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Doc#: 0421132021
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Cook County Recorder of Deeds
Date: 07/29/2004 10:16 AM Pg: 1 of 4

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Security agreement

Mail to:

David Peterson
6337 N. Larkwood
Chicago, IL 60646

CAUTION: Consult a lawyer before using or acting under this form. All warranties, including merchantability and fitness, are excluded.
FORMS

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FORM NO. 869 (UCC)
April, 1980

GEORGE E. COLE®
LEGAL

SECURITY AGREEMENT-(Chattel Mortgage)
(Illinois)

7/15/04

David & Catherine Peterson 6337 N. Kirkwood, Chicago, Il 60646

(hereinafter called "Debtor"), for valuable consideration, receipt whereof is hereby acknowledged, hereby grants to

Patricaia A. Peterson Trust 3620 Bay Creek Bonita Springs, FL.

(hereinafter called "Secured Party") a security interest in, and mortgages to Secured Party, the following described goods and any and all additions and accessions thereto and products thereof (hereinafter called the "Collateral"):

6337 N. Kirkwood, Chicago, Il 60646

to secure payment of the following obligations of Debtor to Secured Party (all hereinafter called the "Obligations"):

(i) Indebtedness of Debtor to Secured Party in the sum of three hundred fifty thousand Dollars (\$350,000.00) evidenced by Debtor's promissory note(s) of even date herewith in said amount payable to the order of Secured Party as therein specified, together with interest thereon as provided in said promissory notes) and any renewals or extensions thereof, plus all costs of collection, legal expenses and attorneys' fees incurred by Secured Party upon the occurrence of a default under this agreement, in collecting or enforcing payment of such indebtedness, or in preserving, protecting or realizing on the Collateral herein;

(ii) Any note or notes executed and delivered to Secured Party by Debtor at any time before the entire indebtedness and all liabilities secured hereby shall be paid in full, evidencing a refinancing of an unpaid balance of any of the note(s) above described;

(iii) Any and all liabilities of Debtor to Secured Party arising under this agreement.

Debtor hereby warrants and covenants that - (a) The Collateral is bought or used primarily for Personal, family or household purposes

(b) If the Collateral is bought or used primarily for personal, family or household purposes, or for farming operations use by an individual, Debtor is a resident of said State at the address shown at the beginning of this agreement;

(c) The Collateral will be kept at

6337 N. Kirkwood, Chicago, Il 60646

(d) If the Collateral is or is to be affixed to real estate, or is crops growing or to be grown, or standing timber, or minerals or the like (including oil and gas), or accounts financed at the well head or mine head, a description of the real estate concerned is as follows (or on attached sheet): 6337 N. Kirkwood, Chicago, Il 60646

name of a record owner is: David & Catherine Peterson 6337 N. Kirkwood, Chicago, Il 60646

Title to the above-described real estate is R Recorded in the Recorder's office. Debtor will on demand of Secured Party furnish the latter with a writing signed by all owners and encumbrancers of the real estate consenting to the security interest under this agreement or disclaiming any interest in the collateral as fixtures and Debtor will promptly notify Secured Party in writing of any such persons. If collateral is fixtures, standing timber, minerals or accounts as aforesaid, and if this agreement is used as a financing statement, it shall be filed in the real estate records.

The Collateral will be affixed only to the real estate described herein and will not be affixed to any other real estate so as to become fixtures on such other real estate without the prior written consent of the Secured Party.

The additional provisions set forth on the reverse side hereof are hereby incorporated herein by reference and made a part of this agreement. Signed in duplicate and delivered on the day and year first above written. (Secured Party's signature not required)

David & Catherine Peterson

(Debtor)

(Secured Party)

BY:

BY:

[Handwritten signature]

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ADDITIONAL PROVISIONS

Further Warranties and Covenants of Debtor. Debtor hereby warrants and covenants that -

(a) Except for the security interest granted hereby Debtor is the owner of the Collateral free from any adverse lien, security interest or encumbrance; and Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

(b) No Financing Statement covering any of the Collateral or any proceeds thereof is on file in any public office. The Debtor shall immediately notify the Secured Party in writing of any change in name, address, identity or corporate structure from that shown in this Agreement and shall also upon demand furnish to the Secured Party such further information and shall execute and deliver to Secured Party such financing statements and other documents in form satisfactory to Secured Party and shall do all such acts and things as Secured Party may at any time or from time to time reasonably request or as may be necessary or appropriate to establish and maintain a perfected security interest in the Collateral as security for the Obligations, subject to no adverse liens or encumbrances; and Debtor will pay the cost of filing the same or filing or recording this agreement in all public offices wherever filing or recording is deemed by Secured Party to be necessary or desirable. A carbon, photographic or other reproduction of this agreement is sufficient as a financing statement.

(c) Debtor will not sell or offer to sell, assign, pledge, lease or otherwise transfer or encumber the Collateral or any interest therein, without the prior written consent of Secured Party.

(d) Debtor shall keep the Collateral at all times insured against risks of loss or damage by fire (including so-called extended coverage), theft and such other casualties as Secured Party may reasonably require, including collision in the case of any motor vehicle, all in such amounts, under such forms of policies, upon such terms, for such periods and written by such companies or underwriters as Secured Party may approve, in all cases to be payable to Secured Party and Debtor as their interests may appear. All policies of insurance shall provide for at least ten days' prior written notice of cancellation to Secured Party. Debtor shall furnish Secured Party with certificates of such insurance or other evidence satisfactory to Secured Party as to compliance with the provisions of this paragraph. Secured Party may act as attorney for Debtor in making, adjusting and settling claims under and cancelling such insurance and endorsing Debtor's name on any drafts drawn by insurers of the Collateral.

