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**This instrument prepared by and
after recording, return to:**

Lord, Bissell & Brook LLP
115 South LaSalle Street
Chicago, Illinois 60603
Attn: Roger R. Fross



Doc#: 0512245184
Eugene "Gene" Moore Fee: \$42.50
Cook County Recorder of Deeds
Date: 05/02/2005 03:22 PM Pg: 1 of 10



MORTGAGE

THIS MORTGAGE ("Mortgage") is made as of April 29, 2005, by Robert Y. Paddock, Jr. and Marcella Paddock, as husband and wife as tenants by the entirety, residing at 715 S. Beverly Lane, Arlington Heights, Illinois 60005 (collectively, "Mortgagor"), in favor of PADDOCK PUBLICATIONS, INC., a Delaware corporation, having an address of 155 East Algonquin Road, Arlington Heights, Illinois 60005 ("Mortgagee").

WHEREAS, Mortgagor is indebted to Mortgagee in the principal sum of ONE MILLION FOUR HUNDRED AND ONE THOUSAND THREE HUNDRED SIXTY TWO AND 04/100 DOLLARS (\$1,401,362.04), which indebtedness ("Loan") is evidenced by that certain Promissory Note of even date herewith made by Mortgagor in favor of Mortgagee in said amount (along with all modifications, substitutions, extensions and renewals thereof referred to herein as "Note") providing for repayment of principal as therein stated and providing for a final payment of all sums due thereunder, if not sooner paid, by April 29, 2010 ("Maturity Date").

WHEREAS, as a precondition to Mortgagee disbursing the Loan to Mortgagor, Mortgagee has required that Mortgagor pledge the Property (as defined below) as and for security for the repayment of the Note.

NOW, THEREFORE, TO SECURE to Mortgagee the repayment of the indebtedness evidenced by the Note, the payment of all charges provided herein and all other sums, and the performance of the covenants and agreements contained herein and in the Note and any other documents executed or delivered in connection herewith or therewith, and also in consideration of Ten Dollars (\$10.00), the receipt and sufficiency of which are hereby acknowledged, Mortgagor does hereby convey, grant, mortgage and warrant to Mortgagee the real estate and associated improvements ("Property") located in Cook County, State of Illinois, and described on Exhibit A attached hereto.

To have and to hold the Property unto the Mortgagee, its successors and assigns forever, for the purposes and uses set forth herein, free from all rights and benefits under any homestead exemption laws of the state in which the Property is located, which rights and benefits Mortgagor does hereby expressly release and waive.

Mortgagor covenants and agrees as follows:

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1. Title. Mortgagor represents and covenants that (a) Mortgagor is the holder of good and marketable fee simple title to the Property, free and clear of all liens and encumbrances, except such liens and encumbrances as shall have been expressly approved in writing by Mortgagee, and (b) Mortgagor has legal power and authority to mortgage and convey the Premises. Mortgagor represents and covenants that the lien of this instrument shall (after payoff of existing mortgage note being paid off immediately with part of the Note proceeds) at all times be a first and prior encumbrance on the Property subject only to the lien of real estate taxes not yet due and payable.
2. Maintenance; Liens. Mortgagor shall keep the Property, including the improvements thereon, in good condition and repair, without waste, and free from mechanics' liens or other liens or claims for lien, except that Mortgagor shall have the right upon advance written notice to Mortgagee to contest by appropriate proceedings diligently prosecuted in good faith the validity or amount of any mechanics' lien, tax lien or judgment lien.
3. Taxes and Assessments. Mortgagor shall pay before any penalty or interest attaches all general taxes, special taxes, special assessments, water charges, sewer service charges, and all other liens or charges levied or assessed against the Property, or any interest therein, of any nature whatsoever when due. Upon request, Mortgagor shall furnish to Mortgagee duplicate receipts of payment therefor.
4. Insurance. Mortgagor shall at all times keep all buildings and improvements on the Property insured against loss or damage by fire or other casualty for the full replacement value of such improvements, and if the Property is located in a flood hazard district, flood insurance in the maximum amount obtainable, and such other insurance as Mortgagee may from time to time reasonably require. All policies of insurance to be furnished hereunder shall be in forms, companies, amounts and deductibles satisfactory to Mortgagee, with mortgagee clauses attached to all policies in favor of and in form satisfactory to Mortgagee and naming Mortgagee as first mortgagee and loss payee, including a provision requiring that the coverage evidenced thereby shall not be terminated or modified without ten (10) days prior written notice to Mortgagee, and further containing standard Illinois homeowner policy provisions providing that no act or negligence of the insured or any occupant of the Property will affect the validity or enforceability of such policies as against Mortgagee. Within five (5) days of the date of this Mortgage, Mortgagor shall deliver to Mortgagee an insurance certificate evidencing such coverages and showing Mortgagee as a first mortgagee thereunder. Thereafter, from time to time within fifteen (15) days of Mortgagee's request therefor, Mortgagor shall deliver to Mortgagee such insurance certificates or policies, including additional and renewal policies, evidencing such continuing coverages as Mortgagee may request.
5. Application of Insurance Proceeds. In the event of any casualty loss to the Property, Mortgagor shall give prompt notice to the insurance carrier and Mortgagee. Mortgagee may make proof of loss if not made promptly by Mortgagor. Unless Mortgagee and Mortgagor otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Mortgagee, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Mortgagee's security is not lessened. Unless Mortgagee and Mortgagor otherwise agree in writing, insurance proceeds on a loss on the Property shall be

