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Doc#: 0736209184 Fee: \$36.00
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Cook County Recorder of Deeds
Date: 12/28/2007 02:41 PM Pg: 1 of 7

This Instrument was prepared by *MAIL*
Benjamin J. Randall *To:*
Randall and Kenig LLP
455 North Cityfront Plaza Drive
Suite 2510
Chicago, Illinois 60611

406

Property

The above space for Recorder's use only

COLLATERAL ASSIGNMENT OF NOTE, MORTGAGE, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FINANCING STATEMENT

THIS Collateral Assignment Of Note, Mortgage, Assignment Of Rents, Security Agreement And Financing Statement (hereinafter referred to as this "Agreement") is dated as of December 21, 2007 (hereinafter referred to as the "Agreement Date") and is made by and between Richard Ferro and Thomas DiPiazza (hereinafter referred to as the "Assignor") to and for the benefit of Erie Canal LLC, an Illinois limited liability company (hereinafter referred to as the "Assignee")

WITNESSETH:

WHEREAS, Assignee and 9 West Erie, LLC, an Illinois limited liability company (hereinafter referred to as "Purchaser") entered into that certain Real Estate Purchase And Sale Agreement (the "Contract") dated as of the 6th day of December, 2007 pursuant to which Purchaser has purchased certain property as therein described from Seller (hereinafter referred to as the "Property"), the Agreement is hereby incorporated herein by said reference.

WHEREAS, pursuant to the Contract Purchaser is obligated to construct certain improvements to the Property and to convey portions thereof to Assignee or pay certain sums to Assignee as described in the Contract and defined therein and to perform certain obligations as defined as the Secured Obligations and the Payment Obligations in the Contract (hereinafter collectively referred to as the "Obligations"); and

WHEREAS, as a material inducement to Assignee to enter into the Contract, Assignor has agreed to enter into this Agreement.

NOW, THEREFORE, for the purpose of securing the Obligations (hereinafter defined) and the performance and discharge of each and every obligation covenant and agreement of Assignor herein and also in consideration of TEN AND NO/100 (\$10.00) DOLLARS, the receipt whereof is hereby acknowledged, Assignor hereby agrees as follows:

Article 1 Grant of Security Interest.

1.1. Terms Defined In Illinois Uniform Commercial Code. Terms defined in the Illinois UCC which are not otherwise defined in this Security Agreement are used herein as defined in the Illinois UCC.

543050

STEWART TITLE OF ILLINOIS
Commercial Division
2 N. LaSalle St., Suite 1400
Chicago, IL 60602
312-849-4400



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1.2. Definitions of Certain Terms Used Herein. As used in this Security Agreement, the following terms shall have the following meanings:

"Article" means a numbered article of this Security Agreement, unless another document is specifically referenced.

"Collateral" means: (1) that certain Note ("Note") in the original principal amount of Two Million Five Hundred Thousand Dollars and No Cents (\$2,500,000.00) dated June 29, 2006 made by Chess Lofts LLC, an Illinois limited liability company ("Chess") to Richard Ferro and Thomas DiPazza; and (2) That certain Subordinated Mortgage, Assignment of Rents, Security Agreement and Financing Statement made by Chess to Holder recorded on June 30, 2006 with the Recorder of Cook County, Illinois as Document Number 0618134109 and all documents evidencing and securing the Note.

"Control" shall have the meaning set forth in Article 8 or, if applicable, in Section 9-104, 9-105, 9-106 or 9-107 of Article 9 of the Illinois UCC.

"Deposit Accounts" shall have the meaning set forth in Article 9 of the Illinois UCC and shall include, but is not limited to, a demand, time, savings, passbook, nonnegotiable certificates of deposit, uncertificated certificates of deposit, nontransferable certificates of deposit, or similar account maintained with the Assignee.

"Documents" shall have the meaning set forth in Article 9 of the Illinois UCC.

"General Intangibles" shall have the meaning set forth in Article 9 of the Illinois UCC and shall include, but is not limited to, any personal property, including things in action, payment intangibles and software.

"Illinois UCC" means the Illinois Uniform Commercial Code as in effect from time to time.

"Instruments" shall have the meaning set forth in Article 9 of the Illinois UCC and shall include, but is not limited to, a negotiable instrument or any other writing that evidences a right to the payment of a monetary obligation and is of a type that in the ordinary course of business is transferred by delivery with any necessary indorsement or assignment.

"Investment Property" shall have the meaning set forth in Article 9 of the Illinois UCC and shall include, but is not limited to, a security, whether certificated or uncertificated, security entitlement, securities account, commodity contract or commodity account.

"Lien" means any lien (statutory or other), security interest, mortgage pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, capitalized lease or other title retention agreement).

