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Karen A. Yarbrough  
Cook County Recorder of Deeds  
Date: 08/26/2013 10:29 AM Pg: 1 of 16

## THIS INSTRUMENT PREPARED BY AND WHEN RECORDED MAIL TO:

Edwards, Wildman Palmer LLP  
225 W. Wacker Drive, Suite 2800  
Chicago, Illinois 60606  
Attention: Adam S. Calisoff

## MORTGAGE

THIS MORTGAGE is dated as of August 23, 2013, and is between 1725 NORTH HONORE LLC, an Illinois limited liability company ("**Mortgagor**") and The Paul Living Trust dated March 12, 2013 (collectively "**Lender**").

### SECTION 1: GRANT OF MORTGAGE

**1.1 Grant of Mortgage.** For valuable consideration, Mortgagor mortgages, warrants, and conveys to Lender all of Mortgagor's right, title, and interest in and to the property located at 3052 W George St, Chicago, IL 60618, and legally described on the attached Exhibit A, together with all Improvements; all easements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters (collectively, the "**Real Property**"). The Real Property tax identification number is shown on the attached Exhibit A.

**1.2 Leases and Rents.** Mortgagor presently assigns to Lender all of Mortgagor's right, title, and interest in and to all leases of the Property and all Rents from the Property pursuant to a Collateral Assignment of Leases and Rents executed concurrently with this Mortgage. In addition, Mortgagor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

**1.3 SCOPE.** THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE PERSONAL PROPERTY AND RENTS, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ALL OBLIGATIONS UNDER THIS MORTGAGE, THE LOAN DOCUMENTS AND THE RELATED DOCUMENTS. THIS MORTGAGE IS INTENDED TO AND SHALL BE VALID AND HAVE PRIORITY OVER ALL SUBSEQUENT LIENS AND ENCUMBRANCES, INCLUDING STATUTORY LIENS, TO THE EXTENT OF THE MAXIMUM AMOUNT SECURED HEREBY. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE TERMS SET FORTH HEREIN.

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## SECTION 2: MORTGAGOR'S AGREEMENTS AND COVENANTS

**2.1 Payment and Performance.** Except as otherwise provided in this Mortgage, Mortgagor shall pay to Lender all amounts secured by this Mortgage as they become due, and shall strictly perform all of Mortgagor's obligations under this Mortgage.

**2.2 Possession and Maintenance of the Property.** Mortgagor agrees that the following provisions shall govern Mortgagor's possession and use of the Property:

(a) **Possession and Use.** Until the occurrence of an Event of Default, Mortgagor may: (i) remain in possession and control of the Property; and (ii) use, operate or manage the Property.

(b) **Duty to Maintain.** Mortgagor shall maintain, and cause its lessees to maintain, the Property in tenable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

(c) **Hazardous Substances.** Mortgagor shall not store (except in compliance with all environmental laws pertaining thereto), handle, process, dispose of, generate, release or allow the release of any hazardous materials from or onto the Premises or from or onto any adjacent property, and in the event of a release will make the required emergency response notices.

(d) **Nuisance, Waste.** Mortgagor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Mortgagor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel or rock products without the prior written consent of Lender.

(e) **Removal of Improvements.** Mortgagor shall not demolish or remove any Improvements from the Real Property without the prior written consent of Lender. As a condition to the removal of any Improvements, Lender may require Mortgagor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

(f) **Lender's Right to Enter.** Lender and its agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Property for purposes of Mortgagor's compliance with the terms and conditions of this Mortgage.

(g) **Compliance with Governmental Requirements.** Mortgagor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans with Disabilities Act. Mortgagor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Mortgagor has notified Lender in writing prior to doing so and so long as, in Lender's opinion, Lender's interests in the

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Property are not jeopardized. Lender may require Mortgagor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**(h) Duty to Protect.** Mortgagor agrees to neither abandon nor leave the Property unattended. Mortgagor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are necessary to protect and preserve the Property.

