

Subject Property

174 E. 23rd Street
Chicago Heights, Illinois 60411
PIN: 32-28-111-003



Doc#: 1212531066 Fee: \$68.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 05/04/2012 04:32 PM Pg: 1 of 16

Prepared By and**To Be Mailed To:**

Law Offices of
Victor J. Cacciatore
527 S. Wells St., #800
Chicago, IL 60607

AFFIDAVIT OF SECURED PARTY RE
SECTION 9-507(b)(2) OF THE ILLINOIS UNIFORM COMMERCIAL CODE

The undersigned, DAVID V. PINKERTON, on his oath, states that he is an Executive Vice President of Lakeside Bank, an Illinois banking corporation ("Lakeside"), and further states on oath as follows:

1. Lakeside is the assignee of that certain Mortgage Note in the original amount of \$107,250.00, dated as of May 15, 2008 (the "Note"), executed by Nancy J. Doig (the "Borrower"), payable to Mortgage Bank Services, LLC, now known as Mortgage Lending Services, LLC, an Illinois limited liability company ("MLS"), the Note being secured by that certain Mortgage of the Borrower dated said date and recorded with the Cook County Recorder on June 06, 2008 as Document No. 0815846155 (the "Mortgage"), covering the real estate legally described in attached Exhibit A.

2. The Note and Mortgage were assigned by MLS to Lakeside by an Assignment dated May 15, 2008, and recorded with the Cook County Recorder on June 06, 2008 as Document No. 0815846156, pursuant to that certain Loan Agreement dated as of December 11, 2006 and as modified as of February 1, 2008 (the "Security Agreement"), between MLS as Debtor and Lakeside as Secured Party, by

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virtue of which the Note, along with certain other mortgage notes, was assigned to Lakeside for the purpose of securing a revolving line of credit business loan from Lakeside to MLS (the "Loan"). A true copy of the Security Agreement is attached hereto as Exhibit B.

3. MLS is in material default under the Security Agreement for (among other defaults) failure to make payments to Lakeside as required by the Security Agreement. Lakeside has notified MLS of such defaults, and, in any event, MLS has acknowledged the same.

4. As a result, Lakeside is now entitled to enforce the Mortgage pursuant to the provisions of Section 9-607(b)(2) of the Illinois Uniform Commercial Code.

Affidavit Ends

Dated as of: MARCH 23, 2012



DAVID V. PINKERTON,
Executive Vice President
Lakeside Bank

STATE OF ILLINOIS
COUNTY OF COOK

Subscribed and sworn to before me this 23RD day of MARCH, 2012
by David V. Pinkerton, known to me to be the Executive Vice President
of Lakeside Bank.

Karen J. Venetch
NOTARY PUBLIC



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EXHIBIT A

LEGAL DESCRIPTION

Lots 20 and the East ½ of Lot 21 in Block 150 in Chicago Heights Subdivision in Sections 28 and 29, Township 35 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

P.I.N.: 32-28-111-003-0000

Address: 174 East 23rd Street, Chicago Heights, Illinois 60411

Property of Cook County Clerk's Office

EX A -

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Lakeside-MBS L&S Agreement

LOAN AND SECURITY AGREEMENT

This Loan and Security Agreement ("Agreement"), dated as of December 11, 2006, is by and among LAKESIDE BANK, an Illinois banking corporation (the "Lender"), and the following parties:

MORTGAGE BANC SERVICES, LLC, an Illinois limited liability company (the Borrower"), with offices at 2516 Waukegan Road, #336, Glenview, IL 60025, and JOSEPH E. MILES (the "Guarantor"; the Borrower and the Guarantor each being sometimes referred hereinafter as an "Obligor" and collectively as the "Obligors").

Recitals

A. The Borrower has applied to the Lender for, and the Lender has agreed to extend to or for the benefit of the Borrower, a \$6,000,000.00 revolving credit business loan (the "Loan" or the "Lakeside Loan"), for the operation of the Borrower's business as a private mortgage lender, the Loan being evidenced by the Borrower's Note to the Lender in like amount of even date herewith (the "Note").

