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SHEET  
FILE NO.

4402007 '1  
(Accommodation)  
Cook COUNTY



Doc#: 1034347013 Fee: \$68.00  
Eugene "Gene" Moore RHSP Fee: \$10.00  
Cook County Recorder of Deeds  
Date: 12/09/2010 09:09 AM Pg: 1 of 17

TYPE OF DOCUMENT:

Collateral Assignment  
and Security Agreement

Greater Illinois Title  
300 E. Roosevelt Road  
Wheaton, IL 60187

Property of Cook County Clerk's Office

Not Insured By Title Insurance  
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Only. It Has Not Been Examined As To Its  
Effectiveness Or As To Its Effect Upon Title.

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## COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT

**THIS COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT** (“Agreement”), dated as of April 1, 2010, is executed by **LBD RE LLC**, a Florida limited liability company (the “Company”), in favor of **Scott Schiller** (the “Holder”).

### RECITALS:

A. The Holder has made a revolving line of credit loan to the Company in the amount of \$150,000.00 (“Line of Credit”) pursuant to that certain revolving line of credit agreement dated as of April 1, 2010 (the “Loan Agreement”).

B. The Company has executed a certain revolving line of credit promissory note dated as of April 1, 2010 (the “Promissory Note”) in the original principal amount of \$150,000.00 in favor of Holder.

C. The Company has requested an Advance under the Line of Credit to purchase a certain piece of real property, the legal description of which is set forth on Exhibit A attached hereto and made a part hereof (the “Real Property”).

D. It is a condition to the obligation of the Holder to make the Line of Credit loan to the Company under the Loan Agreement, and for the Company to be able to request Advances thereunder, that the Company agrees to grant a security interest in the Proceeds (as defined below) received by the Company upon the sale of the Real Property pursuant to and in accordance with the terms and conditions of this Agreement.

**NOW, THEREFORE**, in consideration of the premises and to induce the Holder to issue the Line of Credit to the Company, the Company hereby agrees with the Holder as follows:

1. **Defined Terms.**

(a) **Definitions.**

(i) Unless otherwise defined herein, capitalized terms used herein shall have the meanings given to them in the Loan Agreement.

(ii) The following terms shall have the following meanings:

“Agreement” has the meaning set forth in the preamble.

“Certificated Security” shall have the meaning ascribed to it in the Code.

“Chattel Paper” shall have the meaning ascribed to it in the Code.

Prepared By + Mailed to -  
 Tony Byers  
 Blue Ocean  
 2042 W. Belmont Ave.  
 Chicago, IL 60618

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“Code” means the Uniform Commercial Code as from time to time in effect in the State of Florida.

“Company” has the meaning set forth in the preamble.

“Collateral” has the meaning set forth in Section 2 hereof.

“Instruments” shall have the meaning ascribed to it in the Code.

“Line of Credit” has the meaning set forth in Recital A hereof.

“Loan Agreement” has the meaning set forth in Recital A hereof.

“Obligations” mean the collective reference to (i) the unpaid principal of and accrued, but unpaid, interest on the Advance(s) under the Promissory Note received and used by the Company to the purchase of the Real Property, (ii) the Profit Participation Fee, and (iii) all other obligations and liabilities of the Company to the Holder, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the Advance(s) received by the Company or this Agreement.

“Profit Participation Fee” has the meaning ascribed to it in the Loan Agreement.

“Proceeds” shall have the meaning ascribed to it in the Code.

“Promissory Note” has the meaning set forth in Recital B hereof.

“Real Property” has the meaning set forth in Recital C hereof.

“Related Proceeding” has the meaning set forth in Section 14 hereof.

(b) Other Definitional Provisions.

(i) The words “hereof,” “herein,” “hereto” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section and subsection references are to this Agreement unless otherwise specified.