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held by Mortgagee as herein provided, but contents/personal property, loss of use/temporary occupancy stipend, or other policy coverage not on the Property itself shall be paid to Mortgagor directly. During such repair and restoration period, Mortgagee shall have the right to hold such insurance proceeds until Mortgagee has had an opportunity to inspect such Property to ensure the work has been completed to Mortgagee's satisfaction, provided that such inspection shall be undertaken promptly. Mortgagee may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed, but shall do so as progress payments if requested. Unless an agreement is made in writing or applicable law requires interest to be paid on such insurance proceeds, Mortgagee shall not be required to pay Mortgagor any interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Mortgagor shall not be paid out of the insurance proceeds and shall be the sole obligation of Mortgagor. If the restoration or repair is not economically feasible or Mortgagee's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Mortgage, whether or not then due, with the excess, if any, paid to Mortgagor. If Mortgagor abandons the Property, Mortgagee may file, negotiate and settle any available insurance claim and related matters. If Mortgagor does not respond within 30 days to a notice from Mortgagee that the insurance carrier has offered to settle a claim, then Mortgagee may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Mortgagee acquires the Property hereunder or otherwise, Mortgagor hereby assigns to Mortgagee (a) Mortgagor's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Mortgage, and (b) any other of Mortgagor's rights (other than the right to any refund of unearned premiums paid by Mortgagor) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Mortgagee may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Mortgage, whether or not then due.

6. Hazardous Materials. Mortgagor hereby covenants to Mortgagee that the Property and Mortgagor shall comply with all Environmental Laws (hereinafter defined). Mortgagor shall not allow, store, treat or dispose of Hazardous Material (hereinafter defined), nor permit the same to exist or be stored, treated or disposed of, from or upon the Property in violation of Environmental Laws. The term "Hazardous Material" as used herein shall mean any hazardous, dangerous or toxic chemical, material, waste, pollutant, contaminant or substance ("pollutant") within the meaning of any Environmental Law prohibiting, limiting or otherwise regulating the use, exposure, release, emission, discharge, generation, manufacture, sale, transport, handling, storage, treatment, reuse, presence, disposal or recycling of such pollutant. "Environmental Law" shall mean any present or future federal statute, law, code, rule, regulation, ordinance, order, standard, permit, license, guidance document or requirement (including consent decrees, judicial decisions and administrative orders) together with all related amendments, implementing regulations and reauthorizations enacted or in place during the term of the Note, pertaining to the protection, preservation, conservation or regulation of the environment, including, but not limited to: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 *et seq.* ("CERCLA"); the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 *et seq.* ("RCRA"); the Toxic Substances Control Act, 15 U.S.C. Section 2601 *et seq.* ("TOSCA"); the Clean Air Act, 42 U.S.C. Section 7401 *et seq.*; and the Clean Water Act, 33 U.S.C. Section 1251 *et seq.*

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7. Successors and Assigns Bound. The covenants and agreements contained herein shall bind, and the rights hereunder shall inure to, the respective heirs, executors, legal representatives, successors and assigns of Mortgagee.