**(i) Insure.** Mortgagor agrees to maintain, or cause to be maintained, all property and casualty insurance, fire and other risk insurance, public liability insurance, and such other insurance as Lender may reasonably require with respect to the Property, in form, amounts, coverages and with insurance companies reasonably acceptable to Lender, but in all cases with respect to casualty insurance, in amounts not less than the full replacement value of the property covered. Mortgagor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender in its reasonable discretion, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Mortgagor will provide Lender with such loss payable or other endorsements as Lender may require.

**2.3 Taxes and Liens.** Mortgagor agrees to comply with the following provisions regarding taxes and liens:

**(a) Payment.** Mortgagor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay, and cause any lessee to pay (as appropriate), when due all claims for work done on or for services rendered or material furnished to the Property. Mortgagor shall maintain the Property free of all liens, except for the lien of taxes and assessments not due, and except as otherwise provided in the following subsection (b).

**(b) Right to Contest.** Mortgagor will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim (collectively the "**Charges**") so long as: (i) the legality of the same shall be promptly contested in good faith by appropriate proceedings; (ii) Mortgagor shall have deposited with Lender cash, a sufficient corporate surety bond or other security satisfactory in form and substance to Lender in an amount adequate to provide for the release of such Charge plus any interest, costs, attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Property; (iii) such contest operates to suspend collection of the Charge; and (iv) none of the Property is subject to forfeiture or loss of any security interest (or the priority thereof) by reason of the institution or prosecution of such contest as determined by Lender in its reasonable discretion. Mortgagor, upon demand of Lender, will furnish to Lender evidence of payment of the indebtedness and obligations, including any assessments, taxes, charges, levies, liens and claims and will authorize the appropriate obligor or governmental official to deliver to Lender at any time a written statement of any indebtedness and obligations including any Charges. In any contest, Mortgagor shall defend itself and Lender and shall satisfy any adverse judgment before

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enforcement against the Property. Mortgagor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

**(c) Evidence of Payment.** Mortgagor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

**(d) Notice of Construction.** Mortgagor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials and if, in the aggregate, any work, services or materials shall cost in excess of \$10,000. Mortgagor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Mortgagor can and will pay the cost of such work, services, or materials.

**2.4 Property Damage Insurance and Proceeds.** Mortgagor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Mortgagor fails to do so within fifteen (15) days of the casualty. Whether or not the Property is impaired, Lender may, at its election, apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Mortgagor shall repair or replace the damaged or destroyed Property in a manner satisfactory to Lender and in such case Lender shall, upon satisfactory proof of such expenditure and the lien free completion of such restoration or repair, pay or reimburse Mortgagor from the proceeds for the reasonable cost of restoration or repair if no Event of Default exists hereunder. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Real Property shall be applied to the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Mortgagor.

**2.5 Expenditures by Lender.** If Mortgagor fails to comply with any provision of this Mortgage, or if any action or proceeding is commenced that would materially affect Lender's interests in the Property, Lender on Mortgagor's behalf may, but shall not be required to, take any action that Lender deems appropriate. Any amount that Lender expends in so doing will bear interest at the Default Rate charged under the Loan Documents from the date incurred or paid by Lender to the date of repayment by Mortgagor. All such expenses, at Lender's option, will (a) be payable on demand, (b) be added to the balance due Lender, or (c) be treated as a balloon payment which will be due and payable at the maturity of the Loan. This Mortgage also will secure payment of these amounts. The rights provided for in this section shall be in addition to any other rights or any remedies to which Lender may be entitled on account of an Event of Default. Any such action by Lender shall not be construed as curing the Event of Default so as to bar Lender from any remedy that it otherwise would have had.