(e) Debtor will keep the Collateral free from any adverse lien, security interest or encumbrance and in good order and repair, shall not waste or destroy the Collateral or any part thereof, and shall not use the Collateral in violation of any statute, ordinance or policy of insurance thereon. Secured Party may examine and inspect the Collateral at any reasonable time or times, wherever located.

(f) Debtor will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this Agreement or upon any note or notes evidencing the Obligations.

Additional Rights of Parties. At its option, Secured Party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may place and pay for insurance on the Collateral upon failure by the Debtor, after having been requested so to do, to provide insurance satisfactory to the Secured Party, and may pay for the maintenance, repair, and preservation of the Collateral. To the extent permitted by applicable law, Debtor agrees to reimburse Secured Party on demand for any payment made, or any expense incurred by Secured Party pursuant to the foregoing authorization. Until default Debtor may have possession of the Collateral and use it in any lawful manner not inconsistent with this agreement and not inconsistent with any policy of insurance thereon.

Events of Default. Debtor shall be in default under this agreement upon the occurrence of any the following events or conditions, namely:

(a) default in the payment or performance of any of the Obligations or of any covenants or liabilities contained or referred to herein or in any of the Obligations; (b) any warranty, representation or statement made or furnished to Secured Party by or on behalf of Debtor proving to have been false in any material respect when made or furnished; (c) loss, theft, substantial damage, destruction, sale or encumbrance to or of any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon; or (d) death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, or assignment for the benefit of creditors by, Debtor.

Remedies. Upon such default (regardless of whether the Code has been enacted in the jurisdiction where rights or remedies are asserted) and at any time thereafter (such default not having previously been cured), Secured Party at its option may declare all Obligations secured hereby immediately due and payable and shall have the remedies of a secured party under the Uniform Commercial Code of Illinois, including without limitation the right to take immediate and exclusive possession of the Collateral, or any part thereof, and for that purpose may, so far as Debtor can give authority therefor, with or without judicial process, enter (if this can be done without breach of the peace), upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom (provided that if the Collateral is affixed to real estate, such removal shall be subject to the conditions stated in the Uniform Commercial Code of Illinois); and the Secured Party shall be entitled to hold, maintain, preserve and prepare the Collateral for sale, until disposed of, or may propose to retain the Collateral subject to Debtor's right of redemption in satisfaction of the Debtor's Obligations as provided in the Uniform Commercial Code of Illinois. Secured Party without removal may render the Collateral unusable and dispose of the Collateral on the Debtor's premises. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party for possession at a place to be designated by Secured Party which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor at least 5 days' notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Debtor shown at the beginning of this agreement at least five days before the time of the sale or disposition. Secured Party may buy at any public sale and if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, he may buy at private sale. The net proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale or lease, selling, leasing and the like and the reasonable attorney's fees and legal expenses incurred by Secured Party, shall be applied in satisfaction of the Obligations secured hereby. The Secured Party will account to the Debtor for any surplus realized on such disposition and the Debtor shall remain liable for any deficiency. All rights and remedies under this agreement are subject to applicable bankruptcy law.

The remedies of the Secured Party hereunder are cumulative and the exercise of any one or more of the remedies provided for herein or under the Uniform Commercial Code of Illinois shall not be construed as a waiver of any of the other remedies of the Secured Party so long as any part of the Debtor's Obligation remains unsatisfied.

General. No waiver by Secured Party of any default shall operate as a waiver of any other default or of the same default on a future occasion. All rights of Secured Party hereunder shall inure to the benefit of its successors and assigns; and all obligations of Debtor shall bind his heirs, executors or administrators or his or its successors or assigns. If there be more than one Debtor, their obligations hereunder

The Secured Party hereby warrants that the foregoing agreement represents a valid security agreement as provided under the laws of the State of Illinois

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and that the indebtedness shown due in the agreement is correct and remains unpaid to the extent of

and is the valid obligation of the Debtor; that the Debtor is the owner of the Collateral, that his true name is signed to the foregoing agreement, and that all parties to this instrument have legal capacity to contract; that the agreement and all accompanying agreements and other documents submitted herewith are genuine in all respects and what they respectively purport to be; that to the best of Secured Party's knowledge all statements of fact contained in the agreement are true; that the description of the property is adequate to enforce the rights created therein; that the Collateral is in satisfactory condition, and clear of any adverse interest therein; that Secured Party's security interest is a perfected security interest; that Secured Party has no knowledge of any facts which would impair the validity of the agreement or other accompanying agreements and documents or render them less valuable or valueless; and that he knows of no defense to the payment of the Obligations of the Debtor thereunder, or counterclaims, or set-offs.

The Secured Party hereby waives all demands and notices of default and consents that without notice to Secured Party, the assignee may extend time to or compound or release, by operation of law or otherwise, any rights against Debtor or any other obligor under said agreement.

The Secured Party hereby assumes to take any steps necessary to preserve any rights of the assignee or otherwise in the foregoing agreement or any accompanying agreements or documents against prior parties, and the assignee shall not be bound to take any steps to preserve such rights.

The Secured Party agrees that if any warranty or representation contained in this assignment should prove to be untrue or incorrect in any material respect when made, Secured Party will upon demand of the assignee, as its election, accept a reassignment of the agreement and pay therefor the amount unpaid thereon, plus costs and expenses including reasonable attorney's fees incurred by the assignee in attempting to enforce the agreement.

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By
Secured Party

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