B. It is a condition of the Loan that the Obligors enter into this Agreement.

Therefore, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Lender and the Obligors hereby agree as follows:

Agreements

1. **Recitals; Loan Documents.** The foregoing Recitals are hereby restated. As provided in the Note, the Loan is secured by this Agreement as well as by, among other things, the Guarantor's unconditional written Guaranty of Payment of even date herewith (the "Guaranty", together with the Note and all other documents further evidencing or securing the Loan, the "Loan Documents", or the "Lakeside Loan Documents").

2. **Revolving Credit; Advances.** As provided in the Note, the Loan shall be administered as a revolving credit, such that the Lender agrees to make such direct principal advances to and for the benefit of the Borrower at such times and in such amounts as the Borrower may from time to time request (the "Advances"), and which, subject to the following conditions, upon repayment if made prior to January 11, 2008 (the "Expiration Date"), may until but not after such date be borrowed again, provided that each such request and the documents furnished by the Borrower in support thereof are in strict compliance with the terms and conditions hereof and have otherwise been approved by the Lender, and that there then exists no Event of Default (hereinafter defined in Section 17 below) or an event which, with the giving of notice and/or the passage of time, would constitute an Event of Default; in any event, the aggregate outstanding principal amount of the Loan may at no time exceed \$6,000,000.00 (the "Loan Limit").

3. **Loan Payments.** Each Advance shall bear interest at the scheduled rate designated in the Note (the "Note Rate"), with a default rate equal to 5% above the Note Rate (the "Default Rate"), and shall be payable in monthly installments of "interest" only (except as provided in Section 6 below), commencing on the first day of the calendar month next following its date of disbursement.



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Lakeside-MBS L&S Agreement.

4. **Obligations** As used herein, "Obligations" means and includes: (a) all indebtedness and obligations owed to the Lender hereunder and under the Loan and the Loan Documents (including interest which would be payable at post-petition in connection with any bankruptcy or similar proceeding, whether or not permitted as a claim thereunder); (b) any fees due the Lender hereunder or under the Loan Documents; (c) any expenses incurred by the Lender hereunder or thereunder (plus interest thereon at the Default Rate until paid); and (d) all other indebtedness and obligations of either of the Obligors to the Lender, in each case however created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, and due or to become due, together with any and all renewals or extensions thereof (the "Other Liabilities").

5. **Security for the Obligations: Collateral.** As security for the due and timely payment and performance of the Obligations, the Borrower hereby grants to the Lender a continuing and unconditional first priority security interest in and to all property of the Borrower of any kind and description, tangible or intangible, wherever located and whether now or hereafter existing or acquired (collectively, the "Collateral"), including the property and interests described in attached Schedule A, which further includes the MBS loans (described below). The location of the office where the records concerning the Loan are kept is the Borrower's address stated above, which is also deemed the Borrower's chief executive office.

6. **The Borrower as Mortgage Lender.** The Borrower warrants that it is engaged solely in, and is duly authorized or licensed to operate, the business of a private mortgage lender, making first priority or junior residential or commercial real estate mortgage loans, in each case to a third party obligor, to be used for the acquisition, or the refinancing or additional financing, of vacant or improved real estate, each such loan being evidenced and secured by such obligor's promissory note and a mortgage and related documents covering the subject real estate, in each case with the Borrower being the owner and holder of the loan together with the note, mortgage and other documents thereunder. Each such loan is referred to herein as an "MBS loan", its note as an "MBS note", and its mortgage, related documents and Note, collectively, as "MBS loan documents". To be qualified for an Advance, an MBS loan may not exceed a loan to value ratio of 50% as to vacant real estate and 65% as to other real estate. Notwithstanding the "interest only" reference in Section 3 above, the Lender may in its sole and absolute discretion require the Borrower to make certain principal reduction payments in the case of an MBS loan that requires payments of principal prior to its maturity.