(ii) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

2. Grant of Security Interest. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or

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otherwise) of the Obligations, the Company hereby grants to the Holder a security interest in the Proceeds received by the Company upon the sale of the Real Property (the "Collateral"). Notwithstanding anything to the contrary above or contained herein, (i) the amount of the Proceeds which Holder is entitled to under this Agreement is limited to the amount of the Obligations, and (ii) this Agreement shall not constitute an assignment or pledge of, or grant of security interest in or lien on, any Collateral to the extent that such assignment, pledge or grant of security interest or lien with respect to such Collateral is prohibited by, constitutes a breach of, or results in the termination of the terms of any contract, agreement, instrument or indenture relating to such Collateral; provided, that the foregoing limitation shall not affect, limit, restrict or impair the grant by the Company of a security interest pursuant to this Agreement in any money or other amounts due or to become due or other right of payment under any such contract, agreement, instrument or indenture.

3. **Representations and Warranties.** The Company hereby represents and warrants that:

(a) **Title; No Other Liens.** Except for the security interest granted to the Holder pursuant to this Agreement, the Company owns the Collateral free and clear of any and all liens or claims of others, other than liens expressly permitted by the Promissory Note. No financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as have been filed in favor of the Holder pursuant to this Agreement.

(b) **Perfected First Priority Lien** The security interest granted pursuant to this Agreement upon completion of the filing of a Form UCC-1 with the Florida Secured Transaction Registry will constitute a perfected security interest in the Collateral in favor of the Holder, as collateral security for the Obligations and are prior to all other liens on the Collateral in existence on the date hereof, if any.

(c) **Jurisdiction of Organization; Chief Executive Office.** The Company's jurisdiction of organization is Florida and its chief executive office or sole place of business is presently located at 1120 East Hallandale Beach Boulevard, Hallandale, Florida 33009.

4. **Covenants.** The Company covenants and agrees with the Holder that, from and after the date of this Agreement until the Obligations shall have been paid in full:

(a) **Delivery of Instruments, Certificated Securities and Chattel Paper.** If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument, Certificated Security or Chattel Paper, such Instrument, Certificated Security or Chattel Paper shall be immediately delivered to the Holder, duly indorsed in a manner satisfactory to the Holder, to be held as Collateral pursuant to this Agreement.

(b) **Maintenance of Perfected Security Interest; Further Documentation.**

(i) The Company shall maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in Section

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3(b) and shall defend such security interest against the claims and demands of all persons whomsoever.

(ii) At any time and from time to time, upon the written request of the Holder, and at the sole expense of the Company, the Company will promptly and duly execute and deliver such further instruments and documents and take such further actions as the Holder may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Code with respect to the security interest created hereby.

(c) **Notices.** The Company will advise the Holder promptly, in reasonable detail, of (i) any lien (other than security interest created hereby) on the Collateral which would adversely affect the ability of the Holder to exercise any of its remedies hereunder; and (ii) the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the security interest created hereby.

5. **Remedies.** If an Event of Default shall occur and be continuing, the Holder may exercise, in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Code.

6. **Severability.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

7. **Amendments in Writing.** None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Company and the Holder.

8. **No Waiver by Course of Conduct; Cumulative Remedies.** The Holder shall not by any act (except by a written instrument pursuant to Section 7), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default. No failure to exercise, nor any delay in exercising, on the part of the Holder, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Holder of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Holder would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

9. **Enforcement Expenses; Indemnification.**

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(a) The Company agrees to pay, and to save the Holder harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(b) The Company agrees to pay, and to save the Holder harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the gross negligence or willful misconduct of the Holder) with respect to the execution, delivery, enforcement, performance and administration of this Agreement.

(c) The agreements in this Section 9 shall survive repayment of the Obligations and all other amounts payable under the Promissory Note.

## 10. Releases.

(a) At such time as the Obligations shall have been paid in full, the Collateral shall be released from the lien created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Holder and the Company hereunder shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Company. At the request and sole expense of the Company following any such termination, the Holder shall deliver to the Company any Collateral held by the Holder hereunder, and execute and deliver to the Company such documents as the Company shall reasonably request to evidence such termination.

(b) If any of the Collateral shall be sold, transferred or otherwise disposed of by the Company in a transaction permitted by the Promissory Note, then the Holder, at the request and sole expense of the Company, shall execute and deliver to the Company all releases or other documents reasonably necessary or desirable for the release of the liens created hereby on such Collateral.

11. Notices. All notices, requests and demands to or upon the Holder hereunder shall be delivered by hand or by certified mail, return receipt requested, to the address set forth in the signature block below, or such other address as the Holder shall specify by written notice to the Company.