8. Notice. Except for any notice required under applicable law to be given in another manner, any notices required or given under this Mortgage shall be given by personal delivery, by nationally-recognized overnight courier service, or by certified mail-return receipt requested. Notices shall be given to the appropriate parties as set forth below. Notices shall be deemed to have been given and effective on the date of delivery if hand-delivered, the next business day after delivery to the nationally-recognized overnight courier service if by such courier service, or two (2) business days after the date of mailing shown on the certified receipt, if mailed. Any party hereto may change the address to which notices are given by notice as provided herein.

If to Mortgagor shall be sent to: Robert Y. Paddock, Jr. and Marcella Paddock
715 S. Beverly Lane
Arlington Heights, IL 60005

With a copy to: Kerry W. Pearson
Attorney at Law
1216 E. Central Rd., Suite 201
Arlington Heights, IL 60005

If to Mortgagee shall be sent to: Paddock Publications, Inc.
155 East Algonquin Road
Arlington Heights, Illinois 60005
Attn: Kent Johnson

With a copy to: Lord, Bissell & Brook LLP
115 South LaSalle Street
Chicago, Illinois 60603
Attn: Roger R. Fross

9. Severability. In the event that any provision or clause of the Note, this Mortgage or any other document executed or delivered in connection therewith or herewith conflicts with applicable law, or is adjudicated to be invalid or unenforceable same shall not affect other provisions of this Mortgage or the Note or other document which can be given effect without the conflicting provision, and to this end the provisions of this Mortgage or the Note or such other document are declared to be severable and the validity or enforceability of the remainder of the document in question shall be construed without reference to the conflicting, invalid or unenforceable clause or provision.

10. Event of Default. Each of the following shall constitute an event of default ("Event of Default") under this Mortgage:

- (a) Mortgagor's failure to pay any amount due herein or secured hereby when due and payable, which failure continues for a period of five (5) days from the due date;

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(b) Mortgagor's failure to perform or observe any other covenant, agreement, representation, warranty or other provision contained in the Note, this Mortgage or any other document executed or delivered in connection therewith or herewith;

(c) the occurrence of any breach in any material respect of any representation or warranty contained in this Mortgage or any document executed or delivered in connection herewith;

(d) the abandonment of the Property by Mortgagor; or

(e) the occurrence of an event of default under the Note or any document executed or delivered in connection herewith.

11. Remedies; Application of Proceeds. Subject to Section 22, at any time after an Event of Default, Mortgagee, at Mortgagee's option, may declare all sums secured by this Mortgage to be immediately due and payable without further demand and may foreclose this Mortgage by judicial proceeding. The proceeds of any foreclosure sale of the Property shall be applied as follows: first, to all costs, expenses and fees incident to the foreclosure proceedings; second, to the indebtedness secured hereby; and third, any balance to Mortgagor.

12. Rights Cumulative. Each right, power and remedy herein conferred upon Mortgagee is cumulative and in addition to every other right, power or remedy, express or implied, given now or hereafter existing under any of the Note or any other document given to secure the Note or at law or in equity, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient by Mortgagee, and the exercise or the beginning of the exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy, and no delay or omission of Mortgagee in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence therein.

13. Mortgagee's Performance. If Mortgagor fails to pay or perform any of its obligations herein contained, including, without limitation, the payment of taxes or insurance premiums, Mortgagee may, but need not, as agent or attorney-in-fact of Mortgagor, make any payment or perform or cause to be performed any obligation of Mortgagor hereunder, in any form and manner deemed expedient by Mortgagee, and any amount so paid or expended plus reasonable compensation to Mortgagee for its out-of-pocket and other expenses for each matter for which it acts under this Mortgage, with interest thereon at the Default Rate specified in the Note, shall be added to the principal debt hereby secured and shall be repaid to Bank within five (5) days after notice thereof. No such action of Mortgagee shall ever be considered as a waiver of any right accruing to it on account of the occurrence of any event which constitutes an Event of Default.

14. Waiver of Rights. Except as otherwise expressly provided in Section 21, Mortgagor hereby covenants and agrees that to the extent permitted by law, Mortgagor shall not and will not apply for or avail itself of any appraisal, valuation, stay, homestead, extension or

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exemption laws, or any so-called "Moratorium Laws," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. To the extent permitted by law, Mortgagor, for itself and all who may claim through or under it, waives any and all right to have the property and estates comprising the Property marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Property sold as an entirety.

