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Eugene "Gene" Moore RHSP Fee:\$10.00
Cook County Recorder of Deeds
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**SECOND MORTGAGE AND SECURITY AGREEMENT -
1809 North Hoyne, Chicago, Illinois**

THIS SECOND MORTGAGE AND SECURITY AGREEMENT ("SECOND MORTGAGE") is made as of **September 27, 2007**, by **1809 N. Hoyne LLC**, an Illinois limited liability company ("Second Mortgagor"), with a mailing address at *1565 Harding, Northfield, Illinois 60093*, in favor of **Jerry's Home Construction & Builders, Inc.**, an Illinois corporation ("Second Mortgagee") with a mailing address at *1633 North Western Avenue, Chicago, Illinois 60647* and pertains to the real estate legally described in Exhibit "A", attached hereto and made a part hereof, and commonly known as **1809 North Hoyne, Chicago, Illinois**.

I. RECITALS

1.01 Note. The Second Mortgagor has executed that certain secured note ("Note") dated **September 27, 2007** in the original principal amount of **\$130,000.00** payable, along with interest, and maturing as specified in the Note, in favor of Second Mortgagee.

1.02 This SECOND MORTGAGE. To induce Second Mortgagee to make the advance which is the subject of the Note, and as security for the repayment of the Note, and payment and performance of all other indebtedness, obligations and liabilities of Second Mortgagor to Second Mortgagee, howsoever created, arising or evidenced, and whether now existing or hereafter arising (all of the indebtedness, liabilities and obligations referenced in this Section 1.02 shall be collectively referred to as the "Obligations"), Second Mortgagor has agreed to execute and deliver to Second Mortgagee this SECOND MORTGAGE. This SECOND MORTGAGE is given as security for the Obligations, **provided, however, that notwithstanding any other provision herein to the contrary, this SECOND MORTGAGE shall be subordinate only to the first lien mortgage dated September 27, 2007 in favor of Interstate Bank (the "First Secured Indebtedness") and placed against the real estate described in Exhibit "A", attached hereto and made a part hereof.**

RECORDER

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II. THE GRANT

2.01 Now, therefore, in order to secure the payment and performance of the Obligations and the covenants and agreements herein contained, Second Mortgagor does hereby mortgage to Second Mortgagee and its successors and assigns the real estate situated in the state and county as more particularly described in Exhibit "A" attached hereto and made a part hereof (the "Premises"), together with the following described property (the Premises and the following described property being collectively referred to hereinbelow as the "Property"), all of which other Property is hereby pledged **secondarily and subordinate only to the aforementioned First Secured Indebtedness to be placed against the Property as described above:**

- (a) All buildings and other improvements of every kind and description now or hereafter erected or placed thereon and all materials intended for construction, reconstruction, alteration and repair of such improvement now or hereafter erected thereon, all of which materials shall be deemed to be included within the Property immediately upon the delivery thereof to the Premises;
- (b) All right, title and interest of Second Mortgagor, including any after-acquired title or reversion, in and to the rights of the ways, streets, avenues, sidewalks, and alleys adjoining the Premises;
- (c) Each and all of the tenements, hereditaments, easements, appurtenances, passages, waters, water courses, riparian rights, other rights, liberties and privileges of the Premises or in any way now or hereafter appertaining thereto, including homestead and any other claim at law or in equity, as well as any after acquired title, franchise or license and the reversions and remainders thereof;
- (d) All rents, issues, deposits and profits accruing and to accrue from the Premises and the avails thereof;
- (e) All tenant's security deposits, utility deposits and insurance premium rebates to which Second Mortgagor may be entitled or which Second Mortgagor may be holding; all fixtures and personal property now or hereafter owned by Second Mortgagor and attached to or contained in and used or useful in connection with the Premises or the aforesaid improvements thereon, including, without limitation, any and all air conditioners, antennae, appliances, apparatus, awnings, basins, bathtubs, boilers, book-cases, cabinets, carpets, coolers, curtains, dehumidifiers, disposals, doors, drapes, dryers, ducts, dynamos, elevators, engines, equipment, fans, fittings, floor coverings, freezers, furnaces, furnishings, furniture, hardware, heaters, humidifiers, incinerators, lighting, machinery, motors, ovens, pipes, plumbing, pumps, radiators, ranges, recreational facilities, refrigerators, screens, security systems, shades, shelving, shipping dock load level, sinks, sprinklers, stokers, stoves, toilets, trash compactor systems, ventilators, wall coverings, washers, wastewater

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facilities, windows, window coverings, wiring, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same be attached to such improvements, it being intended, agreed and declared that all such property owned by Second Mortgagor and placed by it on the Premises or used in connection with the operation or maintenance thereof shall, so far as permitted by law, be deemed for the purposes of this SECOND MORTGAGE to be part of the real estate constituting and located on the Premises and covered by this SECOND MORTGAGE, and as to any of the aforesaid property that is not part of such real estate or does not constitute a "fixture," as such term is defined in the Uniform Commercial Code as enacted in the state in which the Property is located, this SECOND MORTGAGE shall be deemed to be, as well, a security agreement under such Uniform Commercial Code for the purpose of creating hereby a security interest in such property, which Second Mortgagor hereby grants to Second Mortgagee as "secured party," as such term is defined in such Code; and

- (f) All proceeds of any of the foregoing.

To Have and to Hold the same unto Second Mortgagee and its successors and assigns forever, for the purposes and uses herein set forth.

III. GENERAL AGREEMENTS

3.01 Principal and Interest. All of the indebtedness evidenced by the Note shall be promptly paid when due at the times and in the manner provided in the Note.