**2.6 Warranty; Defense of Title; Compliance.** Mortgagor makes the following warranties and agreements regarding title to the Property and compliance with applicable laws:



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(a) **Title.** Mortgagor warrants that: (i) Mortgagor holds good and marketable title of record to the Property in fee simple, free and clear of all liens, security interests and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (ii) Mortgagor has the full right, power, and authority to execute and deliver this Mortgage to Lender.

(b) **Defense of Title.** Subject to the exception in subsection (a) above, Mortgagor warrants and will forever defend the title to the Property against the lawful claims of all Persons. In the event any action or proceeding is commenced that questions Mortgagor's title or the interest of Lender under this Mortgage, Mortgagor shall defend the action at Mortgagor's expense. Mortgagor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice (and at Mortgagor's expense), and Mortgagor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

(c) **Compliance with Laws.** Mortgagor represents and warrants that the Property and Mortgagor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

**2.7 Condemnation.** Lender is hereby authorized to collect and receive from the condemnation authorities any and all awards heretofore or hereafter made or to be made to the present and all subsequent owners of the Real Property, by any governmental or other lawful authority for taking, by condemnation or eminent domain, hereby assigned by Mortgagor to Lender, as aforesaid, and Lender is hereby authorized to give appropriate receipts and acquittances therefor. Lender shall give Mortgagor immediate notice of the actual or threatened commencement of any such proceedings under condemnation of eminent domain, affecting all or any part of the Real Property or any easement therein or appurtenance thereof, including severance and consequential damage and change in grade of streets, and will deliver to Lender copies of any and all papers served in connection with any such proceedings. Mortgagor shall make, execute and deliver to Lender, at any time or times upon request, free, clear and discharged of any encumbrances of any kind whatsoever, any and all further assignments and instruments deemed necessary by Lender for the purpose of validly and sufficiently assigning to Lender all awards and other compensation heretofore and hereafter to be made to Mortgagor for any taking, either permanent or temporary, under any such proceeding. The proceeds of all such awards shall be paid to Lender and shall be applied by Lender after the payment of all of its expenses in connection with such proceedings, including costs and reasonable attorneys' fees, to the indebtedness hereby secured, which shall be and become, immediately due and payable. No interest shall be allowed to Mortgagor on any condemnation award paid to or held by Lender.

**2.8 Imposition of Taxes, Fees and Charges by Governmental Authorities.** Mortgagor agrees to comply with the following provisions regarding governmental taxes, fees and charges:

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(a) **Current Taxes, Fees and Charges.** Upon request by Lender, Mortgagor shall execute such documents in addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Mortgagor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Mortgage.

(b) **Taxes.** The following shall constitute taxes to which this section applies: (i) a specific tax upon this type of Mortgage or upon all or any part of the Indebtedness secured by this Mortgage; (ii) a specific tax on Mortgagor which Mortgagor is authorized or required to deduct from payments on the Indebtedness secured by this type of Mortgage; (iii) a tax on this type of Mortgage chargeable against the Lender or the holder of the Note; and (iv) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Mortgagor.

(c) **Subsequent Taxes.** If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Mortgagor either (i) pays the tax before it becomes delinquent, or (ii) contests the tax as provided in Section 2.3(h) and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

## SECTION 3: SECURITY AGREEMENT

**3.1 Security Agreement.** This Mortgage shall constitute a security agreement to the extent any of the Property constitutes fixtures or other personal property, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

**3.2 Security Interest.** Upon request by Lender, Mortgagor shall execute financing statements and take whatever other action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time and without further authorization from Mortgagor, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Mortgagor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon an Event of Default, Mortgagor shall assemble the Personal Property in a manner and at a place reasonably convenient to Lender and make it available to Lender within three (3) days after notice from Lender.

**3.3 Addresses.** The mailing addresses of Mortgagor (debtor) and Lender (secured party), from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code), are in Section 7.2(l) of this Mortgage.