7. **Conditions Precedent to Loan Opening and Initial Advance.** The Lender's obligation to make the initial Advance pursuant to the Borrower's initial draw request shall be subject to the fulfillment of the following conditions:

(a) **Preliminary.** The Lender shall have been furnished with the following preliminary items: (i) fully executed originals of this Agreement and the Lakeside Loan Documents, including the Note and Guaranty (and such other items as shall be reasonably required by the Lender); (ii) certified copies of the Borrower's Articles of Organization and Operating Agreement, and originals of the Borrower's "Borrowing Resolution" and Incumbency Certificate, and Certificate of Good Standing; (iii) true copies of all permits, licenses and certificates as presently issued under and with respect to the aforesaid Regulations; (iv) prepaid policies for and certificates evidencing comprehensive general liability insurance covering the Borrower's operations, in form and amounts and with companies reasonably satisfactory to the Lender, with each certificate expressly providing that its policy may not be canceled, terminated or non-renewed except upon thirty (30) days' prior written notice thereof to the Lender, and expressly showing the Lender as an additional insured thereunder; and (v) the

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Lakeside-MBS L&S Agreement.

form(s) which (subject to the Lender's approval) the Borrower proposes to use in documenting, evidencing and securing new loans hereafter originated by Borrower, for which an Advance is requested.

(b) **MBS Loan Documents.** The Lender shall have been furnished with the following items regarding the Borrower's written request for the initial Advance: (i) fully executed originals (or certified copies if permitted by the Lender) of the MBS loan documents which should include such further items as described in attached Schedule B, and such other items as may be required by the Lender, (ii) an appraisal satisfactory to and as addressed to the Lender, prepared by a certified or licensed appraiser as designated or otherwise approved by the Lender, at the Borrower's cost, which must show an appraised value for the real estate which is the subject of each MBS loan such that the ratio of the amount of the related loan to such appraised value shall be no more than 65 % as to improved property and 50% as to vacant property. Any requested Advance shall, in any event, be subject to the Lender's approval in its sole judgment and discretion.

(c) All of the representations and warranties contained in Sections 10 through 13 below shall be true and correct on and as of the date of the initial Advance and the Lender shall have received the Borrower's written certificate to that effect, and there shall not then exist any Event of Default or an event which, with the giving of notice and/or the passage of time, would constitute an Event of Default.

8. **Conditions Precedent to Subsequent Advances.** Lender's obligation to make any Advances subsequent to the Initial Advance shall be subject to the prior fulfillment of the following conditions:

(a) No less than four (4) business days prior to any subsequent Advance, the Lender shall have received the Borrower's written application for same and containing, in effect, the same information and documentation referred to in Section 7(b) above.

(b) The matters set forth in Section 7(c) above shall be true and correct on the date of each such Advance and the Lender shall have received a certificate to that effect dated the date of each such Advance and signed by an officer of the Borrower.

9. **Due Date.** Each Advance shall mature and be due and payable in full on the first to occur of (a) the date of the first anniversary its disbursement, and (b) the scheduled maturity date of its related MBS loan; provided that, upon the Borrower's advance written request, but in the Lender's sole and absolute discretion, such due date may be extended one year. As to any prepayment of an MBS loan, the same shall be applied to its underlying Advance, and, if received prior to the Expiration Date, an amount equal to such repayment may be drawn down for a new Advance.

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10. **Borrower's Organization and Name.** The Borrower is a limited liability company, duly organized, existing and in good standing under the laws of the State of Illinois, with full and adequate power, and being duly licensed or qualified, to carry on and conduct its business as a private mortgage lender, as presently conducted. The Borrower is duly licensed or qualified in all other states in which the nature of its activities requires such qualification or licensing. The Borrower's Organizational Identification Number is 00280259; its exact legal name is as set forth in the introductory portion of this Agreement, and it currently does not conduct, nor has it during the last five (5) years conducted, business under any other name or trade name. The Guarantor owns and holds the entire membership interest in, and is the sole manager of, the Borrower.

11. **The Loan Documents.** The Loan Documents and this Agreement: (a) have been duly executed and delivered by, and constitute legal, valid and binding obligations of, and are free from any defenses, setoffs or counterclaims assertable against the Lender by the Obligor; (b) are enforceable in accordance with their respective terms, and (c) are not subject to the approval of any government agency or commission or any public body regarding such execution, delivery, validity or enforceability, and the performance of the Obligor's respective obligations thereunder does not and will not violate or constitute a default under any other agreements or restrictions pertaining to it.