3.02 Property Taxes. Second Mortgagor shall pay immediately, when first due and owing, all general taxes, special taxes, special assessments, water charges, sewer charges and any other charges that may be asserted against the Property or any part thereof or interest therein, and shall furnish to Second Mortgagee, upon Second Mortgagee's request, duplicate receipts therefor within 30 days after payment thereof. Second Mortgagor may, in good faith and with reasonable diligence, contest the validity or amount of any such taxes or assessments, provided that:

- (a) such contest shall have the effect of preventing the collection of the tax or assessment so contested and the sale or forfeiture of the Property or any part thereof or interest therein to satisfy the same; and
- (b) Second Mortgagor has notified Second Mortgagee in writing of the intention of Second Mortgagor to contest the same before any tax or assessment has been increased by any interest, penalties or costs.

3.03 Tax Payments by Second Mortgagee. Second Mortgagee is hereby authorized upon 10 days notice to Second Mortgagor (or such lesser notice, including no notice, as is reasonable under the circumstances) to make or advance, in the place and stead of Second Mortgagor, any payment not paid when due relating to (A) taxes, assessments, water and sewer charges, and other governmental charges, fines, impositions or liens that may be asserted against the Property, or any part thereof (except liens being contested in good faith and by appropriate proceedings for which adequate reserves have been established), and may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy thereof or into the validity of

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any tax, assessment, lien, sale, forfeiture or title or claim relating thereto; or (B) any apparent or threatened adverse title, lien, statement of lien, encumbrance, claim, charge or payment otherwise relating to any other purpose herein and hereby authorized, but not enumerated in this Paragraph 3.03 (except liens being contested in good faith and by appropriate proceedings for which adequate reserves have been established), whenever, in its judgment and discretion, such advance seems necessary or desirable to protect the full security intended to be created by this SECOND MORTGAGE. In connection with any such advance, Second Mortgagee is further authorized, at its option, to obtain a continuation report of title or title insurance policy prepared by a title insurance company of Second Mortgagee's choosing. All such advances and indebtedness authorized by this Paragraph 3.03 shall constitute additional indebtedness secured hereby and shall become immediately due and payable by Second Mortgagor to Second Mortgagee without notice with interest at the highest rate specified in the Note.

3.04 Insurance

(a) Hazard. Second Mortgagor shall keep the improvements now existing or hereafter erected on the Premises insured under a replacement cost form of insurance policy against loss or damage resulting from fire, windstorm and other hazards as may be reasonably required by Second Mortgagee (including, but not limited to, flood insurance in an amount necessary to comply with applicable law), and to pay promptly, when due, any premiums on such insurance. Without limitation of the immediately preceding sentence, during construction of any improvements on the Premises, Second Mortgagor shall maintain "Builders Risk" insurance with extended coverage over fire and other casualties using completed values for the amount of the full insurable value for all such improvements under construction at any time on the Premises, including equipment and materials delivered to the Premises for incorporation into the Property. All such insurance shall be in form and of content, and shall be carried in companies, approved in writing by Second Mortgagee and naming Second Mortgagee as an additional insured, and all such policies and renewals thereof (or certificates evidencing the same), marked "paid," shall be delivered to Second Mortgagee at least 30 days before the expiration of then existing policies and shall have attached thereto standard non-contributing mortgagee clauses entitling Second Mortgagee, as its interest may appear, to collect any and all proceeds payable under such insurance, as well as standard waiver of subrogation endorsements. Second Mortgagor shall not carry any separate insurance on such improvements concurrent in kind or form with any insurance required hereunder or contributing in the event of loss. In the event of a change in ownership or of occupancy of the Premises approved in writing by Second Mortgagee, immediate notice thereof by messenger, facsimile or overnight delivery shall be delivered to all such insurers. In the event of any casualty loss, Second Mortgagor shall give immediate notice thereof by messenger to Second Mortgagee. Second Mortgagor hereby permits Second Mortgagee, at Second Mortgagee's option, to adjust and compromise any such losses under any of the aforesaid insurance and, after deducting any of Second Mortgagee's reasonable costs of collection, to use, apply, or disburse the balance of such insurance proceeds (i) toward repairing, restoring and rebuilding the aforesaid improvements, provided such repair, restoration or rebuilding is economically feasible and the security of this SECOND MORTGAGE is not thereby impaired, in which event Second Mortgagee shall not be obliged to see to the proper application thereof nor shall the amount so released for such purposes be deemed a payment on the indebtedness secured thereby; or (ii) as a credit upon any portion of the indebtedness secured hereby, with the excess, if any, paid to Second Mortgagor; provided, however, that so long as no Default or event which, with the passage of time or notice or both, would constitute a Default, shall then exist and no Default or event which, with the passage of time or notice or both, would constitute a Default, shall exist at any time during the period of any repair, restoration and/or rebuilding of the aforesaid improvements, and subject to the provisions of the immediately following paragraph, upon Second Mortgagor's written request to Second Mortgagee made on or before the disbursement of such insurance proceeds to Second Mortgagee, such insurance proceeds shall be used to repair, restore and/or rebuild the aforesaid improvements. Unless Second Mortgagor and Second Mortgagee otherwise agree in writing, any such application of proceeds to the sums secured by this SECOND MORTGAGE shall not extend or postpone the due date of any portion of the indebtedness secured hereby or change the amount of any installment due on such indebtedness.

