restate the Note in its entirety to reflect the amendments to the Note (as amended from time to time), as set forth in the Second Modification of Loan Documents of even date herewith.

ACCORDINGLY, Maker hereby amends and restates the Amended and Restated Note to read in its entirety as follows:

1. FOR VALUE RECEIVED, the undersigned, **VERNON REAL ESTATE, LLC, an Illinois limited liability company** (hereinafter "Borrower"), promises to pay to the order of NORTH



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FEDERAL SAVINGS BANK ("Lender" or "Holder"), in the manner provided herein the principal sum of FIVE HUNDRED TWO THOUSAND SIX HUNDRED AND 00/100 DOLLARS (\$502,600.00) together with interest prior to maturity on the balance of principal remaining from time to time unpaid at the respective rates set forth below and interest after maturity on such balances at the Default Rate specified in Section 5 hereof (in each case computed daily on the basis of a thirty (30) day month and a 360 day year for each day all or any part of the principal balance hereof shall remain outstanding), principal and interest hereon being payable as hereinafter provided.

2. Principal and interest upon this Note shall be paid as follows:

- (a) Commencing on November 1, 2003, and on the first day of each and every month thereafter, with the first payment due December 1, 2003, Borrower shall pay to Lender principal and interest in arrears on the unpaid principal balance of the Loan, at the rate of Six and One Quarter percent (6.25%) per annum, in equal monthly payments of Three Thousand Three Hundred Fifteen and 50/100 Dollars (\$3,315.50) (the "Note Rate"). The principal and interest payments shall be based on a twenty-five (25) year amortization schedule.
- (b) The unpaid principal balance outstanding hereon together with all accrued and unpaid interest thereon shall be due and payable without notice or grace on November 1, 2008 (herein called the "Maturity Date").
- (c) All payments on account of the indebtedness evidenced by this Note shall be first applied to interest, then to late charges, then to repayment of any additional advances or costs, including reasonable attorney's fees, incurred by the Lender, with interest thereon and the remainder to principal.

3. The Holder of this Note may collect a "late charge" of Five (5%) of any installment of principal and interest, as well as any tax or insurance premium, which is not paid on or before or within fifteen (15) days of the due date thereof to cover the extra expenses involved in handling delinquent payments.

4. Payments upon this Note shall be made (a) at such place as the Holder of this Note may from time to time in writing appoint, provided that in the absence of such appointment, such payments shall be made at the offices of North Federal Savings Bank, at 100 West North Avenue, Chicago, Illinois 60610 and (b) in lawful money of the United States of America which shall be in legal tender for public and private debts at the time of payment.

5. Borrower shall be in default upon the occurrence of any of the following events, circumstances or conditions ("Events of Default"):

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- (a) Any default hereunder, including but not limited to the failure to make the required monthly principal and interest payments required hereunder or any monthly tax or insurance payments due in any other document securing the Promissory Note;
- (b) Any default under any of the Loan Documents (as hereinafter defined) securing this Promissory Note;
- (c) Maturity of the indebtedness evidenced hereby whether by passage of time or otherwise;
- (d) The making or furnishing of any written representation, statement or warranty to Lender which is or becomes false or incorrect in any material respect by or on behalf of Borrower, or any one of them, or any co-signer, endorser, surety or guarantor of the Note or any other obligations Borrower has with Lender;
- (e) The (i) dissolution or insolvency of, the appointment of a receiver by or on behalf of, the assignment for the benefit of creditors by or on behalf of, the voluntary or involuntary termination of existence by, or the commencement of any proceeding under any present or future federal or state insolvency, bankruptcy, reorganization, composition or debtor relief law by or against Borrower, or any one of them, or any co-signer, endorser or surety of the Note or any other obligations Borrower, or any one of them, has with Bank;
- (f) The death of any guarantor of the Note, unless, within thirty (30) days after the death of any guarantor, the estate of the deceased guarantor executes and agreement, in a form acceptable to Lender and the probate court if necessary, assuming the obligations of the deceased guarantor under the guaranty or, if the estate does not agree to assume the obligations of the deceased guarantor under the guaranty, the Borrower will, within 90 days after the death of the deceased guarantor, provide the Lender with (i) a substitute guarantor, whose creditworthiness is not materially less than the creditworthiness of the deceased guarantor, to execute a guaranty in a form acceptable to Lender or (ii) a written agreement from the remaining guarantors, in a form prepared by and acceptable to Lender, from the remaining guarantors, agreeing to increase the amount of their existing guarantees to assume the obligations of the deceased guarantor under the guaranty;
- (g) Any creditor attaches any of Borrower's property on or in which Lender has a lien or security interest. This includes a garnishment of any of the Borrower's or any one of their, accounts, including deposit accounts, with Lender;
- (h) Failure to obtain or maintain the insurance coverages required by Lender, or insurance as is customary and proper for any collateral (as herein defined);