12. **Adverse Circumstances.** No condition, circumstance, event, agreement, document, instrument, restriction, litigation or proceeding (or threatened litigation or proceeding or basis therefor), including without limitation any proceeding under the following described Regulations, exists which (a) could adversely affect the validity or priority of the security interests granted to the Lender hereunder or under the Loan Documents, (b) could materially adversely affect the ability of the Borrower to perform its obligations hereunder or thereunder, or (c) would constitute an Event of Default hereunder or thereunder, or an event which, with the giving of notice and/or the passage of time, would constitute an Event of Default. As used herein, "Regulations" means any local, state or federal regulations, pertaining to or governing Borrower's mortgage lending business, including without limitation, the Illinois Loan Broker's Act of 1995, and the Illinois Residential Mortgage License Act of 1987.

13. **Solvency.** Each Obligor is solvent, able to pay its debts as they become due and has capital sufficient to carry on all businesses and transactions in which it is now or is about to be engaged, and the fair value of its property is greater than the sum of its debts and it does not intend to nor believes it will incur debts beyond its ability to pay as they mature; and all financial statements and information relating to the Borrower and which have been and which will be from time to time hereafter delivered to Lender are and shall be true and correct and prepared in accordance with Generally Accepted Accounting Principles consistently applied (hereinafter, "GAAP") and there has been no material adverse change in any financial information previously delivered to Lender.

14. **Notice of Proceedings.** The Borrower will immediately after any knowledge thereof has come to the attention of any member or officer of the Borrower, give written notice to the Lender of any threatened or pending action, suit, or proceedings before any court or governmental department, commission, board or other administrative agency which may have a material effect on the business, property or operations of the Borrower, or on the Collateral, including the MBS loans.

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15. Agreements of Borrower Regarding Collateral.

(a) The Borrower will: take adequate care of and promptly remedy any loss or damage to the Collateral; insure the Collateral for such hazards and in such amounts as the Lender reasonably directs, policies to be satisfactory to the Lender in its reasonable discretion; keep the Collateral free and clear of any lien, levy, seizure or attachment or, in the event of the Borrower's good faith and diligent contest thereof it will provide such security and other assurances as the Lender shall reasonably require with respect thereto; pay all costs incurred by the Lender to perfect, preserve, and enforce the security interests herein; furnish the Lender with any information on the Collateral reasonably requested by the Lender; allow the Lender to inspect the Collateral, and inspect and copy all records relating to the Collateral and the Obligations (but the Lender is under no duty to make, and shall incur no liability if it does not make, any such inspection); sign any papers furnished by the Lender which are reasonably necessary to obtain and maintain this security interest; take necessary steps to preserve the liability of account debtors, obligors, and secondary parties whose obligations are part of the Collateral; upon the demand of and using a method reasonably satisfactory to the Lender, perfect a security interest in the goods covered by the Chattel Paper; cause the timely payment of and reporting with respect to all taxes, fees and other impositions imposed or assessed against the Collateral, or the Borrower, regarding the acquisition or use thereof, or the Borrower's interest therein.

(b) The Borrower will not, without the Lender's prior written consent: dispose of any tangible portion of the Collateral unless replaced with equal or better quality Collateral; relocate any of the Collateral from any location at which the Lender has a valid, perfected security interest with respect to the Collateral located thereat to any other location with respect to which the Lender has not filed Uniform Commercial Code ("UCC") financing statements necessary for the perfecting of the Lender's security interest in Collateral located at such other location; allow the Collateral to be affixed to real estate other than its present location or become an accession to other goods unless the Borrower has furnished the Lender the consents or disclaimers necessary to make this security interest valid against persons holding interests in such real estate or other goods; transfer its executive offices, or maintain warehouses or records with respect to any of the Collateral, at any locations other than those at which the same are presently kept or maintained, as previously disclosed to the Lender in writing, except after the delivery to the Lender of financing statements as required by and in form satisfactory to the Lender.