12. Section Headings. The Section and subsection headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

13. Successors and Assigns. This Agreement shall be binding upon the successors and assigns of the Company and shall inure to the benefit of the Holder and its successors and assigns.

14. Governing Law; Jurisdiction. This Agreement shall be governed by, and construed and interpreted in accordance with, the law of the State of Florida, without giving

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effect to the conflict of laws provisions thereof. Each of the parties irrevocably consents to the non-exclusive jurisdiction of the courts of the State of Florida located in the County of Broward, and of the United States District Courts for the Southern District of Florida for the purposes of any suit, action, or proceeding relating to or arising out of this Agreement (a "Related Proceeding") and irrevocably waives, to the fullest extent it may effectively do so, (i) any objection it may have to the laying of venue of any Related Proceeding in any such court, and (ii) the defense of any inconvenient forum to the maintenance of any Related Proceeding in any such court.

15 **WAIVER OF JURY TRIAL.** EACH OF THE COMPANY AND THE HOLDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

[Signature Page Follows]

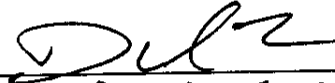
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The parties hereby execute this Agreement as of the day and year first written above.

**BORROWER:**

**LBD RE LLC**, a Florida limited liability company

By:   
Name: DAVID LEWIS  
Title: MANAGER

Address: 1120 E. HALLANDALE BEACH BLVD  
HALLANDALE BEACH FL 33009

**LENDER:**

**Scott Schiller**

By:   
Name: Scott Schiller  
Title: \_\_\_\_\_

Address: 131 South Deer Park  
Hollywood Park, FL 33035

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**UNOFFICIAL COPY****EXHIBIT A****LEGAL DESCRIPTION OF THE REAL PROPERTY**

**PARCEL 1: UNIT 2404 IN 525 HAWTHORNE PLACE CONDOMINIUM, AS DELINEATED ON A SURVEY OF THE FOLLOWING DESCRIBED PARCEL OF REAL ESTATE:**

THE NORTHERLY 107.60 FEET OF THE EASTERLY 160 FEET OF THE WESTERLY 200 FEET OF LOT 26 IN MCCONNELL'S SUBDIVISION OF BLOCK 16 IN HUNDLEY'S SUBDIVISION OF LOTS 3 TO 21 INCLUSIVE AND 33 TO 37 INCLUSIVE IN PINE GROVE IN SECTION 21, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

WHICH SURVEY IS ATTACHED AS EXHIBIT TO THE DECLARATION OF CONDOMINIUM RECORDED NOVEMBER 7, 2002 AS DOCUMENT NUMBER 002123146, TOGETHER WITH ITS UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS.

**PARCEL 2: UNIT NUMBER P-58 IN HAWTHORNE PLACE GARAGE CONDOMINIUM, AS DELINEATED ON A SURVEY OF PART OF PARTS OF THE FOLLOWING DESCRIBED PARCEL OF REAL ESTATE:**

THE PORTION OF THE FOLLOWING DESCRIBED PROPERTY WHICH LIES BELOW A HORIZONTAL PLANE HAVING AN ELEVATION OF +30.58 FEET CHICAGO CITY DATUM:

THE EASTERLY 160 FEET OF THE WEST 200 FEET OF LOT 26 (EXCEPT THE NORTHERLY 107.60 FEET THEREOF) IN MCCONNELL'S SUBDIVISION OF BLOCK 16 IN HUNDLEY'S SUBDIVISION OF LOTS 3 TO 21 INCLUSIVE AND LOTS 33 TO 37 INCLUSIVE IN PINE GROVE IN SECTION 21, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS;

WHICH SURVEY IS ATTACHED AS AN EXHIBIT TO THE DECLARATION OF CONDOMINIUM RECORDED JUNE 25, 2004 AS DOCUMENT NUMBER 0417727057, TOGETHER WITH SAID UNIT'S UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS.