To the extent any such insurance proceeds are used toward repairing, restoring and rebuilding such improvements, such proceeds shall be made available, from time to time, upon Second Mortgagee being furnished

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with satisfactory evidence of the estimated cost of such repairs, restoration and rebuilding and with such architect's certificates, waivers of lien, certificates, contractors' sworn statements and other evidence of the estimated cost thereof and of payments as Second Mortgagee may reasonably require and approve, and if the estimated cost of the work exceeds 5% of the original principal amount of the indebtedness secured hereby, with all plans and specifications for such plans, restoration and rebuilding as Second Mortgagee may reasonably require and approve. Payments made prior to the final completion of the work shall not exceed 90% of the value of the work performed, from time to time, and at all times the undisbursed balance of such proceeds remaining in the hands of Second Mortgagee shall be at least sufficient to pay for the cost of completion of the work, free and clear of any liens. In the event of foreclosure of this SECOND MORTGAGE or other transfer of title to the Premises in extinguishment of the indebtedness secured hereby, all right, title and interest of Second Mortgagor in and to any such insurance policies then in force, and any claims or proceeds thereunder, shall pass to Second Mortgagee or any purchaser or grantee therefrom. Second Mortgagee may, at any time in its reasonable discretion, procure and substitute for any and all of such insurance policies, such other policies of insurance, in such amounts, and carried in such companies, as it may select.

(b) Liability. Second Mortgagor shall carry and maintain such comprehensive public liability and workmen's compensation insurance as may be reasonably required from time to time by Second Mortgagee in form and of content, in amounts, and with companies approved in writing by Second Mortgagee and naming Second Mortgagee as an additional insured; provided, however, that the amounts of liability coverage shall not be less than One Million Dollars and No/100 (\$1,000,000.00) single limit, and provided that Second Mortgagor shall maintain workmen's compensation insurance as required by law. Certificates of such insurance, premiums prepaid, shall be deposited with Second Mortgagee and shall contain provision for 20 days' notice to Second Mortgagee prior to any cancellation thereof.

3.05 Condemnation and Eminent Domain. Any and all awards heretofore or hereafter made or to be made to the present, or any subsequent, owner of the Property, by any governmental or other lawful authority for the taking, by condemnation or eminent domain, of all or any part of the Premises, any improvement located thereon, or any easement thereon or appurtenance thereof (including any award from the United States government at any time after the allowance of a claim therefor, the ascertainment of the amount thereto, and the issuance of a warrant for payment thereof), are hereby assigned by Second Mortgagor to Second Mortgagee, which awards Second Mortgagee is hereby authorized to collect and receive from the condemnation authorities, and Second Mortgagee is hereby authorized to give appropriate receipts therefor. Second Mortgagor shall give Second Mortgagee immediate notice of the actual or threatened commencement of any condemnation or eminent domain proceedings affecting all or any part of the Premises, or any easement thereon or appurtenance thereof (including severance of, consequential damage to, or change in grade of streets), and shall deliver to Second Mortgagee copies of any and all papers served in connection with any such proceedings. Second Mortgagor further agrees to make, execute and deliver to Second Mortgagee, at any time upon request, free, clear and discharged of any encumbrance of any kind whatsoever, any and all further assignments and other instruments deemed necessary by Second Mortgagee for the purpose of validly and sufficiently assigning all awards and other compensation heretofore and hereafter made to Second Mortgagor for any taking, either permanent or temporary, under any such proceeding.

3.06 Maintenance of Property. Second Mortgagor agrees not to permit, commit or suffer any waste, impairment or deterioration of the Property or any part thereof; to keep and maintain the Property and every part thereof in good repair and condition; to effect such repairs as Second Mortgagee may reasonably require, and, from time to time, to make all necessary and proper replacements thereof and additions thereto so that the Premises and such buildings, other improvement, fixtures, chattels and articles of personal property will, at all times, be in good condition, fit and proper for the respective purposes for which they were originally erected or installed.

3.07 Compliance with Laws. Second Mortgagor shall comply with all statutes, ordinances, regulations, rules, orders, decrees and other requirements relating to the Property or any part thereof by any federal, state or local authority; and shall observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including, without limitation, zoning variances, special exceptions and non-

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conforming uses), privileges, franchises and concessions that are applicable to the Property or that have been granted to or contracted for by Second Mortgagor in connection with any existing or presently contemplated use of the Property.

3.08 Liens and Transfers. Without Second Mortgagee's prior written consent, and except as to the **First Secured Indebtedness to be placed against the Property**, Second Mortgagor shall neither sell, transfer, convey, assign, hypothecate or otherwise transfer the title to or any beneficial interest in all or any portion of the Property, whether by operation of law, voluntarily, or otherwise, contract to do any of the foregoing, nor create, suffer or permit to be created or filed against the Property or any part thereof hereafter any other mortgage lien or other lien on the Property, without first paying fully discharging, retiring and satisfying the SECOND MORTGAGE in favor of Second Mortgagee. Any waiver by Second Mortgagee of the provisions of this Paragraph 3.08 shall not be deemed to be a waiver of the right of Second Mortgagee in the future to insist upon strict compliance with the provisions hereof.

3.09 Priority Lienholder's Rights. Notwithstanding any other provision in this SECOND MORTGAGE to the contrary, Second Mortgagee acknowledges and agrees that this SECOND MORTGAGE shall be subordinate to the **First Secured Indebtedness to be placed against the Property**.

3.10 Second Mortgagee's Dealings with Transferee. In the event of the sale or transfer, by operation of law, voluntarily or otherwise, of all or any part of the Property, or of any beneficial interest therein prior to the satisfaction of the Obligations, Second Mortgagee shall be authorized and empowered to deal with the vendee or transferee with regard to (a) the Property or any beneficial interest therein; (b) the indebtedness secured hereby; and (c) any of the terms or conditions hereof as fully and to the same extent as it might with Second Mortgagor, without in any way releasing or discharging Second Mortgagor from its covenants hereunder.