(c) The Borrower warrants that: (i) except as expressly permitted by the Lender in writing, no financing statement has been or will be filed with respect to the Collateral and none of the Collateral is or will be encumbered, other than as in favor of the Lender; (ii) the Borrower will promptly notify the Lender of any adverse change occurring in or to any portion of the Collateral or in any fact or circumstance warranted or represented by the Borrower herein or otherwise furnished by the Borrower to the Lender; and (iii) the Borrower will promptly notify the Lender of any default hereunder.

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16. **Rights of the Lender.** The Lender may, in its discretion: (a) at any time contact Account Debtors directly to verify information furnished by the Borrower; release Collateral in its possession to the Borrower, temporarily or otherwise; waive any of its rights hereunder without such waiver prohibiting the later exercise of the same or similar rights. and (b) after an Event of Default: terminate, on notice to the Borrower, authority to sell or lease or otherwise transfer Inventory Collateral, or any other of the Collateral as to which such authority has been given; require the Borrower to give possession or control of the Collateral to the Lender; indorse as Borrower's agent any Instruments or Chattel Paper in the Collateral; notify Account Debtors and obligors on Instruments to make payment directly to the Lender; take control of proceeds and use cash proceeds to reduce any part of the Obligations; take any action the Borrower is required to take or otherwise necessary to obtain, preserve, and enforce this security interest, and to maintain and preserve the Collateral, without notice to the Borrower, and add reasonable costs of same to the Obligations (but the Lender is under no duty to take any such action); take control of funds generated by the Collateral, such as dividends, interest, proceeds or refunds from insurance, and use same to reduce any part of the Obligations.

The Lender is authorized to file appropriate UCC financing statements without the Borrower's consent thereto or signature thereon.

The foregoing rights include without limitation the right hereby given by the Borrower to the Lender to, at any time hereafter, notify any of the MBS loan obligors that such MBS loan has been collaterally assigned to the Lender; and the Lender is hereby authorized to demand and instruct each such Obligor, at any time and at the Lender's sole discretion, to make all MBS loan payments directly to the Lender rather than to the Borrower, such payments to be applied to or as a reserve for the Obligations.

17. **Default/Remedies.**

(a) Each of the following events constitutes an "Event of Default" hereunder: (i) a default in the full and timely payment of any amount falling due hereunder or that is required by the terms of any of the Loan Documents to be paid and which remains uncured for a period of five (5) days; and (ii) any other event that constitutes a breach of or default in any of Borrower's representations, warranties or covenants herein and which is not cured within five (5) days after occurrence; or any other event that is expressly defined or designated in any other Section hereof or in any of the Loan Documents as an "Event of Default".

(b) When an Event of Default, or an event which with the giving of notice and/or the passage of time occurs, the entire Obligations shall become due and payable and enforceable at the Lender's option and the Lender may proceed to enforce payment and performance of same and exercise any and all of the rights and remedies available to a Lender under the UCC as well as all other rights and remedies at law or in equity. Upon an Event of Default, the Borrower shall, upon demand by the Lender, assemble the Collateral and make it available to Lender at a place reasonably convenient to the parties. Any UCC requirement for reasonable notice shall be met if such notice is given at least ten (10) days prior to the time of the sale, disposition or other event giving rise to the requirement of notice.

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18. **Financial Statements** (a) The Guarantor shall deliver to the Lender, upon the Lender's written request from time to time, and, in any event, within forty-five (45) days after the end of each of his fiscal years, his signed and dated current personal financial statement (exclusive of any assets held jointly with or solely by his spouse), on the Lender's prescribed form. (b) The Borrower and the Guarantor shall deliver to the Lender true copies of their respective Federal and State income tax returns as filed, no later than thirty (30) days after the respective filings thereof. (c) The Borrower shall deliver the following to the Lender.