**PARCEL 3: EASEMENT FOR INGRESS AND EGRESS AS SET FORTH IN EASEMENT AGREEMENT BETWEEN HAWTHORNE PLACE, LLC AND HAWTHORNE PARKING, LLC DATED SEPTEMBER 13, 2002 AND RECORDED SEPTEMBER 17, 2002 AS DOCUMENT NUMBER 21017513 OVER THE EASTERLY 25 FEET OF THE NORTHERLY 107.60 FEET OF THE EASTERLY 160 FEET OF THE WESTERLY 200 FEET OF LOT 26 IN MCCONNELL'S SUBDIVISION OF BLOCK 16 IN HUNDLEY'S SUBDIVISION OF LOTS 3 TO 12 INCLUSIVE AND LOTS 33 TO 37 INCLUSIVE IN PINE GROVE IN SECTION 21, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.**

PIN: 14-21-307-057-1172

PIN: 14-21-307-060-1058

oikla

525 W. Hawthorne, Chicago, IL  
unit 2404

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## REVOLVING LINE OF CREDIT PROMISSORY NOTE

\$150,000.00

Hallandale, Florida  
April 1, 2010

FOR VALUE RECEIVED, LBD RE LLC, a Florida limited liability company, with a mailing address at 1120 E. Hallandale Beach Blvd., Hallandale, Florida 33009 (hereinafter referred to as "Borrower"), promises to pay to the order of Scott Schiller, residing at 131 South Deere Park Drive, Highland Park, Illinois 60035 (hereinafter referred to as "Lender"), at such office, or at such other place as may be designated, from time to time, in writing by Payee, the principal sum of One Hundred Fifty Thousand and 00/100 Dollars (US \$150,000.00) (the "Maximum Amount"), or the aggregate unpaid principal amount of all Advances made by Lender to Borrower pursuant to the terms of a Revolving Line of Credit Agreement of even date herewith by and between Borrower and Lender, as the same may be amended, supplemented or otherwise modified from time to time (the "Loan Agreement"), whichever is less, together with interest thereon from the date each Advance is made until such date as set forth in the Loan Agreement, at the rate of 10 percent (10%) per annum, simple interest.

This Revolving Line of Credit Promissory Note ("Promissory Note") is made pursuant to the Loan Agreement and is subject to the terms and conditions thereof. Reference is made to the Loan Agreement for provisions for the disbursement of funds hereunder and for a further statement of the rights, remedies, powers, privileges, benefits, duties and obligations of Borrower and Lender under the Loan Agreement and this Promissory Note. The holder of this Promissory Note shall be entitled to the benefits of the Loan Agreement. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement.

Advances under this Promissory Note shall be made in accordance with the provisions of the Loan Agreement. Subject to the terms hereof and of the Loan Agreement, Borrower may borrow, repay and re-borrow at any time and from time to time under this Promissory Note; *provided, however*, that the principal sum outstanding hereunder at any one time shall never exceed the Maximum Amount.

Borrower shall pay accrued interest on the outstanding principal balance of each Advance under this Promissory Note in accordance with Sections 3 and 4 of the Loan Agreement. The entire unpaid principal balance of all Advances, together with any accrued interest and other unpaid charges or fees hereunder, shall be due and payable on the Maturity Date.

Payments of each Advance under this Promissory Note will be secured by a collateral assignment and security agreement to be executed by the Borrower in favor of Lender ("Security Agreement") granting a security interest in the Proceeds (as defined in the Security Agreement) received by the Borrower upon the sale of real property.

Prepayment in whole or part may occur at any time hereunder without penalty; provided, that any such partial prepayment shall not operate to postpone or suspend the obligation to make, and shall not have the effect of altering the time for payment of the remaining balance of the Advances under this Promissory Note as provided for above, unless and until the entire

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obligation is paid in full. All payments received hereunder shall be applied, first, to any costs or expenses incurred by Lender in collecting such payment or to any other unpaid charges or expenses due hereunder; second, to accrued interest; and third, to principal.

An event of default will occur hereunder upon the occurrence of an Event of Default under the Loan Agreement. If any sum payable under this Promissory Note is not paid within ten (10) days after the date on which it is due, Borrower shall pay upon demand an amount equal to two percent (2%) of such unpaid sum as a late payment charge. In addition to any late payment charge which may be due under this Promissory Note, and at Lender's sole option, the entire unpaid principal balance of such Advance shall bear interest until paid at fifteen (15%) per annum (the "Default Rate") after the occurrence and during the continuation of any Event of Default (regardless of whether Lender has demanded payment of this Promissory Note); *provided, however*, that after judgment such sums shall bear interest at the greater of the Default Rate or the rate prescribed by applicable law for judgments.