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## SECTION 4: FURTHER ASSURANCES; ATTORNEY-IN-FACT

**4.1 Further Assurances.** At any time, and from time to time, upon request of Lender, Mortgagor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, control agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (a) the obligations of Mortgagor under this Mortgage, the Loan Documents and the Related Documents, and (b) the liens and security interests created by this Mortgage, whether now owned or hereafter acquired by Mortgagor. Unless prohibited by law or agreed to the contrary by Lender in writing, Mortgagor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this Section.

**4.2 Attorney-in-Fact.** If Mortgagor fails to do any of the things referred to in Section 4.1, Lender may do so for, in the name of Mortgagor, and at Mortgagor's expense. For such purposes, Mortgagor hereby irrevocably appoints Lender as Mortgagor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's opinion, to accomplish the matters referred to in Section 4.1.

## SECTION 5: DUE ON SALE; FULL PERFORMANCE

**5.1 Due on Sale - Consent by Lender.** Lender may, at its option, declare immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without the Lender's prior written consent, of all or any part of the Real Property or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest therein; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interests not otherwise permitted in the Loan Documents, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of Real Property interest. No party directly or indirectly owning an interest in Mortgagor shall suffer or permit any of such interest, or any interest in such entity, to be assigned, conveyed, sold, pledged, encumbered, transferred, hypothecated or otherwise disposed of until the provisions of this Mortgage have been fully complied with and the Indebtedness has been repaid.

**5.2 Full Performance.** If Mortgagor pays all the Indebtedness, including without limitation all future advances, when due, and otherwise performs all the obligations imposed upon Mortgagor under this Mortgage, Lender shall execute and deliver to Mortgagor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Mortgagor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

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## SECTION 6: EVENTS OF DEFAULT; REMEDIES

**6.1 Events of Default.** Any Event of Default under the Loan Documents, the Forbearance Agreement or the Related Documents shall constitute an “*Event of Default*” hereunder. In addition, the failure of Mortgagor to make any payment within three (3) business days of when due hereunder, or a default in the performance of any obligation hereunder or the failure to comply with or to perform when due any term, covenant or condition contained in this Mortgage shall also constitute an Event of Default hereunder.

**6.2 Rights and Remedies.** Upon the occurrence of any Event of Default and at any time thereafter Lender, at its option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law or equity:

- (a) **Accelerate Indebtedness.** Lender shall have the right without notice to Mortgagor to declare the entire Indebtedness immediately due and payable, including any prepayment fee which Mortgagor would be required to pay.
- (b) **UCC Remedies.** With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.
- (c) **Collect Rents.** Lender shall have the right, without notice to Mortgagor, to take possession of the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender’s costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If Lender collects the Rents, then Mortgagor irrevocably designates Lender as Mortgagor’s attorney-in-fact to endorse instruments received in payment thereof in the name of Mortgagor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender’s demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subsection either in person, by agent, or through a receiver.
- (d) **Lender in Possession or Receiver.** Lender shall have the right to be placed as mortgagee in possession or to have a receiver appointed without the requirement of the posting of any bond, to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The mortgagee in possession or receiver may serve without bond if permitted by law. Lender’s right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.
- (e) **Sale of Property and Judicial Foreclosure.** Lender shall be permitted to: (i) immediately judicially foreclose this Mortgage; or (ii) if allowed under Illinois law at the time of such Event of Default, immediately sell any part of the Property either in whole or in



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separate parcels, as prescribed by Illinois law, under power of sale, which power is hereby granted to Lender to the full extent permitted by Illinois law, and thereupon, to make and execute to any purchaser(s) thereof deeds of conveyance pursuant to applicable law.

**(f) Other Rights and Remedies.** Lender shall have all other rights and remedies provided in this Mortgage, the Loan Documents, the Related Documents or available at law or in equity.

**6.3 Sale of the Property.** To the extent permitted by applicable law, Mortgagor hereby waives any and all right to have the Property marshaled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

**6.4 Notice of Sale.** Lender shall give Mortgagor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition.

**6.5 Election of Remedies.** Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Mortgagor under this Mortgage after failure of Mortgagor to perform shall not affect Lender's right to declare an Event of Default and exercise its remedies under this Mortgage.