15. Nonliability of Mortgagee; Indemnification. The relationship between Mortgagor on the one hand and Mortgagee on the other hand shall be solely that of borrower and lender. Mortgagee shall not have any fiduciary responsibilities to Mortgagor. Mortgagor agrees that Mortgagee shall not have liability to Mortgagor (whether sounding in tort, contract or otherwise) for losses suffered by Mortgagor in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Note, this Mortgage, and any documents in connection therewith or herewith, or any act, omission or event occurring in connection therewith or herewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of Mortgagee. Mortgagee shall not have any liability with respect to, and Mortgagor hereby waives, releases and agrees not to sue for, any special, indirect or consequential damages suffered by Mortgagor in connection with, arising out of, or in any way related to the Note, this Mortgage or any documents delivered in connection therewith or herewith, or the transactions contemplated thereby or hereby. Mortgagor shall indemnify and save Mortgagee harmless from and against any and all liabilities, obligations, losses, damages, claims, costs and expenses (including reasonable attorneys' fees and court costs) of whatever kind or nature which may be imposed on, incurred by or asserted against Mortgagee at any time by any third party which relate to or arise from the making of the loan evidenced by the Note and secured by this Mortgage unless such liability is the result of the gross negligence or willful misconduct of the Mortgagee. The provisions of this Section shall survive the satisfaction and payment of the indebtedness secured hereby.

16. Interpretation. This Mortgage shall be construed pursuant to the laws of the State of Illinois. The headings of sections and paragraphs in this Mortgage are for convenience only and shall not be construed in any way to limit or define the content, scope, or intent of the provisions. The use of singular and plural nouns, and masculine, feminine, and neuter pronouns, shall be fully interchangeable, where the context so requires. If any provision of this Mortgage, or any paragraph, sentence, clause, phrase or word, or the application thereof, in any circumstances, is adjudicated to be invalid, the validity of the remainder of this Mortgage shall be construed as if such invalid part were never included. Time is of the essence of the payment and performance of this Mortgage.

17. Compliance with Illinois Mortgage Foreclosure Law. In the event that any provision of this Mortgage shall be inconsistent with any provision of the Illinois Mortgage Foreclosure Law (herein called the "Act"), the provisions of the Act shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can be construed in a manner consistent with the Act. If any provision of this Mortgage shall grant to Mortgagee any rights or remedies upon default of the Mortgagor which are more limited than the rights that would otherwise be vested in Mortgagee

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under the Act in the absence of said provision, Mortgagee shall be vested with the rights granted in the Act to the full extent permitted by law. Without limiting the generality of the foregoing, all expenses incurred by Mortgagee to the extent reimbursable under the Act, whether incurred before or after any decree or judgment of foreclosure, shall be added to the indebtedness secured by this Mortgage or by the judgment of foreclosure.

18. Maximum Indebtedness. The obligations secured hereby shall not exceed an aggregate principal amount, at any one time outstanding of two hundred percent (200%) of the maximum principal amount of the Note, provided that the foregoing limitation shall apply only to the lien upon the real property created by this Mortgage, and it shall not in any manner limit, affect or impair any grant of a security interest or other right in favor of Mortgagee under the provisions of the Note or any of the other documents or instruments executed or delivered in connection herewith.

19. Future Advances. This Mortgage shall secure not only presently existing indebtedness under the Note but also future advances, whether such advances are obligatory or to be made at the option of Mortgagee, or otherwise, as are made within 20 years from the date hereof to the same extent as if such future advances were made on the date of the execution of this Mortgage, although there may be no advance made at the time of execution of this Mortgage and although there may be no obligations outstanding at the time any advance is made. Any disbursements which Mortgagee may make under or in connection with this Mortgage, the Note or any other document with respect hereto (e.g. for payment of taxes, insurance premiums or other advances to protect Mortgagee's liens and security interests, as permitted hereby) shall be additional obligations secured hereby. To the extent applicable, this Mortgage secures a "revolving credit" arrangement within the meaning of 815 ILCS 205/4.1 and 205 ILCS 5/5d. This Mortgage is intended to and shall be valid and have priority over all subsequent liens and encumbrances, including statutory liens to the extent permitted by law.

20. Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 20, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Mortgagor at a future date to a purchaser. If all or any part of the Property or any Interest in the Property is sold or transferred (or if Mortgagor is not a natural person and a beneficial interest in Mortgagor is sold or transferred) without Mortgagee's prior written consent, Mortgagee may require immediate payment in full of all sums secured by this Mortgage. However, this option shall not be exercised by Mortgagee if such exercise is prohibited by applicable law. If Mortgagee exercises this option, Mortgagee shall give Mortgagor notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given within which Mortgagor must pay all sums secured by this Mortgage. If Mortgagor fails to pay these sums prior to the expiration of this period, Mortgagee may invoke any remedies permitted by this Mortgage without further notice or demand on Mortgagor. Notwithstanding the foregoing, the undersigned shall be permitted to transfer their Interest in the Property from one of the undersigned to the other of the undersigned and/or to one or more grantor living trusts created by the undersigned or either of them as part of their respective estate plans so long as Mortgagee is provided with at least ten (10) days prior written notice of such transfer and the undersigned and

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such transferee(s) execute and deliver to Mortgagor such documents and instruments as Mortgagee shall reasonably request to confirm and evidence Mortgagee's first mortgage lien interest in the Property hereunder.

21. Mortgagor's Right to Reinstate After Acceleration. If Mortgagor meets certain conditions, Mortgagor shall have the right to have enforcement of this Mortgage discontinued at any time prior to the earliest of: (a) five days before sale of the Property pursuant to any power of sale contained herein; (b) such other period as applicable law might specify for the termination of Mortgagor's right to reinstate; or (c) entry of a judgment enforcing this Mortgage. Those conditions are that Mortgagor: (a) pays Mortgagee all sums which then would be due under this Mortgage and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Mortgage, including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Mortgagee's interest in the Property and rights under this Mortgage; and (d) takes such action as Mortgagee may reasonably require to assure that Mortgagee's interest in the Property and rights under this Mortgage, and Mortgagor's obligation to pay the sums secured by this Mortgage, shall continue unchanged unless as otherwise provided under applicable law. Mortgagee may require that Mortgagor pay such reinstatement sums and expenses in one or more of the following forms, as selected by Mortgagee: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) electronic funds transfer. Upon reinstatement by Mortgagor, this Mortgage and obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 20.

22. Acceleration. Mortgagee shall give notice to Mortgagor prior to acceleration following the occurrence of any Event of Default hereunder (but not prior to acceleration under Section 20 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Mortgagor, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage, foreclosure by judicial proceeding and sale of the Property. If the default is not cured on or before the date specified in the notice, Mortgagee at its option may require immediate payment in full of all sums secured by this Mortgage without further demand and may foreclose this Mortgage by judicial proceeding. Mortgagee shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

23. Release. Upon payment of all sums secured by this Mortgage, Mortgagee shall release this Mortgage. Mortgagor shall pay any recordation costs.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, Mortgagor has executed this Mortgage as of the date and year first above written.

Robert Y. Paddock, Jr.
Robert Y. Paddock, Jr.

Marcella Paddock
Marcella Paddock

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, the undersigned Roger R. Fross, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that, **Robert Y. Paddock, Jr. and Marcella Paddock, his wife**, 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 have signed, sealed and delivered the said instrument as their free and voluntary acts, for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under my hand and official seal, this 27th day of April, 2005.

Roger R. Fross
Notary Public
My Commission expires: 8/4/07

"OFFICIAL SEAL"

ROGER R. FROSS
Notary Public, State of Illinois
My Commission Expires 8/4/07

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EXHIBIT A

LEGAL DESCRIPTION

LOT 25 IN BLOCK 1 IN LAURINWOOD, BEING A SUBDIVISION IN THE WEST 1/2 OF THE EAST 40 ACRES OF THAT PART LYING SOUTH OF THE NORTH 685.4 FEET OF THE WEST 1/2 OF THE SOUTH EAST 1/4 OF SECTION 32, TOWNSHIP 42 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

Permanent Index No. 03-32-424-015-0000

Address of Property: 715 S. Beverly Lane, Arlington Heights, Illinois 60005

Property of Cook County Clerk's Office