Any notice or demand to be given to the parties hereunder shall be deemed to have been given to and received by them and shall be effective when personally delivered or when deposited in the U.S. mail, certified or registered mail, return receipt requested, postage prepaid, and addressed to the party at his or its last known address, or at such other address as the one of the parties may hereafter designate in writing to the other party.

The Borrower hereof waives presentment for payment, protest, demand, notice of protest, notice of dishonor, and notice of nonpayment, and expressly agrees that this Promissory Note, or any payment hereunder, may be extended from time to time by the Lender without in any way affecting its liability hereunder.

In the event any payment under this Promissory Note is not made at the time and in the manner required, the Borrower agrees to pay any and all costs and expenses which may be incurred by the Lender hereof in connection with the enforcement of any of its rights under this Promissory Note or under any such other instrument, including court costs and reasonable attorneys' fees.

This Promissory Note shall be governed by and construed and enforced in accordance with the laws of Florida. This Promissory Note may not be changed or terminated orally, but only by an agreement in writing signed by the party against whom enforcement of such change or termination is sought. Borrower (and the undersigned representative of Borrower, if any) represents that Borrower has full power, authority and legal right to execute and deliver this Promissory Note and that the debt hereunder constitutes a valid and binding obligation of Borrower. Whenever used, the singular number shall include the plural, the plural the singular, and the words "Borrower," and "Lender" shall include their respective successors and assigns.

NEITHER BORROWER NOR ANY ASSIGNEE OR SUCCESSOR SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER LITIGATION PROCEDURE BASED UPON OR ARISING OUT OF THIS PROMISSORY NOTE. NEITHER BORROWER NOR ANY SUCH OTHER PERSON OR ENTITY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN


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WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THE PROVISIONS HEREOF SHALL BE SUBJECT TO NO EXCEPTIONS. LENDER HAS NOT IN ANY WAY AGREED WITH OR REPRESENTED TO BORROWER OR ANY OTHER PARTY THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

Borrower has duly executed this Promissory Note the day and year first above written.

**BORROWER:**

**LBD RE LLC**, a Florida limited liability company

By:   
Name: DAVID LEON  
Title: MANAGER

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## REVOLVING LINE OF CREDIT AGREEMENT

**THIS REVOLVING LINE OF CREDIT AGREEMENT** (the "Agreement") is made and entered into as of April 1, 2010, by and between **Scott Schiller** ("Lender"), and **LBD RE LLC**, a Florida limited liability company ("Borrower").

In consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1. Line of Credit. Lender hereby establishes for a period extending to the Maturity Date (as defined below) a revolving line of credit (the "Credit Line") for Borrower in the principal amount of One Hundred Fifty Thousand Dollars (US \$150,000.00) (the "Credit Limit"). The purpose of the Credit Line is to provide Borrower with the necessary capital to purchase, and take title to, one or more pieces of real property ("Real Property"). In connection herewith, Borrower shall execute and deliver to Lender a revolving line of credit promissory note, the form of which is attached hereto as Exhibit A ("Promissory Note"), in the amount of the Credit Limit. All sums advanced on the Credit Line pursuant to the terms of this Agreement (each an "Advance") shall become part of the principal of the Promissory Note. For the purposes of this Agreement, the term "Maturity Date" shall mean December 31, 2011; *provided, however*, that if, as of the Maturity Date, the Borrower still owns real property in which it needs to sell, the term "Maturity Date" will mean such date plus an additional 120 days.