(i) **Quarterly Statements.** As and when requested by the Lender, after the end of any quarterly fiscal period (except the last) of any of its fiscal years, copies of its consolidated (where appropriate) balance sheet as of the end of such quarterly fiscal period, and statements of its income and retained earnings and changes in financial position for that quarterly fiscal period and for the portion of the fiscal year ending with such period, in each case setting forth in comparative form the figures for the corresponding period of the preceding fiscal year, all in reasonable detail, and certified by its chief financial officer as being true and correct and as having been prepared in accordance with GAAP, subject to year-end audit adjustments; and

(ii) **Annual Statements.** As soon as available and in any event within ninety (90) days after the close of each of its fiscal years, copies of the consolidated (where appropriate) and consolidating balance sheet as of the close of such fiscal year and statements of its income and retained earnings and changes in financial position for such fiscal year, in each case setting forth in comparative form the figures for the preceding fiscal year, all in reasonable detail and accompanied by an opinion thereon (which shall not be qualified by reason of any limitation imposed by it) of independent public accountants of recognized national standing selected by it to the effect that such financial statements have been prepared in accordance with GAAP consistently maintained and applied (except for changes in which such accounts concur) and that the examination by such accountants in connection with such financial statements has been made in accordance with GAAP and, accordingly, includes such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances.

19. **Indebtedness.** (a) The Borrower shall not, either directly or indirectly, create, assume, incur or have outstanding any indebtedness (including purchase money indebtedness), or become liable whether as endorser, guarantor, surety or otherwise, for any debt or obligation of any other person, except: an endorsement for collection or deposit of any commercial paper secured in the ordinary course of business, obligations of the Borrower for taxes, assessments, municipal or other governmental charges, accounts payable other than as incurred in the ordinary course of business, or obligations existing on the date hereof which are disclosed in the financial statements referred to in Section 18 above. (b) The Borrower shall not, either directly or indirectly, create, assume, incur or suffer or permit to exist any lien or charge of any kind or character upon any asset of the Borrower, whether owned at the date hereof or hereafter acquired, except liens for taxes, assessments or other governmental charges not yet due or which are being contested in good faith by appropriate proceedings in such a manner as not to make the subject property forfeitable; liens or charges incidental to the conduct of its Business or the ownership of its property and assets which were not incurred in connection with the borrowing of money or the obtaining of an advance or credit, and which do not in the aggregate materially detract from the value of its property or assets or materially impair the use thereof in the operation of its business; liens arising out of judgments or awards against the Borrower with respect to which it shall concurrently therewith be prosecuting a timely appeal or proceeding for review and with respect to which it shall have secured a stay of execution pending such

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appeal or proceedings for review; pledges or deposits to secure obligations under worker's compensation laws or similar legislation; good faith deposits in connection with lending contracts or leases to which the Borrower is a party; deposits to secure public or statutory obligations of the Borrower; or liens existing on the date hereof and disclosed in the financial statements referred to in Section 18.

20. **MBS Covenants re MBS Loans.** With respect to the MBS loans and MBS loan documents, and notwithstanding any other provisions of this Agreement to the contrary, the Obligors covenant and agree that so long as this Agreement shall be in effect, the Borrower: (a) shall not enter into any MBS loan unless the form and terms thereof substantially conform with the form of mortgage loan documents; (b) shall observe and perform all of the covenants, terms, conditions and agreements contained in the MBS loan documents to be observed or performed by the mortgagee/payer thereunder, and shall not do or suffer to be done anything to impair the security thereof, (c) shall not release or reduce or forebear the enforcement of, the liability of any obligor under any MBS loan, (d) shall hold any prepayment of an MBS loan in trust for the Lender pending the Lender's reasonable determination as to which portion thereof should be applied to the Lakeside Loan; (e) shall not make any other assignment of all or any part of its interest in, to or under any MBS loan; (f) shall not modify the terms and provisions of any MBS loan; (g) shall not engage in a deed in lieu of foreclosure or similar arrangement; (h) shall not alter, modify or change the terms of any guaranty of an MBS loan; (i) shall not waive or excuse the obligation to make timely payments under an MBS loan, (j) shall, at its sole cost and expense, appear in and defend any and all actions and proceedings arising under, relating to or in any manner connected with any MBS loan or the obligations, duties or liabilities of any MBS obligor, including any guarantor, and shall pay all costs and expenses of the Lender in any such action or proceeding in which Lender may appear; (k) shall give prompt notice to the Lender of any notice of any alleged default by the Borrower given by an MBS loan obligor; (l) shall enforce the observance and performance of each covenant, term, condition and agreement contained in each MBS loan document to be observed and performed by any obligor thereunder and shall immediately notify the Lender of any breach by any such obligor; and (m) shall not permit any MBS loan to become subordinate to any lien other than the Lender's liens securing the Obligations, or liens for general real estate taxes not delinquent.