3.11 Stamp Taxes. If at any time the United States government, or any federal, state, county or municipal governmental subdivision, requires or imposes Internal Revenue or other documentary stamps, levies, or any tax on this SECOND MORTGAGE or on the Obligations, then, to the extent Second Mortgagee has or will make any payment related thereto and to the greatest extent permitted by law, such indebtedness shall be and become due and payable by Second Mortgagor to Second Mortgagee 10 days after the mailing by Second Mortgagee of notice of such indebtedness to Second Mortgagor.

3.12 Change in Laws. In the event of the enactment, after the date of this SECOND MORTGAGE, of any law of the state in which the Premises are located imposing upon Second Mortgagee the payment of all or any part of the taxes, assessments, charges, or liens hereby required to be paid by Second Mortgagor, or changing in any ways the laws relating to the taxation of mortgages or debts secured by mortgages or Second Mortgagor's interest in the Property, or the manner of collection of taxes, so as to affect this SECOND MORTGAGE or the indebtedness secured hereby or the holder thereof, then Second Mortgagor, upon demand by Second Mortgagee, shall pay such taxes, assessments, charges or liens or reimburse Second Mortgagee therefor; provided, however, that if, in the opinion of counsel for Second Mortgagee, it might be unlawful to require Second Mortgagor to make such payment or the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then Second Mortgagee may elect, by notice in writing given to Second Mortgagor, to declare all of the indebtedness secured hereby to become due and payable within 30 days after the giving of such notice; provided, further, that nothing contained in this Paragraph shall be construed as obligating Second Mortgagor to pay any portion of Second Mortgagee's federal income tax.

3.13 Inspection of Property. Second Mortgagor shall permit Second Mortgagee and its representatives and agents to inspect the Property from time to time during normal business hours and as frequently as Second Mortgagee considers reasonable.

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3.14 Inspection of Books and Records. Second Mortgagor shall keep and maintain such books and records as required by the Second Mortgagee and shall permit Second Mortgagee reasonable access to and rights of inspection of said books and records.

3.15 Environmental Conditions. Second Mortgagor hereby represents to Second Mortgagee that no hazardous or toxic substances, within the meaning of any applicable statute or regulation, whether federal, state or local, are presently stored or otherwise located on the Property and, to the best of its knowledge, on any adjacent parcels of real estate, except in accordance with all applicable laws, regulations and rules.

Second Mortgagor covenants and agrees that all hazardous and toxic substances within the definition of any applicable statute, regulation or rule (whether federal, state or local), which may be used by any person for any purpose upon the Property, shall be used or stored thereon only in a safe, approved manner, in accordance with all industrial standards and all laws, regulations, and requirements for such storage promulgated by any governmental authority, that the Property will not be used for the principal purpose of storing such substances, and that no such storage or use will otherwise be allowed on the Property which cause or which will increase the likelihood of causing the release of such substances onto the Property. Upon the written request of Second Mortgagee to Second Mortgagor, Second Mortgagee, its attorneys, employees, agents or other persons or entities designated by Second Mortgagee shall, from time to time, and at any time, be allowed to enter upon the Property and conduct environmental examinations and environmental audits of the Property, all in form, manner and type as Second Mortgagee may then require in its sole discretion. Second Mortgagor shall fully cooperate and make the Property, all improvements on the Property and the land which is the subject of the Property available to Second Mortgagee at such times as Second Mortgagee may reasonably request in order to conduct such environmental examinations and environmental audits.

3.16 Acknowledgment of Debt. Upon request by Second Mortgagee, Second Mortgagor shall furnish a written statement, duly acknowledged, specifying the amount due under the Note and this SECOND MORTGAGE and disclosing whether any alleged defenses exist against the indebtedness secured hereby.

3.17 Other Amounts Secured. At all times, this SECOND MORTGAGE secures in addition to the Note, any other amounts as provided herein.

3.18 Assignments of Rents and Leases. **Subject only to the First Secured Indebtedness to be placed against the Property, as aforesaid,** Second Mortgagor hereby assigns, transfers and sets over unto Second Mortgagee all the rents, fees or payments now or hereafter due, under or by virtue of any lease, either oral or written, or any letting of, or any agreement for the use or occupancy of any part of the Property, whether heretofore, now or hereafter agreed to and all leases and modifications thereof, now existing or hereafter made relating to the Property; together with the right to let and relet the Property or any part thereof, in Second Mortgagee's sole discretion, and to do anything with respect to the Property as Second Mortgagor might do. Any proceeds received hereunder may be applied by Second Mortgagee as otherwise provided in Paragraph 4.08 of this SECOND MORTGAGE. Second Mortgagor hereby directs all tenants, lessees and occupants of the Property to pay all rental, payments or fees for use and occupancy of the Property in accordance herewith. Second Mortgagee agrees not to exercise its rights granted in this Paragraph 3.18 until a Default, as hereafter defined, shall have occurred. Second Mortgagor shall execute, acknowledge, and deliver to Second Mortgagee, within 10 days after request by Second Mortgagee, such assignment of rent documents required by Second Mortgagee, in form and of content satisfactory to Second Mortgagee. Second Mortgagor further agrees to pay to Second Mortgagee all costs and expenses incurred by Second Mortgagee in connection with the preparation, execution and recording of any such document.

3.19 Acknowledgment of Subordination. **Notwithstanding any provision in this SECOND MORTGAGE to the contrary, Second Mortgagee acknowledges and agrees that this SECOND MORTGAGE shall be subject and subordinate only to the First Secured Indebtedness to be placed against the Property, as aforesaid.**

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3.20 Security Instrument. Intentionally Deleted.