2. Advances. Any request for an Advance may be made from time to time and in such amounts as Borrower may choose; *provided, however*, any requested Advance will not, when added to the outstanding principal balance of all previous Advances, exceed the Credit Limit. Requests for Advances must be in writing by an officer of Borrower authorized by it to request such Advances to Lender ("Advance Notice"). Until such time as Lender may be notified otherwise, Borrower hereby authorizes Ben Colonomos to request Advances. Upon receipt of the Advance Notice, Lender will have 48 hours to wire the amount of the requested Advance to the Closing Agent in accordance with the instructions set forth in the Advance Notice. For the purposes of this Agreement, the term "Closing Agent" means the title insurance company handling the closing ("Closing") of the purchase of Real Property by the Borrower. Lender may refuse to make any requested Advance if an Event of Default (as defined below) has occurred and is continuing hereunder either at the time the request is given or the date the Advance is to be made, or if an event has occurred or condition exists which, with the giving of notice or passing of time or both, would constitute an Event of Default hereunder as of such dates.

3. Interest. All Advances pursuant to this Agreement shall bear interest from the date each Advance is made until paid in full at the rate of ten percent (10%) per annum, simple interest (the "Effective Rate"); *provided, however*, if any Advance is repaid within thirty (30) days from the date of the Advance, the amount of interest due and payable on such Advance shall equal to the amount of interest that would accrue for a period of thirty (30) days.

4. Repayment.

(a) Repayment of Advance. Interest on the outstanding principal balance of the Advance shall accrue from the date of the Advance until the outstanding principal balance of the Advance is paid in full pursuant to this Section 4(a). Borrower shall (i) pay to Lender all accrued and unpaid interest on the Advance, together with any other unpaid charges or fees

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hereunder, and (ii) repay the outstanding principal balance of the Advance to Lender, on the Closing Date. For the purposes of this Agreement, the term "Closing Date" shall mean the date on which the Real Property, that was purchased with the Advance that is being repaid under this Section 4(a), is sold by the Borrower and the proceeds therefrom are received by the Borrower.

(b) Repayment of the Entire Outstanding Principal Balance of Credit Line. The entire unpaid principal balance of the Credit Line, together with any accrued, but unpaid, interest and other unpaid charges or fees hereunder, shall be due and payable on the Maturity Date.

(c) Payments. All payments shall be made to Lender at such place as Lender may, from time to time, designate. All payments received hereunder shall be applied, first, to any costs or expenses incurred by Lender in collecting such payment or to any other unpaid charges or expenses due hereunder; second, to accrued interest; and third, to principal. Borrower may prepay principal at any time without penalty.

5. Profit Participation Fee. Borrower agrees to pay Lender a profit participation fee equal to ten percent (10%) of the Net Sales Proceeds ("Profit Participation Fee") received by the Borrower upon the sale of Real Property. For the purposes of this Agreement, the term "Net Sales Proceeds" means the gross sales proceeds received by the Borrower upon the sale of Real Property, which was purchased by the Borrower with an Advance, less (i) the principal balance of the Advance received by the Borrower to purchase such Real Property plus any and all interest and other charges and fees accrued thereon, (ii) any and all repairs, improvements, or other sums expended by the Borrower in preparing the Real Property for sale, (iii) any and all commissions payable by the Borrower upon the Closing, (iv) any and all Closing costs incurred by the Borrower upon the Closing, (v) any and all carrying costs incurred by the Borrower with respect to its ownership of the Real Property, and (vi) any and all amount(s) paid by the Borrower under any other profit sharing arrangements with third parties. The Profit Participation Fee shall be paid to Lender on or before the fifteenth (15<sup>th</sup>) day after the month in which the Closing occurs. In the event that the amount of Net Sales Proceeds is zero or less, Borrower shall not be required to pay any amount to Lender.

6. Security. As security for the payment of an Advance, and all other liabilities and obligations of Borrower with respect to such Advance, Borrower shall grant to Lender a security interest in the Proceeds (as defined therein) received upon the sale of the Real Property ("Collateral"), as more particularly described in a collateral assignment and security agreement the form of which is attached hereto as Exhibit B ("Security Agreement"). The Security Agreement shall grant to Lender a first and prior security interest in the Collateral.

7. Representations and Warranties. In order to induce Lender to enter into this Agreement and to make the Advances provided for herein, Borrower represents and warrants to Lender as follows:

(a) Borrower is a duly organized, validly existing, and in good standing under the laws of the State of Florida with the power to own its assets and to transact business in the State of Florida, and in such other states where its business is conducted.

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(b) Borrower has the authority and power to execute and deliver any document required hereunder and to perform any condition or obligation imposed under the terms of such documents.