"Security" has the meaning set forth in Article 8 of the Illinois UCC.

The foregoing definitions shall be equally applicable to both the singular and plural form so the defined terms.

1.4. Grant of Security Interest. To secure the payment of the Obligations and to secure the performance of each and every other covenant and agreement contained in the Obligations, Assignor does hereby grant a continuing security interest unto the Assignee and its successors and assigns, in and to all of the right, title and interest of the Assignor, whether now or hereafter owned or acquired, in and to the Collateral.

The security interests hereby granted to Assignee and its successors and assigns in and to the Collateral shall be effective so long as any of the Obligations remain unpaid or unperformed. To the extent that Assignor receives payment of the Obligations, or any proceeds of the Collateral are applied

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on account to the Obligations and any such payment(s) and/or proceed(s) or any part thereof are, subsequently invalidated, declared to be preferential and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy act, state or federal law, common law or equitable cause, then, to the extent of such payment(s) or proceed(s) required to be repaid, the Obligations or part thereof intended to be satisfied shall be revised and continue in full force and effect, as if such payment and/or proceeds had not been received by Assignee and applied on account of the Obligations and the Security Interest granted to Assignee hereunder shall continue to remain effective and in full force and effect as though such payment(s) or proceed(s) were not received.

Article 2 Restrictions and Assignor's Warranties. Assignor warrants and represents to Assignee that: (a) Assignor has title to the Collateral free and clear of all liens, security interests, taxes, charges, restrictions, setoffs, adverse claims, assessments, defaults, prepayments, defenses and conditions precedent; (b) to the best of Assignor's knowledge, the financing statements executed and delivered to Assignee in connection with this Agreement comply with applicable laws concerning form, content and manner of preparation and execution; (c) no financing statement covering any of the Collateral is on file in any public office other than that which reflects the security interest created by this Agreement and to which Assignee has not consented; (d) the execution and delivery of this Agreement will not violate any law or agreement governing Assignor or to which Assignor is a party; (e) Assignor will promptly pay when due, all taxes and assessments upon the Collateral, including, but not limited to, any sales and/or use tax imposed upon the Collateral; (f) Assignor will not make, suffer or permit, voluntarily or involuntarily, any sale, assignment, transfer or disposition of all or any part of the Collateral or any interest therein except for replacement thereof; (g) Assignor will not suffer or permit, voluntarily or involuntarily, all or any part of the Collateral or any interest therein to be subjected to any unpaid charges, including but not limited to, taxes, or to any subsequent interest of a person other than Assignee; (h) the Collateral will not be removed from its present location without the prior written consent of Assignee except for replacement thereof or in the ordinary course of business; and (i) all information and statements contained in this Agreement are true and correct..

Article 3 Financing Statement. Assignor hereby irrevocably authorizes Assignee at any time and from time to time to file in any jurisdiction any initial financing statements, and any amendments thereto that (a) indicate the Collateral (i) as all assets of the Assignor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code of the jurisdiction wherein such financing statement or amendment is filed, or (ii) as being of an equal or lesser scope or within greater detail, and (b) contain any other information required by Section 5 of Article 9 of the Uniform Commercial Code of the jurisdiction wherein such financing statement or amendment is filed regarding the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Assignor is an organization, the type of organization and any organization identification number issued to the Assignor, and (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. The Assignor agrees to furnish any such information to Assignee promptly upon request. The Assignor further ratifies and affirms its authorization for any financing statements and/or amendments thereto, executed and filed by Assignee in any jurisdiction prior to the date of this Agreement.

Article 4 Default. Each of the following shall be a "Default" hereunder: (a) if the Seller fails to perform or pay any Obligations; or (b) default by Assignor in the performance of any of the covenants and conditions herein contained. Upon, or at any time after, the occurrence of a Default hereunder, in addition to all rights and remedies of Assignee under the Contract, Assignee shall have all of the remedies of a secured party under the Uniform Commercial Code as then in effect in the State wherein the Property is located, including, without limitation, the right, (i) to take possession of any of the Collateral not then in its possession, and (ii) to have Assignor assemble such Collateral and

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make it available to Assignee at a place to be designated by Assignee which is reasonably convenient to both parties. To take possession after a Default, Assignee may enter upon any premises and remove the Collateral therefrom. Any requirement of said Code for reasonable notice shall be met if such notice is given in the manner hereinafter prescribed. Proceeds of any sale or disposition of the Collateral shall be applied to the obligation created under the Loan Agreement, including all interest thereon, and to the reasonable legal, administrative, and other costs and expenses of Assignee, including reasonable attorney's fees, and the remainder after such payments have been made shall be paid to Assignor. Assignee may sell the Collateral privately or in any other manner deemed advisable by Assignee at such price or prices as Assignee determines in its reasonable discretion. Assignor recognizes that such manner of sale may cause the Collateral to have less value than it otherwise would have and that, consequently, such manner of sale by Assignee may result in a lower sales price than if the sale were otherwise held. Assignor shall pay to Assignee all reasonable legal, administrative and other costs and expenses, including reasonable attorney's fees, of or incidental to retaking, holding, preparing for sale, selling and the like, and in enforcing any provision of this Agreement. All such expenses shall be a fixed indebtedness of Assignor to Assignee, secured by the Collateral.