**6.6 Attorneys' Fees; Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover reasonable attorneys' fees at trial and on any appeal. Whether or not any court action is involved, all expenses incurred by Lender that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest from the date of expenditure until repaid at the Default Rate. Expenses covered by this Section include, without limitation, however subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, and title insurance. Mortgagor also will pay any court costs, in addition to all other sums provided by law.

## SECTION 7: DEFINITIONS; MISCELLANEOUS PROVISIONS.

**7.1 Definitions.** The following words shall have the following meanings when used in this Mortgage. Terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Loan Documents and in the Illinois Uniform Commercial Code (810 ILCS 1/1 et seq. as amended from time to time, the "*Uniform Commercial Code*"). All references to dollar amounts shall mean amounts in lawful money of the United States of America.

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- (a) “*Collateral Assignment of Leases and Rents*” means that certain Collateral Assignment of Leases and Rents between Mortgagor and Lender dated as of the date of this Mortgage.
- (b) “*Improvements*” means and includes without limitation all existing and future improvements, fixtures, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.
- (c) “*Indebtedness*” means all principal and interest payable under the Loan Documents and any amounts expended or advanced by Lender to discharge obligations of Mortgagor or expenses incurred by Lender to enforce obligations of Mortgagor under this Mortgage, together with interest on such amounts as provided in this Mortgage. In addition to the Note, the word “Indebtedness” means and includes without limitation all Loans, together with all other obligations, debts and liabilities, plus interest thereon, of Mortgagor to Lender of any and every kind and nature, as well as all claims by Lender against Mortgagor, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, absolute or contingent, liquidated or unliquidated and whether Mortgagor may be liable individually or jointly with others, whether obligated as guarantor or otherwise, and whether recovery upon such Indebtedness may be or hereafter may become barred by any statute of limitations, and whether such Indebtedness may be or hereafter may become otherwise unenforceable, as well as all claims by Lender against Mortgagor, or any one or more of them relating to or arising from transactions contemplated by this Agreement. Specifically, without limitation, this Mortgage secures, in addition to the amounts specified in the Note, all future amounts Lender in its discretion may loan to Mortgagor or otherwise pursuant to the Loan Documents, together with all interest thereon.
- (d) “*Loan Documents*” shall mean this Mortgage, the Note, the Collateral Assignment of Leases and Rents and any other document entered into by and between Mortgagor and Lender in connection herewith.
- (e) “*Note*” means that certain secured term promissory note between Mortgagor and Lender dated as of the date of this Mortgage in the original principal amount of \$215,454.64.
- (f) “*Person*” means an individual or a corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, limited liability company, government (or any instrumentality, division, agency, body or political subdivision thereof) or other entity of any kind.
- (g) “*Personal Property*” mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Mortgagor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

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- (h) **“Property”** means collectively the Real Property and the Personal Property.
- (i) **“Related Documents”** mean and include without limitation all promissory notes, mortgages, deeds of trust, financing statements, collateral assignments and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.
- (j) **“Rents”** means all rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property, whether due now or later.