21. **MBS Loan Reports.** The Borrower shall, within five (5) days after the end of each calendar month, deliver to the Lender a certified statement as of the last day of such period, in a form satisfactory to the Lender, disclosing the status and details of each MBS loan.

22. **Right to Collect** Unless or until an Event of Default shall occur, the Borrower shall have the right to collect all MBS loan payments pledged hereunder, and to retain, use and enjoy the same, but upon the occurrence of an Event of Default, the Borrower's right to collect such payments shall immediately terminate without further notice thereof to the Borrower, and the Lender shall have the right, with or without resorting to any foreclosure remedy, to directly collect the same; all sums received by the Lender shall be applied to the Obligations.

23. **Distributions to Members.** The Borrower hereby covenants that it shall make no distributions to its members of any revenues received by or on behalf of the Borrower from the operation or ownership of its business if there then exists hereunder or thereunder an Event of Default, or an event which, with the giving of notice and/or the passage of time, would constitute an Event of Default.

24. **Operating Agreement and Interests.** The Borrower's Operating Agreement and its

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Articles of Organization shall not without the prior written consent of the Lender, be amended or modified. At all times prior to the final repayment of the Loan, the Guarantor shall be and remain the sole managing member of the Borrower, and shall not be released or discharged from his obligations hereunder or under the Operating Agreement, nor shall the Guarantor transfer, pledge or encumber in any way his membership interest in the Borrower or the right to receive income or proceeds therefrom.

25. **Loan Fee and Expenses.** The Lender's loan fee in the amount of \$15,000.00, and its attorneys' fees and costs pertaining to the documentation of the Loan transaction, shall be paid by the Borrower upon the initial Advance.

26. **Bank Accounts.** All bank accounts utilized by the Borrower from time to time regarding its business operations, including escrow and impound accounts, shall be established and continuously maintained with the Lender.

27. **Additional Provisions.**

(a) All covenants and agreements in this Agreement contained by or on behalf of any of the parties hereto shall be binding upon and shall inure to the benefit of the respective successors and assigns of such party except that this Agreement may not be assigned by the Borrower without the prior written consent of the Lender. This Agreement may be amended only by a writing signed by the Lender and the Borrower. No other person shall have any right to, interest in, claim or equitable lien on the Loan Proceeds; nor shall the same constitute a trust fund for the benefit of any third party.

(b) All notices intended to be given in connection herewith shall be given to the parties and in the manner as provided in the "Notices Section" of the Note

(c) The Borrower agrees that the Lender may, at its option, sell to other financial institution participants, participating interests in the Loan Documents, and, in connection therewith, the Lender may disclose to such participants financial and other information concerning the Borrower.

(d) Unless the context or an express provision hereof requires otherwise, definitions in the Illinois Uniform Commercial Code as in effect from time to time shall apply to words and phrases in this Agreement.

28. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

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Lakeside-MBS L&S Agreement

29. **WAIVER OF DEFENSES.** EACH OF THE OBLIGORS WAIVE EVERY PRESENT AND FUTURE DEFENSE, CAUSE OF ACTION, COUNTERCLAIM OR SETOFF WHICH SUCH OBLIGOR MAY NOW HAVE OR HEREAFTER MAY HAVE TO ANY ACTION BY THE LENDER IN ENFORCING THIS LOAN AND SECURITY AGREEMENT (HEREINAFTER REFERRED TO AS, THE "SECURITY AGREEMENT"). PROVIDED THE LENDER ACTS IN GOOD FAITH, THE OBLIGORS RATIFY AND CONFIRM WHATEVER THE LENDER MAY DO PURSUANT TO THE TERMS OF THIS SECURITY AGREEMENT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE LENDER GRANTING ANY FINANCIAL ACCOMMODATION TO THE BORROWER.