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- (i) Failure to pay or provide proof of payment of any tax, assessment, rent, insurance premium or escrow, escrow deficiency on or before its due date;
- (j) If at any time during the term of the Loan, the Debt Service Ratio (as defined herein) falls below 1.25:1, for any three consecutive months, Lender shall have the right, at its sole option, to declare the Note in default, at which time all amounts due under the Note and any other document evidencing or securing the Note, shall become immediately due and payable. For the purposes of this Loan, "Debt Service Ratio" shall mean the amount, if any, by which Net Operating Income from the Property for any calendar month exceeds any principal and interest payments to be made by Maker to Lender in connection with the Loan for such month. "Net Operating Income" shall mean the amount, if any, by which (i) all revenue from the Property, including, without limitation, base rental payments, expense pass through charges, non-refundable security deposits payments and any and all other income derived from the Property from whatever source, exceeds (ii) operating costs for the Property, which shall include customary and reasonable bona fide amounts actually expended in connection with the Property, including real estate tax payments, insurance premiums, reasonable legal (approved by Lender), accounting and other professional fees relating to the Property, management fees which do not exceed Five percent (5%) of base rental payments, expenses incurred in the repair of space in the Property, all of which shall be subject to the reasonable approval of Lender.

and provided any monetary Events of Default as described in paragraphs 5 (a) and (c) hereinabove are not cured within ten (10) days after written notice from Lender to Borrower, or any nonmonetary Events of Default as described in paragraphs 5 (b), (d-j) are not cured within thirty (30) days after written notice from Lender to Borrower, then and in any such event, the entire principal balance hereof, at Lender's sole option, shall thereafter bear interest at the rate of five percent (5%) over the then current interest rate under this Note (herein called the "Default Rate") and at the election of the Lender hereof, and without notice, the principal sum remaining unpaid hereon, together with accrued interest thereon, shall be and become at once due and payable at the place herein provided for payment.

6. This Note is given to evidence an actual loan in the above amount and is the Note referred to in and secured by:

- (a) A Mortgage and Security Agreement (herein called the "Mortgage") bearing even date herewith, on certain real estate owned by Borrower (the "Premises") in Cook County, Illinois;
- (b) A Personal Guaranty from Daniel Liberty to Lender;
- (c) An Assignment of Leases and Rents between Lender and Borrower;

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- (d) Various Security Agreements on certain personal property now or hereinafter located on the Premises and Borrower's right to rents, issues and profits arising out of the Premises;
- (e) An Environmental and Personal Indemnity Agreement from Borrower and Daniel Liberty to Lender bearing even date herewith;
- (f) A Loan and Security Agreement ("Loan Agreement") between Lender and Borrower;
- (g) A Certificate of Representations and Warranties from Borrower in favor of Lender;
- (h) UCC Financing Statements.

and reference is hereby made to the Mortgage, the Loan Agreement, the Assignment of Leases and Rents, the Personal Guaranty, the Environmental and Personal Indemnity Agreement, the Certificate of Representations and Warranties, the various Security Agreements and the UCC Financing Statements (hereinafter collectively "Loan Documents"), and other Loan Documents, which are hereby incorporated herein by this reference as fully and with the same effect as if set forth herein at length.