## 7.2 Miscellaneous Provisions.

- (a) **Entire Agreement; Amendments.** This Mortgage, together with the Loan Documents and any other Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of, or amendment to, this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.
- (b) **Applicable Law.** This Mortgage and all acts, agreements, certificates, assignments, transfers and transactions hereunder, and all rights of the parties hereto, shall be governed as to validity, enforcement, interpretation, construction, effect and in all other respects by the internal laws and decisions of the State of Illinois, including, but not limited to, laws regulating interest, loan charges, commitment fees and brokerage commissions (without regard to conflicts of law principles). It is acknowledged and agreed by Mortgagor and Lender that the loan transaction evidenced hereby, bears a reasonable relationship to the State of Illinois.
- (c) **Consent to Jurisdiction.** TO INDUCE LENDER TO ACCEPT THIS MORTGAGE, MORTGAGOR IRREVOCABLY AGREES THAT, SUBJECT TO LENDER’S SOLE AND ABSOLUTE ELECTION, ALL ACTIONS OR PROCEEDINGS IN ANY WAY ARISING OUT OF OR RELATED TO THIS AGREEMENT WILL BE LITIGATED EXCLUSIVELY IN COURTS HAVING SITUS IN COOK COUNTY, ILLINOIS. MORTGAGOR HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF ANY COURT LOCATED WITHIN COOK COUNTY, ILLINOIS.
- (d) **Caption Headings.** Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.
- (e) **Merger.** There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.
- (f) **Multiple Parties; Corporate Authority.** All obligations of Mortgagor under this Mortgage shall be joint and several, and all references to Mortgagor shall mean each and every Mortgagor. This means that each of the persons signing below is responsible for all obligations in this Mortgage. To the extent that Mortgagor is a corporation, partnership or

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limited liability company, it hereby represents and warrants to Lender that the execution of this Mortgage has been authorized by all necessary corporate, partnership or limited liability company action, as the case may be.

**(g) Severability.** If a court of competent jurisdiction finds any provision of this Mortgage to be invalid or unenforceable as to any Person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other Persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Mortgage in all other respects shall remain valid and enforceable.

**(h) Successors and Assigns.** Subject to the limitations stated in this Mortgage on transfer of Mortgagor's interest in the Real Property or a change in ownership of Mortgagor, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Mortgagor, Lender, without notice to Mortgagor, may deal with Mortgagor's successors with reference to this Mortgage and the Indebtedness by way of forbearance, extension or any other modification without releasing Mortgagor from the obligations of this Mortgage or liability under the Indebtedness.

**(i) Survival.** All warranties, representations, and covenants made by Mortgagor in this Mortgage or in any certificate or other instrument delivered by Mortgagor to Lender under this Mortgage shall be considered to have been relied upon by Lender and will survive the making of the loan secured hereby and delivery to Lender of the Related Documents, regardless of any investigation made by Lender or on Lender's behalf.

**(j) Time Is of the Essence.** Time is of the essence in the performance of this Mortgage.

**(k) Agency.** Nothing in this Mortgage shall be construed to constitute the creation of a partnership or joint venture between Lender and Mortgagor or any contractor. Lender is not an agent or representative of Mortgagor. This Mortgage does not create a contractual relationship with and shall not be construed to benefit or bind Lender in any way with or create any contractual duties by Lender to any contractor, subcontractor, materialman, laborer, or any other Person.

**(l) Notices.** Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by another, or whenever any of the parties desires to give or serve upon another any communication with respect to this Mortgage, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be delivered in person (by personal delivery, delivery service or reputable overnight courier service), or telecopied and confirmed immediately in writing by a copy mailed by United States mail, postage prepaid, addressed as hereafter set forth, or



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mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

- (i) If to Mortgagor: Allen Paul  
3800 N. Sacramento  
Chicago, IL 60618
- (ii) If to Lender: The Paul Living Trust  
7832 Arcadia  
Morton Grove, IL 60053

or at such other address as may be substituted by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Every notice, demand, request, consent, approval, declaration or other communication hereunder shall be deemed to have been duly given or served on the date on which (i) personally delivered (whether in person, by delivery service, or by reputable overnight courier service), (ii) the date of the telecopy transmission (provided the confirmation mailing was sent as provided herein), or (iii) on the date of receipt if sent by the United States mail. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to the Persons designed above to receive copies, if any, shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication.

**(m) Waiver of Homestead Exemption.** Mortgagor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Illinois as to all Indebtedness secured by this Mortgage.