3.21 Partial Releases. Intentionally Deleted.

3.22 Interest Laws. Second Mortgagor hereby warrants and represents that the proceeds of the Note will be paid to an entity and/or used for the purposes specified in Section 205/4(1)(l) of Chapter 815, of the Illinois Revised Statutes and that the principal obligations secured hereby constitutes a business loan which comes within the purview and operation of such paragraph. It being the intention of Second Mortgagee and Second Mortgagor to comply with the laws of the State of Illinois, it is agreed that notwithstanding any provision to the contrary in the Note or this SECOND MORTGAGE, no such provision shall require the payment or permit the collection of any amount ("Excess Interest") in excess of the maximum amount of interest permitted by law to be charged. In determining whether or not any Excess Interest is provided for, the provisions contained in the Note with respect to such determination shall control. If any Excess Interest is provided for, or is adjudicated to be provided for, in the Note or this SECOND MORTGAGE, then in such event (a) the provisions of this Paragraph 3.22 shall govern and control; (b) Second Mortgagor shall not be obligated to pay any Excess Interest; and (c) any Excess Interest that Second Mortgagee may have received hereunder shall, at the option of Second Mortgagee, be (i) applied as a credit against the then unpaid principal balance under the Note, or accrued and unpaid interest thereon not to exceed the maximum amount permitted by law, or both, (ii) refunded to the payor thereof, or (iii) any combination of the foregoing.

3.23 Waiver of Statutory Rights. To the greatest extent permitted by law, (a) Second Mortgagor shall not apply for or avail itself of any appraisal, valuation, redemption, stay, extension or 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 SECOND MORTGAGE, but hereby waives the benefit of such laws; and (b) Second Mortgagor, for itself, any and all persons or entities who may claim through or under it and each and every person or entity acquiring any interest in the Property or title to the Premises subsequent to the date of this SECOND MORTGAGE, hereby also waives (i) any and all rights to have the Property and estates comprising the Property marshaled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may order the Property sold in its entirety; and (ii) any and all rights of (1) redemption from sale under any order or decree of foreclosure of the lien hereof pursuant to the rights herein granted; and (2) homestead in the Premises which Second Mortgagor may now or hereafter have under the laws of the state in which the Property is located; and (iii) all rights to void liens under Section 506 of the United States Bankruptcy Code (11 U.S.C. §506), or any amendment or successor thereto.

3.24 Further Assurances. Second Mortgagor will execute and deliver such further instruments and do such further acts as may be necessary or proper to carry out more effectively the purpose of the Second Mortgage and, without limiting the foregoing, to make subject to the lien hereof any property agreed to be subjected hereto or covered by the Granting Clauses hereof or intended so to be.

3.25 Liens and Encumbrances. Second Mortgagor will not, without the prior written consent of Second Mortgagee, directly or indirectly, create or suffer to be created or to remain and will discharge of promptly cause to be discharged any mortgage, lien, encumbrance or charge on, pledge of, or conditional sale or other title retention agreement with respect to, the Property or any part thereof, whether superior or subordinate to the lien hereof, except for this Second Mortgage.

3.26 After-Acquired Property. Any and all property hereafter acquired which is of the kind of nature herein provided, or intended to be and become subject to the lien hereof, shall ipso facto, and without any further conveyance, assignment or act on the part of Second Mortgagor, become and be subject to the lien of this Second Mortgage as fully and completely as though specifically described herein; but nevertheless Second Mortgagor shall from time to time, if requested by Second Mortgagee, execute and deliver any and all such further assurances, conveyances and assignments as Second Mortgagee may reasonably require for the purpose of expressly and specifically subjecting to the lien of this Second Mortgage all such property.

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IV. DEFAULTS AND REMEDIES

4.01 Events Constituting Defaults. Each of the following events shall constitute a default (a "Default") under this SECOND MORTGAGE:

- (a) Second Mortgagor shall default in the payment when due of any amount due and owing to Second Mortgagee under the Note; or
- (b) Except for the default set forth in clause (a) above, default (and continuance thereof for 5 days after written notice thereof to Second Mortgagor by Second Mortgagee) in the payment of any amount due and owing by Second Mortgagor to Second Mortgagee pursuant to this SECOND MORTGAGE; or
- (c) Any representation or warranty made by Second Mortgagor in this SECOND MORTGAGE shall at any time prove to have been incorrect in any material respect when made; or
- (d) Second Mortgagor shall default in the performance or observance of any term, covenant, condition or agreement to be performed by Second Mortgagor under this SECOND MORTGAGE (not constituting a Default under any other clause of this Section 4.01) and such default shall continue unremedied for 5 days after written notice thereof shall have been given by Second Mortgagee to Second Mortgagor.
- (e) Any default or event of default (however such terms are defined) under the Note or any other document or agreement delivered or which may in the future be delivered in connection herewith.
- (f) Any default under documents executed and delivered in connection with the First Secured Indebtedness.

4.02 Acceleration of Maturity. At any time during the existence of any Default, and at the option of Second Mortgagee, the entire principal amount then outstanding under the Note, and all other sums due from Second Mortgagor under this SECOND MORTGAGE shall without notice become immediately due and payable.

4.03 Foreclosure of SECOND MORTGAGE. Upon occurrence of any Default, or at any time thereafter, in addition to any and all other remedies available to Second Mortgagee under applicable law, Second Mortgagee may proceed to foreclose the lien of this SECOND MORTGAGE by judicial proceedings in accordance with the laws of the state in which the Property is located. Any failure by Second Mortgagee to exercise such option shall not constitute a waiver of its right to exercise the same at any other time.