30. **FORUM SELECTION AND CONSENT TO JURISDICTION.** ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT, SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF ILLINOIS OR IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS; PROVIDED THAT NOTHING IN THIS SECURITY AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE THE LENDER FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION. EACH OBLIGOR HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF ILLINOIS AND OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. EACH OBLIGOR FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY CERTIFIED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF ILLINOIS. EACH OBLIGOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

31. **WAIVER OF JURY TRIAL.** THE LENDER AND EACH OF THE OBLIGORS, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, EACH KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES IRREVOCABLY, ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS SECURITY AGREEMENT, ANY NOTE, ANY OTHER LOAN DOCUMENT, ANY OF THE OTHER OBLIGATIONS, THE COLLATERAL, OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR THEREWITH OR ARISING FROM ANY LENDING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, OR ANY COURSE OF CONDUCT OR COURSE OF DEALING IN WHICH THE LENDER AND EITHER OF THE OBLIGORS IS AN ADVERSE PARTY AND EACH AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE LENDER GRANTING ANY FINANCIAL ACCOMMODATION TO THE BORROWER.

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Lakeside-MBS L&S Agreement.

32. CUSTOMER IDENTIFICATION – USA PATRIOT ACT NOTICE; OFAC AND BANK SECRECY ACT. The Borrower hereby acknowledges that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, signed into law October 26, 2001) (the "Act"), and the Lender's policies and practices, the Lender is required to obtain, verify and record certain information and documentation that identifies the Borrower, which information includes the name and address of the Borrower and such other information that will allow the Lender to identify the Borrower in accordance with the Act. The Borrower hereby warrants that it shall (a) ensure that no person who owns a controlling interest in or otherwise controls the Borrower or any subsidiary of the Borrower is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control ("OFAC"), the Department of the Treasury or included in any Executive Orders, and (b) not use or permit the use of the proceeds of the Loan to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.

**(THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK,
AND THE FOLLOWING PAGE IS THE SIGNATURE PAGE)**

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Lakeside-MBS L&S Agreement

IN WITNESS WHEREOF, Lender and the Obligors have executed this Agreement as of the date first written above.

Lender:

LAKESIDE BANK

By _____
Name: _____
Title: _____

Obligors:

MORTGAGE BANC SERVICES, LLC

By: Joseph E Miles
Name: Joseph E Miles
Title: MANAGING MEMBER

Joseph E Miles
JOSEPH E. MILES

Property of Cook County Clerk's Office

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CIS LSA

Lataada - MBS (cont.)

SCHEDULE A**TO LOAN AND SECURITY AGREEMENT AND UCC-1****Description of Property**

All personal property of Borrower or in which Borrower has any interest, whether now or hereafter owned, acquired, created or arising and wherever located, including without limitation: all Accounts (including without limitation Health Care Insurance Receivables), As-Extracted Collateral, Chattel Paper (including without limitation Electronic Chattel Paper), Commercial Tort Claims, Deposit Accounts, Documents, General Intangibles (including without limitation Payment Intangibles and Software), Goods (excluding Consumer Goods and including Equipment, Farm Products and Inventory), Fixtures, Instruments, Investment Property, Letter of Credit Rights, Supporting Obligations, Proceeds of or from and Accessions, to any of the foregoing property, and all substitutes and replacements for attachments and other additions to, tools, parts and equipment used in connection with, and cash or non-cash proceeds of, any of the foregoing; all proceeds (and proceeds thereof) and products of any of the foregoing; and all books, records, ledger sheets, files, documents and instruments (including without limitation computer programs, tapes and related electronic data processing software) evidencing an interest in or relating to any of the foregoing.

The foregoing includes without limitation: (a) all promissory notes or similar promises to pay (the "Notes"), and all real estate mortgages or similar encumbrances securing the payment and performance of the indebtedness and obligations under the Notes (the "Mortgages", together with the Notes, the "Mortgage Documents"), and all proceeds thereof, now or hereafter created or executed and now or hereafter owned or held by Borrower, whether by assignment or otherwise, evidencing any and all loans or other credits now or hereafter made or advanced to any third parties by Borrower or its predecessors in interest, and (b) all of Borrower's deposit accounts (general or special) with and credits and other claims against Secured Party.

Unless the context or any express provision hereof requires otherwise, definitions in the Illinois Uniform Commercial Code, as in effect from time to time, apply to words and phrases in this Schedule.