Article 5 Risk of Loss. Assignor hereby assumes all risk of loss, destruction of or damage to all or any part of the Collateral by reason of any casualty or cause whatsoever except as caused by the intentional or negligent act of Assignee, and the loss, destruction of or damage to all or any part of the Collateral shall not relieve Assignor from paying in full all sums of principal and of interest due Assignee or from performing and observing any of the other obligations and conditions to be performed and observed by Assignor hereunder.

Article 8 Notices. 19. Notice. Any notice pursuant to this Agreement shall be given in writing by (a) personal delivery, or (b) reputable overnight delivery service with proof of delivery, or (c) United States Mail, postage prepaid by, registered or certified mail, return receipt requested, or (d) facsimile transmission sent to the intended addressee at the address set forth below, or to such other address as a party may designate in writing. Notice shall be deemed to have been given either at the time of personal delivery, or in the case of expedited delivery service or mail, as of the date of first attempted delivery at the address and in the manner provided herein, or in the case of facsimile transmission, as of the date of the facsimile transmission provided that an original of such facsimile is also sent to the intended addressee by means described in subparagraphs (a), (b) or (c) above and delivered thereto on the next business day. Unless changed, the addresses for notices shall be as follows: 3611 South Normal Street, 60609 If intended for Assignor
 _____ If intended for Assignee:
 Erie Canal, LLC, 676 N. Orleans Street, Chicago, Illinois 60610, Attention: Joseph S. Beale, Fax:312-654-0390, with a copy to: Randall & Kenig LLP, 455 N. Citifront Plaza Drive, Suite 2510, Chicago, Illinois 60611, Attention: Benjamin J. Randall, 312-822-0215

Article 9 Waiver. No forbearance on the part of Assignee in enforcing its rights under this Agreement, no extension by Assignee of the time for any payment due Assignee or for the performance of any obligation to be performed by Assignor hereunder, and no acceptance by Assignee of a partial payment due hereunder or of partial performance of an obligation of Assignor hereunder shall constitute a waiver or a forfeiture of any rights or remedies of Assignee under this Agreement.

Article 10 Custom and Usage. It is understood and agreed, any law, custom or usage to the contrary notwithstanding, that Assignee shall have the right at all times to enforce the covenants and provisions of this Agreement in strict accordance with the terms hereof, notwithstanding any conduct or custom on the part of Assignee in refraining from so doing at any time or times; and further, that the failure of Assignee at any time or times to enforce its rights under said covenants and provisions strictly in accordance with the same shall not be construed as having created a custom in any way or manner contrary to the specific terms and provisions of this Agreement or as having in any

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way or manner modified, altered or waived the same.

Article 11 Assignment. This Agreement may be assigned by Assignee, but Assignor may not assign this Agreement. Assignee shall attempt to apprise Assignor of any such assignment, but failure to give such notice shall not affect any of Assignor's obligations hereunder or under any other Loan Document.

Article 12 Cumulative Rights and Remedies. Each right and remedy of Assignee hereunder shall be cumulative and not exclusive and shall be in addition to every other right and remedy of Assignee under this Agreement and at law and in equity. All such rights and remedies of Assignee shall inure to the benefit of Assignee and its successors and assigns.

Article 13 Modifications. This Agreement may be modified, changed or amended only in a writing subscribed by Assignee and Assignor.

Article 14 Headings. The headings for the various Sections herein are for reference only and are not part of this Agreement.

Article 15 Separability of Provisions. If any term or provision of this Agreement or any application thereof shall be invalid or unenforceable, the remainder of this Agreement and any other application of such term or provision shall not be affected thereby. All words used shall be understood and construed of such gender or number as circumstances may require.

Article 16 Governing Law. This Agreement shall be construed and governed by the laws of the State of Illinois. Unless the context otherwise requires, all terms used herein, which are defined in the Uniform Commercial Code as in effect in the State of Illinois, shall have the meanings therein stated.

Article 17 Binding Effect. This Agreement shall be binding upon Assignee and Assignor and their respective heirs, administrators, executors, successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement this 21st day of December, 2007.