4.04 Second Mortgagee's Continuing Remedies. The failure of Second Mortgagee to exercise either or both of its remedies to accelerate the maturity of the indebtedness secured hereby and/or to foreclose the lien hereof following any Default as aforesaid, or to exercise any other remedy granted to Second Mortgagee hereunder or under applicable law in any one or more instances, or the acceptance by Second Mortgagee of partial payments of such indebtedness, shall neither constitute a waiver of any such Default or of Second Mortgagee's remedies hereunder or

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under applicable law nor establish, extend or affect any grace period for payments due under the Note, but such remedies shall remain continuously in force. Acceleration of maturity, once claimed hereunder by Second Mortgagee, may at Second Mortgagee's option be rescinded by written acknowledgment to that effect by Second Mortgagee and shall not affect Second Mortgagee's right to accelerate maturity upon or after any future Default.

4.05 Litigation Expenses. In any proceeding to foreclose the lien of this SECOND MORTGAGE or enforce any other remedy of Second Mortgagee under the Note or this SECOND MORTGAGE, or in any other proceeding whatsoever in connection with any of the Property in which Second Mortgagee is named as a party, there shall be allowed and included, as additional indebtedness in the judgment or decree resulting therefrom, all expenses paid or incurred in connection with such proceeding by or on behalf of Second Mortgagee constituting attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, survey costs and costs (which may be estimated as to items to be expended after entry of such judgment or decree) of procuring all instruments of title, title searches and examinations, title insurance policies, Torrens certificates, and any similar data and assurances with respect to title to the Premises as Second Mortgagee may deem reasonably necessary either to prosecute or defend in such proceeding or to evidence to bidders at any sale pursuant to such judgment the true condition of the title to or value of the Premises or the Property. All expenses of the foregoing nature, and such expenses as may be incurred in the protection of any of the Property and the maintenance of the lien of this SECOND MORTGAGE thereon, including without limitation the fees of any attorney employed by Second Mortgagee in any litigation affecting the Note, this SECOND MORTGAGE, or any of the Property, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding in connection therewith, shall be immediately due and payable by Second Mortgagee.

4.06 Performance by Second Mortgagee. Second Mortgagee may, but need not, make any payment or perform any act herein required of Second Mortgagor in any form and manner deemed expedient by Second Mortgagee, and Second Mortgagee may, but need not, make full or partial payments of principal or interest on encumbrances, if any; purchase, discharge, compromise or settle any tax lien or other prior or Second lien or title or claim thereof; redeem from any tax sale or forfeiture affecting the Property; or contest any tax or assessment thereon. All monies paid for any of the purposes authorized herein and all expenses paid or incurred in connection therewith, including attorney's fees, and any other monies advanced by Second Mortgagee to protect the Property and the lien of this SECOND MORTGAGE, shall be additional indebtedness secured hereby, and shall become immediately due and payable by Second Mortgagor to Second Mortgagee without notice, with interest at the highest rate specified in the Note. Inaction of Second Mortgagee shall never be construed to be a waiver of any right accruing to it by reason of any default by Second Mortgagor. Second Mortgagee in making any payment authorized under this Section relating to taxes or assessments may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien or title or claim thereof. Second Mortgagee, in performing any act hereunder, shall be the sole judge of whether Second Mortgagor is required to perform same under the terms of this Second Mortgage.

4.07 Right of Possession. **Subject only to the First Secured Indebtedness, as aforesaid,** in any case in which, under the provisions of this SECOND MORTGAGE, Second Mortgagee has a right to institute foreclosure proceedings, whether or not the entire principal sum secured hereby becomes immediately due and payable as aforesaid, or whether before or after the institution of proceedings to foreclose the lien hereof or before or after sale thereunder, Second Mortgagor shall, forthwith upon demand of Second Mortgagee, surrender to Second Mortgagee, and Second Mortgagee shall be entitled to take actual possession of, the Property or any part thereof, personally or by its agent or attorneys, and Second Mortgagee, in its discretion, may enter upon and take and maintain possession of all or any part of the Property, together with all documents, books (or copies thereof), records (or copies thereof), papers, and accounts of Second Mortgagor or the then owner of the Property relating thereto, and may exclude Second Mortgagor, such owner, and any agents and servants thereof wholly therefrom and may, as attorney-in-fact or agent of Second Mortgagor or such owner, or in its own name as Second Mortgagee and under the powers herein granted:

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- (a) hold, operate, manage, and control all or any part of the Property and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legal or equitable, as in its sole and arbitrary discretion may be deemed proper or necessary to enforce the payment or security of the rents, issues, deposits, profits, and avails of the Property, including without limitation actions for recovery of rent, actions in forcible detainer, and actions in distress for rent, all without notice to Second Mortgagor;
- (b) cancel or terminate any lease or sublease of all or any part of the Property for any cause or on any ground that would entitle Second Mortgagor to cancel the same;
- (c) elect to disaffirm any lease or sublease of all or any part of the Property made subsequent to this SECOND MORTGAGE or subordinated to the lien hereof;
- (d) extend or modify any then existing leases and make new leases of all or any part of the Property, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity dates of the loans evidenced by the Note and the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Second Mortgagor, all persons whose interests in the Property are subject to the lien hereof, and the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the indebtedness secured hereby, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any such purchaser; and
- (e) make all necessary or proper repairs, decorations, renewals, replacements, alterations, additions, betterments and improvements in connection with the Property as may reasonably necessary, to insure and reinsure the Property and all risks incidental to Second Mortgagee's possession, operation, and management thereof, and to receive all rents, issues, deposits, profits and avails therefrom.