(c) The execution, delivery and performance of this Agreement and each document incident hereto will not violate any provision of any applicable law, regulation, order, judgment, decree, article of incorporation, by-law, indenture, contract, agreement, or other undertaking to which Borrower is a party, or which purports to be binding on Borrower or its assets and will not result in the creation or imposition of a lien on any of its assets.

(d) There is no action, suit, investigation, or proceeding pending or, to the knowledge of Borrower, threatened, against or affecting Borrower or any of its assets which, if adversely determined, would have a material adverse affect on the financial condition of Borrower or the operation of its business.

8. Events of Default. The occurrence of any of the following events shall be deemed an event of default ("Event of Default") hereunder and under the Promissory Note:

(a) Failure to pay any principal or interest under the Promissory Note within ten (10) days after the same becomes due.

(b) Any representation or warranty made by Borrower in this Agreement or in connection with any borrowing or request for an Advance hereunder, or in any certificate, financial statement, or other statement furnished by Borrower to Lender is untrue in any material respect at the time when made.

(c) Default by Borrower in the observance or performance of any other covenant or agreement contained in this Agreement, other than a default constituting a separate and distinct event of default under this Section 8.

(d) Filing by Borrower of a voluntary petition in bankruptcy seeking reorganization, arrangement or readjustment of debts, or any other relief under the Bankruptcy Code as amended or under any other insolvency act or law, state or federal, now or hereafter existing.

(e) Filing of an involuntary petition against Borrower in bankruptcy seeking reorganization, arrangement or readjustment of debts, or any other relief under the Bankruptcy Code as amended, or under any other insolvency act or law, state or federal, now or hereafter existing, and the continuance thereof for ninety (90) days undismissed, unbonded, or undischarged.

9. Remedies. Upon the occurrence of an Event of Default, Lender may declare the entire unpaid principal balance of the Advances, together with accrued interest thereon, to be immediately due and payable without presentment, demand, protest, or other notice of any kind. Lender may suspend or terminate any obligation it may have hereunder to make additional Advances. To the extent permitted by law, Borrower waives any rights to presentment, demand, protest, or notice of any kind in connection with this Agreement. No failure or delay on the part of Lender in exercising any right, power, or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and

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remedies provided herein are cumulative and not exclusive of any other rights or remedies provided at law or in equity. Borrower agrees to pay all costs of collection incurred by reason of the default, including court costs and reasonable attorney's fees.

10. Notices. All notices hereunder shall be delivered by hand or by certified or registered mail, return receipt requested, to the address set forth in the signature block below, or such other address as the parties shall specify by written notice to the other party.

11. General Provisions. All representations and warranties made in this Agreement and the Promissory Note and in any certificate delivered pursuant thereto shall survive the execution and delivery of this Agreement and the making of any loans hereunder. This Agreement will be binding upon and inure to the benefit of Borrower and Lender, their respective successors and assigns. Borrower may not assign or transfer its rights or delegate its duties hereunder without the prior written consent of Lender, except that Borrower may assign or transfer its rights or delegate its duties hereunder to an affiliate of Borrower. This Agreement, the Promissory Note, and all documents and instruments associated herewith will be governed by and construed and interpreted in accordance with the laws of the State of Florida. Time is of the essence hereof. This Agreement will be deemed to express, embody, and supersede any previous understanding, agreements, or commitments, whether written or oral, between the parties with respect to the general subject matter hereof. This Agreement may not be amended or modified except in writing signed by the parties.

[Signature Page Follows]



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The parties have caused this Agreement to be duly executed and delivered as of the date first above written.

**THE COMPANY:**

**LBD RE LLC**, a Florida limited liability company

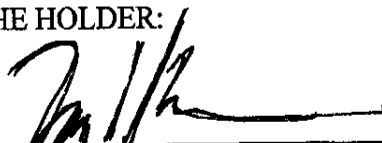
By: 

Name: DAVID LEWIS

Title: Manager

Address: 1120 E. HOLLADALE ROAD BLVD  
HOLLADALE BLVD FL 35009

**THE HOLDER:**



Scott Schiller

Address: 131 South Deer Park  
Hog Lane Park FL  
60125

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