**(n) Waiver of Right of Redemption.** NOTWITHSTANDING ANY OF THE PROVISIONS TO THE CONTRARY CONTAINED IN THIS MORTGAGE, MORTGAGOR HEREBY WAIVES, TO THE EXTENT PERMITTED UNDER 735 ILCS 5/15-1601(b) OR ANY SIMILAR LAW EXISTING AFTER THE DATE OF THIS MORTGAGE, ANY AND ALL RIGHTS OF REDEMPTION ON BEHALF OF MORTGAGOR AND ON BEHALF OF ANY OTHER PERSONS PERMITTED TO REDEEM THE PROPERTY.

**(o) Waivers and Consents.** Lender shall not be deemed to have waived any rights under this Mortgage (or under the Related Documents) unless such waiver is in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by any party of a provision of this Mortgage shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lender, nor any course of dealing between Lender and Mortgagor, shall constitute a waiver of any of Lender's rights or any of Mortgagor's obligations as to any future transactions.

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(p) **Lender's Discretion.** Whenever this Mortgage requires either Lender's consent, election, approval or similar action or otherwise vests in Lender the authority to make decisions and/or determinations, such actions shall be made or withheld in Lender's sole and absolute discretion, unless specifically provided otherwise and the granting of any consent, election, approval or similar action by Lender in any instance shall not constitute continuing consent, election, approval or similar action in subsequent instances where such is required.

(q) **Waiver of Jury Trial.** MORTGAGOR AND LENDER EACH WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS (i) UNDER THIS MORTGAGE OR ANY RELATED DOCUMENT OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR ANY RELATED DOCUMENT OR (ii) ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION HERewith, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING WILL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

(r) **Damages.** MORTGAGOR AND LENDER EACH AGREES THAT IT WILL NOT ASSERT ANY CLAIM AGAINST THE OTHER PARTY OR ANY OTHER PERSON INDEMNIFIED UNDER THIS MORTGAGE ON ANY THEORY OF LIABILITY FOR SPECIAL, INDIRECT, CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES.

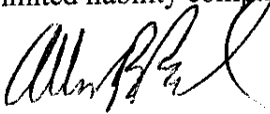
(s) **Waiver of Reinstatement.** MORTGAGOR HEREBY WAIVES ANY RIGHT TO REINSTATE THE LOAN AS PROVIDED IN SECTION 5/15-1602 OF THE ILLINOIS MORTGAGE FORECLOSURE LAW, 735 ILCS 5/15-1101.

*[Signature Page Follows]*

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IN WITNESS WHEREOF, Mortgagor has executed and delivered this Mortgage the day and year first above written.


1725 NORTH HONORE LLC,  
an Illinois limited liability company

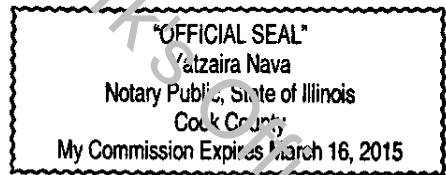
By:   
Name: Allen Paul  
Title: Member

STATE OF ILLINOIS            )  
  )        SS.  
COUNTY OF COOK            )

I, the undersigned, a Notary Public in and for the County of Cook in the State of Illinois, DO HEREBY CERTIFY that Allen Paul, a member of 1725 NORTH HONORE LLC, an Illinois limited liability company, 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 he acknowledged that he signed and delivered this instrument as his free and voluntary act, and as the free and voluntary act as aforesaid, for the uses and purposes therein set forth.

Given under my hand and notarial seal on August 20, 2013.

  
Notary Public



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## **EXHIBIT A** **LEGAL DESCRIPTION – REAL PROPERTY**

LOT 22 AND THE EAST 18 INCHES OF LOT 23, IN BLOCK 2, IN STOREY AND ALLEN'S ADDITION TO CHICAGO, BEING A SUBDIVISION OF THE EAST 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 25, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

Commonly Known As: 3052 W. George, Chicago, IL 60618

P.I.N.: 13-25-121-039-0000