4.08 Priority of Payments. **Intentionally Deleted.**

4.09 Appointment of Receiver. Upon or at any time after the filing of any complaint to foreclose the lien of this SECOND MORTGAGE, the court may, upon application, appoint a receiver of the Property. Such appointment may be made either before or after foreclosure sale, without notice; without regard to the solvency or insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the indebtedness secured hereby; without regard to the value of the Property at such time and whether or not the same is then occupied as a homestead; and without bond being required of the applicant. Such receiver shall have the power to take possession, control and care of the Property and to collect all rents, issues, deposits, profits and avails thereof during the pendency of such foreclosure suit and, in the event of a sale and a deficiency where Second Mortgagor's

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waiver of its statutory rights of redemption is not effective, during the full statutory period of redemption, as well as during any further times when Second Mortgagor or its devisees, legatees, heirs, executors, administrators, legal representatives, successors or assigns, except for the intervention of such receiver, would be entitled to collect such rents, issues, deposits, profits and avails, and shall have all other powers that may be necessary or useful in such cases for the protection, possession, control, management and operation of the Property during the whole of any such period. To the extent permitted by law, such receiver may be authorized by the court to extend or modify any then existing leases and to make new leases of the Property or any part thereof, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the indebtedness secured hereby, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Second Mortgagor and all persons whose interests in the Property are subject to the lien hereof, and upon the purchaser or purchasers at any such foreclosure sale, notwithstanding any redemption from sale, discharge of indebtedness, satisfaction of foreclosure decree, or issuance of certificate of sale or deed to any purchaser.

4.10 Foreclosure Sale. In the event of any foreclosure sale of the Property, the same may be sold in one or more parcels. Second Mortgagee may be the purchaser at any foreclosure sale of the Property or any part thereof.

4.11 Application of Proceeds. **Subject at all times to the First Secured Indebtedness, as aforesaid,** the proceeds of any foreclosure sale of the Property, or any part thereof, or other proceeds received by Second Mortgagee, shall be distributed and applied in the following order of priority: (a) on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in Paragraph 4.05 hereof; (b) all other items that, under the terms of this SECOND MORTGAGE, constitute secured indebtedness additional to that evidenced by the Note; (c) all indebtedness remaining unpaid under the Note; and (d) the balance to Second Mortgagor or its successors or assigns, as their interests and rights may appear.

4.12 Application of Deposits. **Subject only to the First Secured Indebtedness, as aforesaid,** in the event of any Default, Second Mortgagee may, at its option without being required to do so, apply any money or securities that constitute deposits made to or held by Second Mortgagee or any depository pursuant to any of the provisions of this SECOND MORTGAGE toward payment of any of Second Mortgagor's obligations under the Note or this SECOND MORTGAGE in such order and manner as Second Mortgagee may elect. When the indebtedness secured hereby has been fully paid, any remaining deposits shall be paid to Second Mortgagor or to the then owner or owners of the Property. Such deposits are hereby pledged as additional security for the prompt payment of the indebtedness evidenced by the Note and any other indebtedness secured hereby and shall be held to be applied irrevocably by such depository for the purposes for which made hereunder and shall not be subject to the direction or control of Second Mortgagor.

4.13. Remedies Severable and Cumulative. All provisions contained herein pertaining to any remedy of Second Mortgagee shall be and are severable and cumulative, and the holder of the Obligations hereby may recover judgment hereon, issue execution therefor, and resort to every other right or remedy available at law or in equity without first exhausting and without affecting or impairing the security or any right or remedy afforded hereby.

4.14 Rent. During the continuance of any Default and if Second Mortgagee or any judicially appointed representative has a right to exclude Second Mortgagor from all or any part of the Property, Second Mortgagor agrees to pay the fair and reasonable rental value for the use and occupancy of the Property, or any portion thereof which are in its possession and being occupied for such period and, upon default of any such payment, will vacate and surrender possession of the Property to Second Mortgagee or to a receiver, if any, and in default thereof may be evicted by any summary action or proceeding for the recovery or possession of premises for non-payment of rent, however designated.

4.15 Deficiency Decree. If at any foreclosure proceeding the Property shall be sold for a sum less than the total amount of indebtedness for which judgment is therein given, the judgment creditor shall be entitled to the entry of a deficiency decree against Second Mortgagor and against the Property for the amount of such deficiency;

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and Second Mortgagor does hereby irrevocably consent to the appointment of a receiver for the Property and of the rents, issues and profits thereof after such sale and until such deficiency decree is satisfied in full.

V. MISCELLANEOUS

5.01 Notices. Any notice that Second Mortgagee or Second Mortgagor may desire or be required to give to the other shall be in writing, personally delivered, or sent by facsimile machine or sent by overnight courier, to the intended recipient thereof at its address hereinabove set forth or at such other address as such intended recipient may, from time to time, by notice in writing, designate to the sender pursuant hereto. Any such notice shall be deemed to have been delivered 1 business day after being sent by overnight courier or on the day that such writing is delivered in person or sent by facsimile machine to an officer of Second Mortgagee or Second Mortgagor (as the case may be). Except as otherwise specifically required herein, notice of the exercise of any right or option granted to Second Mortgagee by this SECOND MORTGAGE is not required to be given.

5.02 Covenants Run with Land. All of the covenants of this SECOND MORTGAGE shall run with the land constituting the Premises.

5.03 Governing Law. The validity and interpretation of this SECOND MORTGAGE shall be governed and construed in accordance with the laws of the state in which the Property is located. To the extent that this SECOND MORTGAGE may operate as a security agreement under the Uniform Commercial Code, Second Mortgagee shall have all rights and remedies conferred therein for the benefit of a secured party, as such term is defined therein.