7. At the election of the Lender hereof, and without notice, the principal sum remaining unpaid hereon, together with accrued interest thereon, shall be and become at once due and payable at the place herein provided for payment, (a) in the case of default after the date payment of interest becomes due in accordance with the terms hereof, or (b) upon the occurrence of any Event of Default as defined in this Note or any default under any other Loan Document evidencing or securing this Note.

8. Borrower represents that the loan evidenced by this Note is a business loan within the purview and intent of the Illinois Interest Act (815 ILCS 205/4 et seq.), transacted solely for the purpose of carrying on or acquiring a business, as contemplated by said Act.

9. In the event that this Note is placed in the hands of an attorney-at-law for collection after maturity, or upon default, or in the event that proceedings at law, in equity, or bankruptcy, receivership or other legal proceedings are instituted in connection herewith, or in the event that this Note is placed in the hands of an attorney-at-law to enforce any of the rights or requirements contained herein or in the Mortgage or Assignment or other instruments given as security for, or related to, the indebtedness evidenced hereby, the Borrower hereby agrees to pay all reasonable costs of collecting or attempting to collect this Note, without limitation, reasonable attorneys' fees (whether or not suit is brought), in addition to all principal, interest and other amounts payable hereunder, all of which shall be secured by the Mortgage and Assignment.

10. Funds representing the proceeds of the indebtedness evidenced hereby which are disbursed by mail, wire transfer or other delivery to the Borrower to escrows or otherwise for the benefit of the Borrower shall, for all purposes, be deemed outstanding hereunder and to have been received by the Borrower as of the date of such mailing wire transfer or other delivery, and interest shall accrue and be

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payable upon such funds from and after the date of such wire transfer, mailing or delivery and until repaid, notwithstanding the fact that such funds may not at any time have been remitted by such escrows to the Borrower or for its benefit.

11. This Note shall be governed by the laws of the State of Illinois.

12. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of this Note and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. As part and parcel of the Loan, Borrowers shall also be liable and shall pay all of the Lender's out of pocket expenses, including, but not limited to, credit report, inspection fees, appraisal fee and reasonable legal expenses.

13. Borrower shall have the right to make pre-payments in part or in whole, without premium or penalty.

Borrower agrees to pay Lender a release fee equal to \$150.00 for each release deed (or partial release deed) prepared by Lender. Borrower agrees that said fee is reasonable. Lender shall have no obligation to issue partial release if Borrower is in default under the Note, the Mortgage, the Loan and Security Agreement or any other Loan Document.

14. Borrower grants to Lender a contractual possessory security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to Lender all of Borrower's (or any one of them) right, title and interest in and to, Borrower's (or any one of their) accounts with Lender (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts Borrower, or any one of them may open in the future. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on this Note against any and all such accounts.

15. All parties hereto severally waive presentment for payment, notice of dishonor, protest and notice of protest.

16. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan, or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made.

17. Borrower hereby(a) waives protest, presentment for payment, demand, notice of acceleration, notice of intent to accelerate and notice of dishonor, (b) consents to any renewals and extensions for payment on this Note, regardless of the number of such renewals or extensions (c) consents

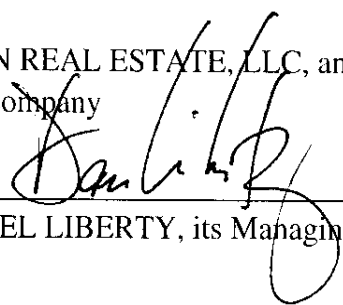
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to Lender's release of any endorser, guarantor, surety, accommodation maker or any other co-signer, (d) consents to the release, substitution or impairment of any collateral, (e) consents that Borrower, or any Borrower herein, is authorized to modify the terms of this Note or any instrument securing, guarantying or relating to this Note, (f) consents to Lender's right of set-off as any right of set-off of any bank participating in the Loan or (g) consents to any and all sales, repurchases and participation of this Note to any person in any amounts and waive notice of such sales, repurchases or participation of this Note.

IN WITNESS WHEREOF, the undersigned have executed this Note as of the date first above written.

BORROWER:

VERNON REAL ESTATE, LLC, an Illinois limited liability company

By:  \_\_\_\_\_

DANIEL LIBERTY, its Managing Member

Property of Cook County Clerk's Office