Assignor:

Richard Ferro

Thomas DiPiazza

Assignee:

Erie Canal LLC, an Illinois limited liability company

By:

Its:

Name:

[Handwritten Signature]
[Handwritten Signature]
[Handwritten Signature]

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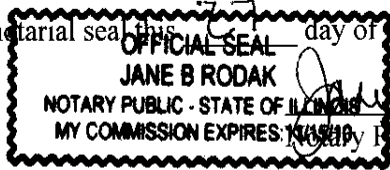
ACKNOWLEDGMENTS

STATE OF ILLINOIS)

COUNTY OF COOK)

I, Jane B Rodak, a Notary Public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Benjamin Cardel, as Managing Member of **Erie Canal LLC** who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Managing Member, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their 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 21st day of December, 2007.

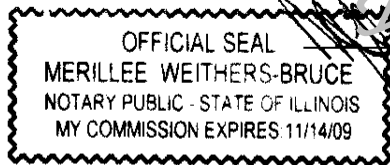


STATE OF ILLINOIS)

COUNTY OF COOK)

I, Merrilee Weithers-Bruce, a Notary Public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Richard Ferro who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their 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 official seal this 21st day of December, 2007.



STATE OF ILLINOIS)

COUNTY OF COOK)

I, Merrilee Weithers-Bruce, a Notary Public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Thomas DiPiazza who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their 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 official seal this 21st day of December, 2007.



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EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL 1: A PART OF LOTS 1 AND 2 OF ASSESSORS DIVISION OF LOT 16 IN BLOCK 24 IN WOLCOTT'S ADDITION TO CHICAGO AND THE NORTH 1/2 OF BLOCK 37 IN KINZIE'S ADDITION TO CHICAGO DESCRIBED AS FOLLOWS: COMMENCING AT A POINT ON THE NORTH LINE OF SAID LOT 1, 20 FEET 2 INCHES WEST OF THE NORTH EAST CORNER OF SAID LOT 1; RUNNING THENCE SOUTH ON A LINE PARALLEL WITH THE EAST LINE OF SAID LOTS 1 AND 2, 51 FEET TO THE SOUTH LINE OF SAID LOT 2; THENCE WEST ON THE SOUTH LINE OF SAID LOT 2, 19 FEET AND 4 INCHES; THENCE NORTH ON LINE PARALLEL WITH THE EAST LINE OF SAID LOTS 1 AND 2, 51 FEET TO THE NORTH LINE OF SAID LOT 1; THENCE EAST 19 FEET 4 INCHES TO THE PLACE OF BEGINNING IN SECTION 9, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2: A TRACT OF LAND DESCRIBED AS FOLLOWS: COMMENCING AT A POINT ON THE NORTH LINE OF LOT 1 OF ASSESSORS DIVISION OF LOT 16 IN BLOCK 24 OF WOLCOTT'S ADDITION TO CHICAGO AND THE NORTH 1/2 OF BLOCK 37 OF KINZIE'S ADDITION TO CHICAGO, 39 FEET 6 INCHES WEST OF THE NORTH EAST CORNER OF SAID LOT 1; THENCE RUNNING SOUTH ON A LINE PARALLEL WITH THE EAST LINE OF SAID LOT 1 AND LOT 2 IN SAID ASSESSOR'S DIVISION, 51 FEET TO THE SOUTH LINE OF THE SAID LOT 2; THENCE WEST ALONG THE SOUTH LINE OF SAID LOT 2, 19 FEET 4 INCHES; THENCE NORTH ON A LINE PARALLEL WITH THE EAST LINE OF SAID LOTS 1 AND 2, 51 FEET TO THE NORTH LINE OF SAID LOT 1; THENCE EAST 19 FEET 4 INCHES TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

PARCEL 3: THE WEST 20.66 FEET OF LOTS 1 AND 2 IN ASSESSOR'S DIVISION OF LOT 16 IN BLOCK 24 IN WOLCOTT'S ADDITION TO CHICAGO WITH THE NORTH 1/2 OF BLOCK 37 IN KINZIE'S ADDITION TO CHICAGO, IN SECTION 9, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 4: LOT 14 IN BLOCK 24 IN WOLCOTT'S ADDITION TO CHICAGO IN THE EAST 1/2 OF THE NORTH EAST 1/4 OF SECTION 9, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 5: LOT 15 IN BLOCK 24 IN WOLCOTT'S ADDITION TO CHICAGO IN THE EAST 1/2 OF THE NORTH EAST 1/4 OF SECTION 9, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMONLY KNOWN AS: 5-9 West Erie Street, Chicago, Illinois 60610

PINs:	17-09-227-007-0000	17-09-227-018-0000
	17-09-227-008-0000	17-09-227-019-0000
	17-09-227-017-0000	