5.04 Severability. If any provision of this SECOND MORTGAGE, or any paragraph, sentence, clause, phrase, or word, or the application thereof, in any circumstance, is held invalid, the validity of the remainder of this SECOND MORTGAGE shall be construed as if such invalid part were never included herein.

5.05 Non-Waiver. Unless expressly provided in this SECOND MORTGAGE to the contrary, no consent or waiver, express or implied, by Second Mortgagee to or of any breach or default by Second Mortgagor in the performance by Second Mortgagor of any obligations contained herein shall be deemed a consent to or waiver by Second Mortgagee of such performance in any other instance or any other obligations hereunder.

5.06 Headings. The headings of sections and paragraphs in this SECOND MORTGAGE are for convenience or reference only and shall not be construed in any way to limit or define the content, scope or intent of the provisions hereof.

5.07 Grammar. As used in this SECOND MORTGAGE, the singular shall include the plural, and masculine, feminine and neuter pronouns shall be fully interchangeable, where the context so requires.

5.08 Deed in Trust. If title to the Property or any part thereof is now or hereafter becomes vested in a trustee, any prohibition or restriction contained herein against the creation of any lien on the Property shall be construed as a similar prohibition or restriction against the creation of any lien on or security interest in the beneficial interest or power of direction of such trust.

5.09 Successors and Assigns. This SECOND MORTGAGE and all provisions hereof shall be binding upon Second Mortgagor, and its successors, assigns, legal representatives and all other persons or entities claiming under or through Second Mortgagor and the word "Second Mortgagor," when used herein, shall include all such persons and entities and any others liable for the payment of the indebtedness secured hereby or any part thereof, whether or not they have executed the Note or this SECOND MORTGAGE. The word "Second Mortgagee," when used herein, shall include Second Mortgagee's successors, assigns, and legal representatives, including all other holders, from time to time, of the Note.

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5.10 Release. Second Mortgagee shall release this SECOND MORTGAGE and the lien thereof by proper instrument upon payment of all indebtedness secured by this SECOND MORTGAGE.

5.11 Fees and Expenses. Second Mortgagor shall pay all of the reasonable and necessary fees and expenses of Second Mortgagee with respect to the preparation of this SECOND MORTGAGE, the Note and any other documents, instruments or agreements deemed necessary by Second Mortgagee in connection with this transaction, including, without limitation, reasonable attorneys' fees.

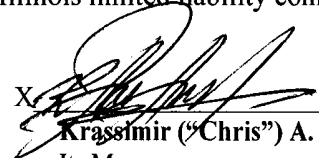
5.12 Second Mortgagee Party to Suits. If Second Mortgagee shall be made a party to or shall intervene in any action or proceeding affecting the Property of the title thereto or the interest of Second Mortgagee under this Second Mortgage (including probate and bankruptcy proceedings) or if Second Mortgagee employs an attorney to collect any or all of the indebtedness hereby secured or to enforce any of the terms hereof or realize hereupon or to protect the lien hereof, or if Second Mortgagee shall incur any costs of expenses in preparation for the commencement of any foreclosure proceedings or for the defense of any threatened suit or proceeding which might affect the Property or the security hereof, whether or not any such foreclosure or other suit or proceeding shall be actually commenced, then in any such case, Second Mortgagor agrees to pay to Second Mortgagee, immediately and without demand, all reasonable costs, charges, expenses and attorney's fees incurred by Second Mortgagee in any such case, and the same shall constitute so much additional indebtedness hereby secured payable upon demand with interest at the Default Rate.

5.13 Modifications Not to Affect Lien. Second Mortgagee, without notice to anyone, and without regard to the consideration, if any, paid therefor, or the presence of other liens on the Property, may in its discretion release any part of the Property or any person liable for any of the indebtedness hereby secured and may grant waivers or other indulgences with respect hereto and thereto, and may agree with Second Mortgagor to modifications to the terms and conditions contained herein or otherwise applicable to any of the indebtedness hereby secured (including modifications in the rates of interest applicable thereto), without in any way affecting or impairing the liability of any party liable upon any of the indebtedness hereby secured or the priority of the lien of this Second Mortgage upon all of the Property not expressly released, and any party acquiring any direct or indirect interest in the Property shall take same subject to all of the provisions hereof.

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IN WITNESS WHEREOF, Second Mortgagor has caused this SECOND MORTGAGE to be executed as of the date hereinabove first written.

1809 N. Hoyne LLC,
an Illinois limited liability company

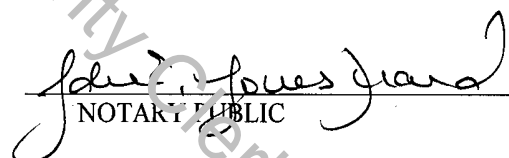
By: X 

Krassimir ("Chris") A. Angelov
Its Manager

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

The undersigned, a Notary Public in and for said County, in the State aforesaid, DOES HEREBY CERTIFY THAT **Krassimir ("Chris") A. Angelov**, personally known to me to be the Manager of **1809 N. Hoyne LLC**, and personally known to me to be the same person whose name is subscribed to the foregoing instrument as such, appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free and voluntary act, and as the free and voluntary act of said Company, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this **September 27, 2007**.



NOTARY PUBLIC

My Commission Expires: **9-4-2010**



[SEAL]

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EXHIBIT A

LEGAL DESCRIPTION

Lot 1 in Block 19 in Pierce's Addition to Holstein in the Southwest $\frac{1}{4}$ of Section 31, Township 40 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Permanent Index Number: **14-31-323-001-0000**

Common Address: **1809 North Hoyne, Chicago, Illinois 60647**

Property of Cook County Clerk's Office